

POSITIVE MANAGEMENT

Managing the Key Areas
of Positive Organisational Potential
for Company Success



Edited by Marek Jacek Stankiewicz

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Ryszard Lorenczewski, Robert Karaszewski, Andrzej Lis
Rafał Haffer, Magdalena Kalińska, Barbara Józefowicz,
Monika Chodorek, Joanna Wińska, Kamila Mazur
Kamila Skrzypczyńska

TABLE OF CONTENTS

INTRODUCTION <i>Marek Jacek Stankiewicz</i>	9
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Chapter 1

KEY AREAS OF POSITIVE ORGANISATIONAL POTENTIAL AS ACCELERATORS OF PRO-DEVELOPMENTAL EMPLOYEE BEHAVIOURS

Aldona Glińska-Noweś, Marek Jacek Stankiewicz

1.1. The presumptions of pro-developmental employee behaviours.	17
1.2. The sources of pro-developmental employee behaviours in the context of Positive Organisational Potential.	22
1.3. The key areas of Positive Organisational Potential	26
1.4. Relations among the key areas of Positive Organisational Potential.	32

Chapter 2

THE ROLE OF CORPORATE GOVERNANCE IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES

Ryszard Lorenczewski

2.1. The nature of corporate governance as a key POP area.	35
2.2. Manifestations of the positive role of the (effective) corporate governance and their place in the system of POP	38
2.3. The state of corporate governance in surveyed companies	40
2.4. Antecedents of effective corporate governance in the process of building POP in surveyed companies	43
2.5. Recommendations for the development of effective corporate governance in the process of building POP	53

Chapter 3

THE ROLE OF LEADERSHIP

TO STIMULATE PRO-DEVELOPMENTAL POSITIVE ORGANISATIONAL POTENTIAL

Robert Karaszewski, Andrzej Lis

3.1. From transformational to positive leadership – the concept of leadership in the context of Positive Organisational Potential	59
3.2. Manifestations and features of ideal leadership	68
3.3. Leadership in surveyed companies	70
3.4. Antecedents of positive leadership	74
3.5. Leadership impact on the development of an organisation	83
3.6. Recommendations for shaping positive leadership in companies operating in Poland	86

Chapter 4

THE ROLE OF MIDDLE MANAGERS IN SHAPING POSITIVE ORGANISATIONAL POTENTIAL

Magdalena Kalińska

4.1. Middle manager roles in the light of leadership	89
4.2. Middle managers and their impact on employee behaviour	94
4.3. Positive middle manager characteristics in surveyed companies	98
4.4. The drivers of positive manager competencies.	105
4.5. The influence of competencies of middle manager on organisational development and performance	116
4.6. Recommendations for the positive middle managers	118

Chapter 5

EMPLOYEE INTERPERSONAL RELATIONSHIPS

Aldona Glińska-Noweś

5.1. Characteristics of positive employee interpersonal relationships as a key Positive Organisational Potential area	125
5.2. Elements of positive interpersonal relationships and their place in the Positive Organisational Potential system	131
5.3. State of interpersonal relationships in surveyed companies	135
5.4. Antecedents and mechanisms of shaping positive employee interpersonal relationships	138
5.5. Impact of interpersonal relationships on organisational development	150
5.6. Recommendations on shaping positive interpersonal relationships in companies	152

Chapter 6

TRUST IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES

Barbara Józefowicz

6.1. The nature of trust as a key area of POP.	155
6.2. Trust in surveyed companies	163

6.3. Antecedents and mechanisms of creating trust in an organisation	168
6.4. Impact of trust on company development	175
6.5. Recommendations on trust creation in companies	178

Chapter 7

THE ROLE OF TALENT MANAGEMENT

IN CREATING PRO-DEVELOPMENTAL OUTCOMES OF POSITIVE ORGANISATIONAL POTENTIAL

Monika Chodorek

7.1. Talent management as a key area of Positive Organisational Potential	179
7.2. Manifestations of talent management and their position in Positive Organisational Potential	184
7.3. Talent management in surveyed companies	187
7.4. Antecedents of talent management in surveyed companies	190
7.5. Talent management impact on the development of a company	198
7.6. Recommendations for talent management improvements in companies.	201

Chapter 8

LANGUAGE OF INTERNAL COMMUNICATION

IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES

Joanna Wińska

8.1. Characteristics and indicators of positive internal communication language as one of key POP areas	203
8.2. The state and impact of internal communication on company development	207
8.3. Antecedents of the positive language of internal communication	212
8.4. Recommendations on shaping positive language of internal communication.	224

Chapter 9

ORGANISATIONAL CITIZENSHIP BEHAVIOURS AS AN INDICATOR
OF THE COMPANY POSITIVE ORGANISATIONAL POTENTIAL

Kamila Mazur

9.1. Organisational Citizenship Behaviours as a key area of Positive Organisational Potential	229
9.2. Manifestations of organisational citizenship behaviours and their position in the system of Positive Organisational Potential	236
9.3. The status of organisational citizenship behaviours in surveyed companies	240
9.4. Antecedents of organisational citizenship behaviours	242
9.5. OCB influence on the development of a company	253
9.6. Recommendations for shaping organisational citizenship behaviours in companies	257

Chapter 10

**CORPORATE SOCIAL RESPONSIBILITY AS AN INDICATOR
OF THE COMPANY POSITIVE ORGANISATIONAL POTENTIAL**

Kamila Skrzypczyńska

10.1. Corporate social responsibility as a key area of Positive Organisational Potential	261
10.2. The status of corporate social responsibility in surveyed companies and its position in Positive Organisational Potential	265
10.3. The antecedents of corporate social responsibility as a key area of Positive Organisational Potential	273
10.4. CSR influence on the development and performance of a company.	282
10.5. Recommendations on shaping corporate social responsibility.	285

Chapter 11

**MECHANISMS OF THE KEY POSITIVE ORGANISATIONAL POTENTIAL AREAS IMPACT
ON ORGANISATIONAL DEVELOPMENT**

Rafał Haffer

11.1. Models of the analysed dependencies and their measurement methods	287
11.2. Identification and assessment of the dependencies between the key Positive Organisational Potential areas and organisational development	294
11.3. The strength of mutual interactions between key POP areas	304
11.4. The elements of key POP areas critical to organisational development	309

Chapter 12

**MECHANISMS OF STRATEGIC MANAGEMENT
OF KEY POSITIVE ORGANISATIONAL POTENTIAL AREAS
– THE REFERENCE MODEL FOR COMPANIES**

Marek Jacek Stankiewicz

12.1. The aims of strategic management of key areas of Positive Organisational Potential.	317
12.2. System architecture of strategic management of key Positive Organisational Potential areas	319
12.3. The usefulness of particular management tools for the creation of the KA POP desired states.	323
12.4. The model for KA POP strategic management process	328
CONCLUSION.	337
BIBLIOGRAPHY.	341

INTRODUCTION

Positive Organisational Potential (hereinafter POP) is a specific and desired set (collection) of organisational resources, both tangible and intangible, in any company. Its specificity is related to such a configuration of resources, their states and levels which stimulate the pro-developmental behaviours of organisation members. The pro-developmental behaviours are considered to be an undisputed source of organisation development. The development of companies is manifested by the increase in productivity, innovativeness, competitiveness, the quality of business processes and products, the satisfaction of stakeholders, the reputation of a company, its profitability and the growth of value. Generally, these efforts are aimed at the company performance which is the *sine qua non* condition of the long term company existence in contemporary highly turbulent and hyper-competitive markets. In order to generate Positive Organisational Potential the configuration of organisational resources should be shaped in a conscious, consistent and organised way within the strategic management process. Organisational resources are a very complex construct. Numerous interactions between their components are observed. They include cause-effect relations where some resources are recognised as the determinants and stimuli of the others.

Therefore managers should focus their attention on developing constituent resources which determine the state, level and configuration of other resources. Such resources can be recognised as the key areas of Positive Organisational Potential (KA POP). The effective development of these key areas is a prerequisite for the development of the whole system of Positive

Organisational Potential. Is it a necessary condition? Is it a sufficient condition? What should be done to efficiently create the desired states of the POP key areas? Such questions arise both from theoretical and practical point of view. The above research problems established the foundation of the research project entitled ***Strategic management of the key areas of Positive Organisational Potential – determinants, solutions and models recommended for companies operating in Poland***. The project was funded by the National Science Centre research grant (decision number DEC-2011/01/B/HS4/00835). The research team comprised the scholars of the Department of General Management, the Faculty of Economic Sciences and Management, Nicolaus Copernicus University in Toruń, Poland. The analyses presented in the book are based on the outcomes of scientific exploration which has been conducted since December 2011. First of all we explored and integrated theoretical assumptions of general management theory, Resource Based View, behavioural approaches to management, human capital management theory, organisational behaviours, psychology of management, sociology of organisations, praxeology as well as pedagogy and methodology. Theoretical studies and the findings of our previous research project [Stankiewicz, 2010a] enabled us to identify the following areas which play a key role in developing Positive Organisational Potential: corporate governance, leadership, middle managers, talent management, interpersonal relationships, trust, the language of internal communication, organisational citizenship behaviours and corporate social responsibility. Therefore, the aforementioned resources should be in the centre of gravity while developing and strengthening Positive Organisational Potential.

The aim of the research project was:

- to verify the assumption that the identified key areas are the constituent components of Positive Organisational Potential,
- to identify antecedents and approaches to develop the key areas of Positive Organisational Potential,
- to identify the mechanisms explaining how the key areas of Positive Organisational Potential influence the development of an organisation,
- to develop a reference model for managing the key areas of Positive Organisational Potential.

In order to achieve the aforementioned research objectives, four complementary data and information elicitation methods were applied:

1. questionnaire survey: the sample was selected from companies operating in Poland recognized as the leaders in their industries (or top ranking companies at least);
2. interviews with the managers of companies where strong Positive Organisational Potential was identified. The aim of interviews was to collect data necessary for case studies and event studies in order to confirm the pro-developmental role of the key areas of Positive Organisational Potential;
3. a Delphi session focused on describing the features of the POP key areas, their antecedents, outcomes and mutual relations. The Delphi session enabled us to identify the activities necessary to effectively manage the key areas of Positive Organisational Potential;
4. a classic Delphi (by correspondence) to assess the usefulness of management methods and techniques to shape the key areas of Positive Organisational Potential. These data were necessary for developing reference models and recommendations for the strategic management of the POP key areas.

The questionnaire survey was used to collect quantitative data. First of all, we sent paper questionnaires to more than 500 companies operating in Poland recognised to be market leaders. Secondly, we distributed the same questionnaire via e-mail. The second sample comprised around 5000 companies. 73 companies contributed to our project. We promised anonymity to all the companies participating in the questionnaire survey. Therefore, we are not allowed to publish the list of contributors. The majority of companies which refused to participate in the survey found the questionnaire to be much too detailed and concerning sensitive information. Fortunately, the companies which agreed to support our survey met all the criteria and provided us with correctly filled questionnaires. The scope of the questionnaire survey encompassed:

- the level (status) of the features describing the key areas of Positive Organisational Potential. The respondents assessed 53 features covering 9 key areas;
- the intra-organisational antecedents of the POP key areas including 89 factors structured in 10 groups related to: tangible resources, company strategy, its organisational structure, internal communication, climate for innovations, control, human resources management, power and

democratization of management, company integration and identification of employees with a company, and leadership;

- the indicators of company development (productivity, innovativeness, the quality of business process, product quality, employee satisfaction, customer satisfaction and company reputation);
- business performance in comparison with competitors in the industry (financial results, profitability, sales, market share);
- the self-assessment of competitive position;
- the company profile (industry, the history of a company, its capital structure, the number of employees, and the personnel age structure).

In order to verify the reliability of the questionnaire, we calculated Cronbach's alfa coefficients for all 21 variables included in the questionnaire: 9 variables describing the key areas of Positive Organisational Potential, 10 variables corresponding to the POP antecedents and 2 variables manifesting the development of a company and its performance. Cronbach's alfa coefficients ranged from .83 to .97 which confirmed the high level of the questionnaire reliability. As the dominant scale used in the questionnaire was a percentage scale which is a ratio scale, Pearson correlation and PLS path modelling together with appropriate statistical tests were applied to analyse the causal relations between variables.

The interviews were conducted in the following 14 companies: Animex Sp. z o.o., Apator S.A., Cukiernie „Sowa” Sp. Jawna, Frauenthal Automotive Toruń Sp. z o.o., Golpasz S.A., Hydro-Vacuum S.A., Marwit Sp.z o.o., Netia S.A., NEUCA SA, Nova Trading S.A., Holding PESA S.A., Remondis Sp. z o.o., TZMO S.A. and Zelmer S.A. We interviewed chief executive officers or company board members. Interviews enabled us to collect the data concerning:

- the features and elements of the POP key areas distinguishing studied companies from their market competitors;
- events in the key POP areas which had a significant influence (both positive or negative) on the employee engagement in pro-developmental activities increasing productivity, innovativeness and competitiveness of companies;
- recommendations how to initiate and foster positive events increasing the employee engagement,
- recommendations how to avoid or counteract negative events decreasing the employee engagement.

The panel of experts participating in the Delphi session comprised 13 members including renown scholars (5 people) and experienced managers of successful companies (8 people). Ten of them participated in sessions, three others contributed by correspondence. The following experts shared their opinions and judgements in Delphi sessions: Prof. Maria Romanowska, Ph.D. (Warsaw School of Economics), Prof. Jan Jeżak, Ph.D. (the University of Łódź), Elżbieta Cabańska, MA (HR Director, Unilever Poland S.A.), Jacek Dymowski, MA (CEO, Abadon Consulting, the author of the first Polish report complying with Global Reporting Initiative), Wojciech Grabowski, MBA (CEO, Hydro-Vacuum S.A.), Arkadiusz Krężel, MA (the former CEO of the Polish Agency for Enterprise Development, contemporary the chairman of the supervisory board of Impexmetal S.A.), Jarosław Józefowicz, MSc. (CEO, TZMO S.A.), Tomasz Modzelewski, Ph.D. (CEO, Zelmer Trading Sp. z o.o.), Bohdan Wyżnikiewicz, Ph.D. (vice-president, the Institute of Research on Market Economy) and Andrzej Zieliński, MA (HRM Director, NEUCA SA). Moreover, Prof. Małgorzata Czerska, Ph.D. (the University of Gdańsk), Prof. Czesław Sikorski, Ph.D. (the University of Łódź) and Prof. Janusz Strużyna, Ph.D. (the University of Economics in Katowice) contributed by correspondence. The aim of the research was to:

- describe the features of the POP key areas desired from the perspective of developing the whole Positive Organisational Potential;
- to identify the measures of the POP key areas;
- to assess the influence of the POP key areas have on the development of an organisation (the increase in company productivity, its innovativeness and competitiveness);
- to identify the external determinants of developing ideal (desired) states of the POP key areas;
- to assess the possible influence of 89 intra-organisational antecedents on developing ideal (desired) states of the POP key areas;
- to identify the key intra-organisational barriers of developing ideal (desired) states of the POP key areas;
- to assess the strength and direction of interactions between the key areas of Positive Organisational Potential.

The panel of experts participating in the classic Delphi comprised 14 researchers in the field of management and executives of companies operating in Poland. The following experts contributed to our research:

Prof. Maria Romanowska, Ph.D. (Warsaw School of Economics), Prof. Jan Jeżak, Ph.D. (the University of Łódź), Prof. Jan Lichtarski, Ph.D. (Wrocław University of Economics), Wojciech Grabowski, MBA (CEO, Hydro-Vacuum S.A.), Jarosław Józefowicz, MSc. (CEO, TZMO S.A.), Sebastian Kamecki, MA (the member of the board of management, PESA S.A.), Arkadiusz Krężel, MA (the chairman of the supervisory board, Impexmetal S.A.), Andrzej Mochoń, Ph.D. (CEO, Targi Kielce S.A.), Tomasz Modzelewski, Ph.D. (CEO, Zelmer Trading Sp. z o.o.), Piotr Nowak, MA (the member of the board of management, Netia S.A.), Henryk Orsinger, MA (CEO, Dr Irena Eris Sp. z o.o.), Andrzej Pietruczuk, MA (COO, Marwit Sp. z o.o.), Wojciech Sobieszak, MBA (CEO, CCP Pacific), Andrzej Zieliński, MA (the director of the HR Department, NEUCA SA). The experts assessed the applicability of management meta-tools to shape ideal (desired) states of the POP key areas. The following items were under the study: mission, vision and strategy, consciously shaped organisational culture, organisational structure, information system, HRM system, motivation system, control system, procedures and budgeting. The opinions of experts provided data necessary to develop the reference model of the POP key areas management.

Then, the elicited data, information, opinions and assessments underwent the deductive and inductive reasoning as well as statistical analysis. These procedures enabled us to formulate conclusions presented in details in subsequent chapters. The findings widen and deepen up to date knowledge and understanding of company management processes, especially as regards to the context of Positive Organisational Scholarship. It is an issue of paramount importance due to the fact that the positive approach to management seems to be the imperative in contemporary economies affected by crises and contradictory interests. Therefore, we are convinced that such knowledge will contribute to the development of theory and simultaneously it be useful in business practice enabling to shape the company resources in accordance with the Positive Organisational Potential ideas. Certainly, in the long-term, strategic perspective, it will be beneficial for all the stakeholders of positively managed organisations.

Summing up, on behalf of all the members of the research team and simultaneously the authors of this book, I would like thank all the experts and respondents for their creativity and engagement in sharing their knowledge and experience. Their opinions and insights contributed both to the diagnostic

and forecasting part of our study. Moreover, we would like to express our thanks to all the directors of companies participating in the questionnaire survey. Your goodwill and decision to take part in the survey were the prerequisites for the statistical verification of our hypotheses. By means of your engagement our common venture contributes to the development of the theory and practice of positive management.

Marek Jacek Stankiewicz

Toruń, the Autumn of 2013.

Chapter 1

**KEY AREAS OF POSITIVE ORGANISATIONAL POTENTIAL
AS ACCELERATORS
OF PRO-DEVELOPMENTAL EMPLOYEE BEHAVIOURS**

Aldona Glińska-Noweś, Marek Jacek Stankiewicz

**1.1. The presumptions
of pro-developmental employee behaviours**

The theory which we present follows the behavioural movement in management science. The behavioural movement has evolved through the years as a result of the theory development and the changing value system shaping intellectual trends in a given period of time. Currently, the emergence of positive management theory is an outcome of these processes. The concept of Positive Organisational Potential is built around pro-developmental employee behaviours which are recognised to be a key success factor of a contemporary company. The model we propose derives from the bunch of theories which have emerged over the history of management science. The aim of the section is to outline those of paramount importance for the development of Positive Organisational Potential.

The concept of positive management began to crystallize inspired by the emergence of positive psychology. Seligman and Csikszentmihalyi

[2000] proclaimed positive psychology to be an alternative to *traditional* psychology focusing its research attention on human weaknesses, deficits and pathologies. *Traditional* psychology contributed to the progress in mental disorders treatment but it was found to be an obstacle to explore the positive side of human nature and the sources of happiness. According to the new positive doctrine, the focus was given to define virtues and the strengths of human character [Seligman et al., 2005] as well as to identify how to strengthen and improve human competencies, including in particular pro-activity and behaviours based on free will, the sense of responsibility, confidence and efficiency [Czapiński, 2004, 21].

The mutual interdependence between psychology and management science was observed. Management theory borrowed some ideas from psychology and simultaneously psychology found a domain within management theory and practice. The psychology of management research is focused on the impact satisfaction and well-being of employees have on the development of an organisation. For instance, it studies how positive emotions experienced by employees stimulate their innovativeness as well as striving for excellence and over-standard performance [Fredrickson, 2011, 158–182].

Psychology has inspired and enriched the development of management from its origins. It has been particularly visible in the behavioural movement in the theory of management. As highlighted by Simon [1947, xlv], one of the classic representatives of this movement, the “vocabulary of administrative theory must be derived from the logic and psychology of human choice” [Simon, 1947, xlv]. Nevertheless, unlike psychology, the theory of management has never focused exclusively on *curing organisational diseases*. Quite the contrary, management researchers have always been seeking organisational development and growth, especially as regards to their economic meaning [Cameron and Spreitzer 2012, 4]. Therefore, since its origins the theory of management has been combining the analyses on both positive and negative organisational phenomena. Nowadays, we observe the shift towards positivity which means a different research perspective giving priority to organisational strengths. Researchers do not negate weaknesses but first and foremost they explore positive deviations. Such phenomena surpass standards and mediocrity. They create the generative potential of an organisation and they stand behind the flourishing of an organisation and its employees. In studies conducted up to date, the research attention was focused on levelling negative deviations hampering efforts to achieve the desired (normal) state.

Referring to the origins of the Positive Organisational Potential model, one should draw attention to these of management concepts which were the most influential to its emergence. Although positive organisational phenomena were the area of interest of precursors to management science (i.e. Ch. Babbage, M.P. Follett, E. Mayo), they did not focus on stimulating *positive deviations* in organisations. Chronologically, the theory of organisational citizenship behaviours was the first one of positive character. The theory derives from the research conducted by Katz and Kahn and it pays attention to outstanding and over-standard employee behaviours. Organisational citizenship behaviours theory explores altruistic behaviours and attitudes of employees towards their organisation such as additional activities for the sake of an organisation and its members undertaken voluntarily without any additional formal remuneration [Katz 1964, 131–133; Ilies et al. 2007; Podsakoff et al. 2000].

Then, the spotlight on strengths and talents while solving organisational problems originates from the Gallup Institute research which focused on the hidden potential of positive organisational behaviours, and in particular on human strengths and talents as well as their well-being [Buckingham and Clifton, 2001]. The outcomes of the research were the foundation to build up StrengthsFinder, the tool enabling executives to manage human capital by focusing on employee strengths instead of gaps in their competencies. Appreciative Inquiry (AI) technique is an up-to-date product based on the approach originating from the Gallup Institute research [Stowell and West, 1991; Cooperrider et al., 2000]. Appreciative Inquiry is to implement organisational changes based on previous successes and outstanding outcomes of an organisation which are considered to be the sources of organisational learning and development-oriented strengths [Cooperrider and Whitney, 2005]. The spirit of Appreciative Inquiry may be observed in Drucker's concept of self-management. According to its assumptions, every person should strive for a job enabling them to do their best [Drucker, 2005]. Such coherence allows personal development and satisfaction of an employee and enlarges their added value to the employer.

Moreover, the concept of Positive Organisational Potential benefits from the studies on the social capital of an organisation. The term of social capital was coined by macroeconomic analyses [Bourdieu, 1986; Putnam, 1995] but it appeared to be very useful to explain phenomena in organisations and teams.

From the perspective of organisational studies, social capital is defined as the skill to cooperate which derives from trust, standards and relations within an organisation [Coleman, 1990, 95]. Social capital fosters interactions among team members. As a result, the quality of teamwork is strengthened while the exchange of information and ideas is improved [Subramanian and Youndt, 2005]. Social capital should be considered from three perspectives: structural (the type and quality of relations among organisation members), relational (interactions and their quality, trust and attitudes to each other) and cognitive (sharing the same values, norms and attitudes) [Naphiet and Ghoshal, 1998].

Corporate Social Responsibility (CSR) should be enumerated among inspirational concepts which contributed to the development of Positive Organisational Potential and foreshadowed the emergence of positive management. The origins of CSR may be found in the works published in the 1930s [Berle, 1932; Dodd and Merrick, 1932], but it is contemporary when the explosion of research and analysis in the field is observed [Margolis and Walsh, 2003]. The scientific exploration of the CSR realm encompasses, among others, developing pro-social and socially responsible behaviours among employees as well as fostering fair and responsible treatment of its members by an organisation [Visser, 2010].

In the beginning of the new millennium, the increasing interest of researchers in positive organisational phenomena was observed. One of the theories which emerged within this trend is Positive Organisational Behaviour which closely relates to the concept of Positive Organisational Potential. The term of Positive Organisational Behaviour was coined by Luthans, a researcher in the University of Nebraska. He defines Positive Organisational Behaviour as "...the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" [Luthans, 2002, 59]. Simultaneously, Luthans highlights the role of strengths and talents as alternatives to the spiral of negativity resulting from remedial actions implemented to correct and improve organisational weaknesses. The concept of employee psychological capital (PsyCap) is one of the products of the Positive Organisational Behaviour movement. Psychological capital denotes the positive state of psychological development of an individual, which is characterized by confidence, the self-awareness of efficiency to perform challenging tasks, positive thinking about success, striving for

aims, positive attitude to change solutions if necessary as well as the spirit and energy to overcome emerging problems and adversities in order to achieve success [Luthans et al., 2007]. One should enumerate the following outcomes of Positive Organisational Behaviour theory: the methodology of psychological capital measurement and studies of the psychological capital impact on business performance [Luthans, 2010; Luthans et al., 2008], employee satisfaction [Luthans et al., 2007] and their engagement [Larson and Luthans, 2006; Peterson et al., 2011].

As discussed above the concept of Positive Organisational Potential derives from numerous theories and movements within the field of management. Nevertheless, the most influential among them is Positive Organisational Scholarship which has a direct impact on our research. Positive Organisational Scholarship is a research movement centred around the community of the University of Michigan. It concentrates on positive features and processes in an organisation. It is considered to be an *umbrella concept* integrating multifaceted approaches focusing on positivity in management [Cameron and Spreitzer, 2012, 1]. In February 2004 Harvard Business Review listed Positive Organisational Scholarship among the breakthrough ideas leading revolution in management theory and practice [*Breakthrough Ideas for 2004*].

Positive Organisational Scholarship focuses on analysing the dynamics of organisational phenomena which contribute to the development of employees by supporting their excellence and vitality, enabling them to experience positive emotions and appreciating their outstanding achievements. The aforementioned approach expresses the innovativeness of Positive Organisational Scholarship. As a result of the positive research perspective, barriers, difficulties and weaknesses are re-interpreted and they become perceived as challenges, possibilities and lessons for an organisation. What is more, the new positive lens directs the attention of researchers to such phenomena as: excellence, extraordinary performance, excitement, engagement, flourishing and endurance [Spreitzer and Cameron, 2012] considering them to be the sources of the organisational success.

The review of the Positive Organisational Scholarship literature points out 6 main research trends. First of all, the relations among individual behaviours and features of employees and their engagement for an organisation are studied [Andersson et al., 2007; Giacalone et al., 2005]. Leadership is the second area of interest. Leadership studies focus on positive behaviours of

leaders [Fry et al., 2005] such as expressing positive emotions [Bono et al., 2006], building positive visions, giving hope [Peterson and Luthans, 2003] or empathy [Kellet et al., 2006]. Moreover, they explore the impact these behaviours have on well-being, engagement and productivity of employees. Thirdly, the POS researchers analyse the relations between *organisational virtuousness* and business performance. *Organisational virtuousness* means undertaking unselfish activities for social improvement [Bright et al., 2005]. The convergence of these ideas with Corporate Social Responsibility can be observed. Nevertheless, Positive Organisational Scholarship emphasises the following features of an organisation: forgiveness [Cameron and Caza, 2002], honesty in business activities, optimism [Verbeke et al., 2004], compassion [Dutton et al., 2006] and trust. The fourth area of POS research interest encompasses interpersonal relations and their correlation with business performance [Gittel et al., 2006; Losada and Heaphy, 2004]. Psychological capital, discussed above, makes up the fifth research field. Last but not least, the relations between positive and negative phenomena in an organisation are studied [Dutton et al., 2007; Roberts, 2006; Pittinsky and Shih, 2004].

As presented above, the research interest in positive aspects of an organisation and management has a long tradition. However, the emergence of consistent positive management theories is the issue of recent years. The aforementioned theories and concepts explore positive features, states, processes and phenomena as well as they study their impact on the development of an organisation. Our contribution to the positive movement in management theory is the construct of Positive Organisational Potential which will be presented in details in the following section.

1.2. The sources of pro-developmental employee behaviours in the context of Positive Organisational Potential

Fredrickson [2003] introduces the process of positive *upward spiral* which is the continuum of interdependent relations among positive organisational phenomena and processes. The analysis of the process may start in any point, e.g. from positive emotions experienced by employees. Such emotions generate positive energy which motivates employees to engage for outstanding outcomes, continuous improvement, broadening their cognitive horizons. As a result, the processes generating and strengthening the creative potential

of employees take place in an organisation [Dutton et al, 2006]. The potential enriches individual capabilities of organisation members. Moreover, it enables to create innovative solutions which facilitate achieving personal goals and aspirations of employees as well as they stimulate the development of an organisation [Roberts, 2007]. The efficiency of an organisation and its successes give satisfaction to employees which strengthens positive emotions they feel. At this point the next loop of a positive upward spiral begins.

The aforementioned process illustrates how difficult it is to identify unambiguous cause-effect relations between variables under the study. Moreover, the process takes place in a wider organisational context and it may be influenced by other factors. In effect, an ambiguity increases. Referring to the experience of our previous research projects [Stankiewicz, 1999, 2002, 2006], as a solution to solve the problem, we recommend to apply the research perspective of the Resource Based View embedded in the theory of strategic management.

Combining behavioural and resource-based approaches means that positive employee behaviours are in the centre of gravity. These behaviours considered to be a key factor of organisation development derive from the configuration of organisational resources. Certainly, such a cause-effect relation may seem to be ambiguous, too. Simultaneously, employee behaviours have an impact on organisational resources. For instance, they stimulate and develop some of tangible and intangible assets or they influence decisions concerning management systems etc. Making an assumption that achieving organisational aims by reconfiguring resources is the essence of management process, there is a need to identify the mechanism of the influence organisational resources have on pro-developmental employee behaviours. In 2008–2010, this mechanism was studied and empirically verified by our research team. In effect, the construct of Positive Organisational Potential was developed.

The model refers to the concept of organisational potential which emerged from our studies in the late 1990s. It refers to the set of tangible and intangible resources of an organisation which generate its competitiveness [Stankiewicz, 1999]. Developing the aforementioned concept and applying the positive perspective to analyse an organisation and its resources we coined the term of Positive Organisational Potential. We define it as such states, levels and configurations of organisational resources which stimulate positive organisational climate and positive organisational culture in order

to foster positive, pro-developmental employee behaviours [Glińska-Noweś, 2010b, 46]. Figure 1.1. illustrates the identified cause-effect relations.

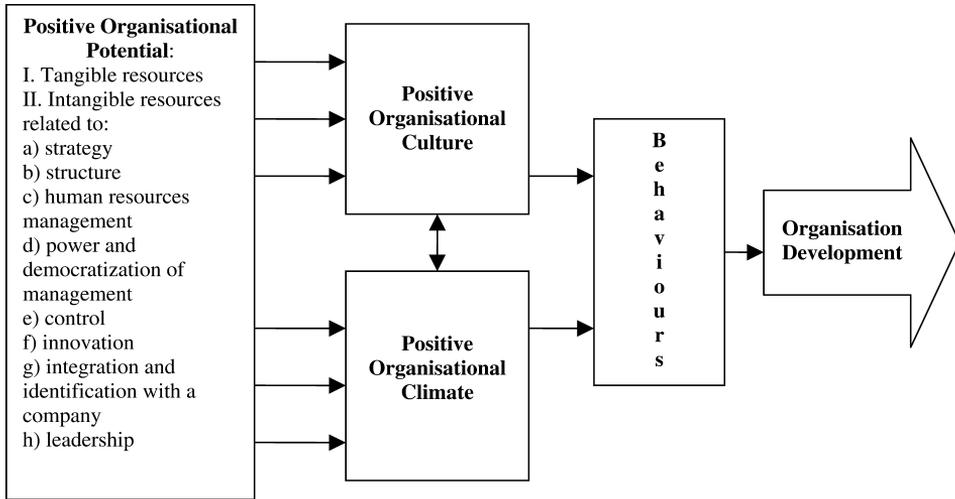


Figure 1.1. Positive Organisational Potential as a determinant of employee pro-developmental behaviours and the development of an organisation

Source: [Glińska-Noweś, 2010b, 47]

Although an organisational climate and organisational culture are organisational resources we isolated them in order to better explain cause-effect relations. Organisational climate refers to subjective employee feelings concerning their expectations related to their workplace and an atmosphere in an organisation. In order to identify the components of the organisational climate in the Positive Organisational Potential model, we made a reference to classical works by Litwin and Stringer [Litwin and Stringer, 1966; Litwin and Stringer, 1968]. Recognizing the abundance of definitions of organisational culture [Pacanowsky and O'Donnell-Truillo, 1982; Schein, 1992; Brown, 1998], we described it as the set of values and norms of behaviours typical of an organisation. The collective effort of our research team contributed to the identification of positive culture components. We enumerated them defining organisational values which were the manifestation of positive management key assumptions.

Isolating the positive organisational culture and positive organisational climate from other organisational resources was due to their role in shaping employee behaviours. Employee behaviours which result from the positive

culture and climate are more authentic and sustainable because they are based on the values employees believe in and find them proper. As regards to employee behaviours stimulated by other resources it is not always valid. Moreover, the organisational culture and organisational climate may change the influence of other resources on employees. It is particularly visible when such interventions are inconsistent with employee expectations and values they believe in. Besides, the organisational culture and climate are unique resources owing to the fact that they derive both from an organisation (i.e. leadership style, strategy HRM systems) and its environment (national culture, education systems, economic condition, etc.) [Brown, 1998, Glińska-Noweś, 2010b]. Therefore both the organisational culture and organisational climate are partially dependent on other organisational resources and partially independent from them.

As regards to remaining organisational resources comprising Positive Organisational Potential, their structure was set in reference to classical models of Resource Based View [Barney, 1991; Prahalad and Hamel, 1990, Peteraf, 1993] and our team's previous research projects [Glińska-Noweś, 1999; Stankiewicz, 2002]. We are aware that our categorization may be debatable to some extent. Nevertheless, in our opinion it is comprehensive and it covers all the functional areas of an organisation.

The positive pro-developmental employee behaviours were identified by the study of positive management theories mentioned in the preceding section. The epitomes of behaviours listed in the model were the manifestation of social capital of an organisation, creativity of its employees, their engagement, focus on talents and strengths, pro-social motivation and organisational citizenship behaviours.

Positive Organisational Potential is an inextricable and immanent feature of an organisation. It means that any organisation is capable to create the positive organisational culture, positive climate and, in effect, positive and pro-developmental employee behaviours. Nevertheless, the fact that an organisation has some potential (of any kind) is not sufficient for its success. The capability to make use of this potential is a prerequisite. The same applies to Positive Organisational Potential, which may remain hidden and useless if not managed properly. Therefore, strategic management of the key POP areas seems to be the issue of paramount importance. In the research conducted in 2008–2010, our team identified some elements playing

a crucial role in the development of an organisation. They will be studied in detail in the following section.

1.3. The key areas of Positive Organisational Potential

Positive Organisational Potential is a configuration of tangible and intangible resources which together determine the emergence of the positive culture and positive climate, consequently stimulating positive emotions crucial for the pro-developmental employee behaviours. The resources comprising the organisational potential, and the positive potential in particular, make up a long list [Stankiewicz, 2010a]. The resources which meet the criteria of Positive Organisational Potential are the components of a system. In order to form the system and make it works efficiently, the groups of its elements (subsystems) and intra-organisational determinants need to be shaped first. Being aware of some limitations, we introduce the term the key areas of Positive Organisational Potential to denote such subsystems. Our previous studies enable to formulate the assumption that in order to create the system of Positive Organisational Potential in a company, nine following key areas (subsystems) must be developed first:

1. corporate governance,
2. leadership,
3. middle managers,
4. trust,
5. interpersonal relationships,
6. talent management,
7. the language of internal communication,
8. organisational citizenship behaviours,
9. corporate social responsibility.

All the aforementioned components, except for organisational citizenship behaviours and corporate social responsibility, are explicitly active in shaping Positive Organisational Potential. OCB and CSR are of passive character, to some extent. They emerge only when Positive Organisational Potential has been developed, at least partially. Simultaneously, they participate in shaping the positive climate, strengthening its influence on the positive employee behaviours.

Corporate governance refers to the network of relations between shareholders/associates/owners of a company, other stakeholders and the

managing board. From the institutional perspective, corporate governance is defined as the relations between the body representing owners and key stakeholders on the one hand (supervisory board) and other stakeholders and managers on the other (management board). Corporate governance should stimulate the professional management board and all the managers to striving for business aims and objectives in the interest of owners and other stakeholders [Blowfield and Murray, 2008]. From the Positive Organisational Potential viewpoint, corporate governance should:

- be oriented to the future, apart from being retrospective [Ježak, 2010, 200–201],
- cooperate actively with stakeholders in order to create commonly shared values,
- conduct the transparent and effective information policy towards stakeholders,
- be comprised of competent members,
- assess management bodies in an objective way applying the criteria corresponding to the long-term aims focused on the development of an organisation,

Leadership is usually associated with the company leader. This is the role of the chairman of the management board. As regards to small and medium enterprises (SMEs), their owners are usually company leaders. The scope of leader's power, duties and responsibilities is set by the state legal systems and internal regulations of a company. From the Positive Organisational Potential viewpoint, a leader should:

- cooperate with corporate governance bodies in an earnest and sincere way,
- be competent to cope with the issues at their appointment,
- direct employees in accordance with their competencies, stimulate them intellectually and be oriented to employee satisfaction,
- inspire employees and stakeholders to follow the vision of the company development,
- be charismatic and reliable,
- inspire trust among employees and other stakeholders,
- assess organisation members in an objective and fair way,
- engage in their duties and set an example of involvement to the others,
- set an example of earnestness and ethical behaviour.

Middle managers are a fundamental component but frequently they make up a “bottle neck” in the process of strategy implementation [Huy, 2011]. From the Positive Organisational Potential viewpoint, middle managers should:

- be the leaders of their teams,
- coordinate and create appropriate relations among their subordinates,
- be capable of coaching,
- support their subordinates’ initiative and creativity,
- communicate effectively and translate the corporate strategy to their departments,
- assess their subordinates in an objective and fair way,
- merit trust of their subordinates and superiors,
- be competent decision makers and be able to substantiate their decisions,
- strive for self-development and improvement of their skills setting an example for subordinates,
- manage conflicts (counteract destructive conflicts and create constructive ones).

Trust is a prerequisite for any relations which make up an important and, as highlighted by experts, fundamental set of intangible resources of any community, organisation and company [Sztompka, 2007]. What is important from the Positive Organisational Potential viewpoint, the following markers of trust may be observed:

- employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences,
- employees willingly share knowledge and propose innovative solutions,
- employees play fair even when they compete with each other,
- superiors are not anxious to delegate their responsibilities,
- employees do not resist to managerial decisions,
- controlling processes may be substituted by self-control which reduces the costs of management [Barney and Clark, 2007].

Interpersonal relationships define mutual relations among organisation members and between them and people from the outside of an organisation. Trust is considered to be a dimension of interpersonal relations. Nevertheless, recognising the importance of these two phenomena we enumerated both of them among the key areas of Positive Organisational Potential. Interpersonal relationships may be analysed from three various perspectives [Kase et al., 2009]:

- structural – concerning relations between parties, relations recommended for POP are characterized by the high intensity of direct contact;
- affective – concerning the strength of emotions between parties, relations recommended for POP are characterized by friendliness, the readiness to make concession and even sacrifice, and mutual trust,
- cognitive – concerning how much parties know each other, it is recommended for POP if parties know each other well, assess correctly their capabilities and motivations, share common goals, aspirations and values. In other words they understand each other well and feel good together.

Talent management is a contemporary challenge to any organisation, and any company in particular. Owing to the increasing intensity of competition and the growing role of innovations, companies suffer the lack of talented employees who are necessary to build up competitive advantages. The more talented people are employed by an organisation the more opportunities it has to create innovations. What is important from the perspective of Positive Organisational Potential, talented employees generate more positive emotions. Such people are usually more optimistic and they infect others with their optimism [Bieniok, 2011]. Nevertheless, optimism requires successes not stagnation or defeats. Therefore, creating working conditions which enable talents to achieve success is an important element of talent management. The corporate strategy oriented to continuous innovations, development, activeness, surpassing competitors is the foundation of such an environment. Such a strategy requires creativity to solve problems which is a prerequisite for talented employees to develop their aptitudes. Moreover, talents recognise challenges a longed-for adventure. If they lack such a stimulation they may become prone to seek new employment enabling them to face new challenges. Therefore, talent management must correlate with and be an element of a corporate strategy. Considered from the perspective of Positive Organisational Potential, talent management should identify appropriate talents, attract them and maintain for the long-term [Michaels et al., 2001]. What is more, an effective talent management makes use of talents, it enables talented employees a continuous development through training, coaching etc. and it creates opportunities for them to meet new, ambitious projects and challenges.

The language of internal communication is an important element of any organisation and the prerequisite of its functioning. Our study is focused

on the communicativeness of the language of internal communication. The main function of the language is to convey the message and emotions concerning its content. Therefore, the language used in the context of Positive Organisational Potential is to meet both of these requirements. It means that:

- the system of communication provides all workplaces with necessary information and ensures the feedback,
- information is unambiguous and delivered on time,
- message senders predict the emotions of receivers and take them into account when communicating,
- whenever possible direct communication is preferred in an organisation; face-to-face communication receives the top priority.

The language of internal communication must be comprehensible, which means the content of message should be understood by a receiver as expected by a sender. This is a simple and an apparent principle. Nevertheless, the practice shows it not always working. In such a case, using a foreign language (usually English) for business communication is only a part of a problem [Neeley, 2012]. The linguistic competencies in a mother tongue vary among native speakers which results from the diversity of education, life experience and individual features. Therefore, it is of paramount importance that a message sender adjust the language of communication to the perception of a receiver. Nevertheless, this simple requirement is a *conditio sine qua non* of effective communication. Fulfilling this requirement depends on mutual willingness to cooperate. Fostering such a cooperation is one of primary aims and outcomes of Positive Organisational Potential.

Organisational citizenship behaviours are the embodiment of patriotism in the context of an organisation. Similarly to patriotism, OCBs are expressed by the employee readiness to devote themselves to an organisation more than formally required. What is crucial, the acts of “giving something more” (creativity, ideas, time, effort, mutual assistance, etc.) are not considered as something extraordinary because of any special occasion or special circumstances. Organisation members find them something normal, a daily routine. Such behaviours are both building material and the epitome of unselfish identification with an organisation and strong corporate identity. They trigger the feeling of community and belongingness among people. It makes a firm foundation for satisfaction of being a member of the organisation. Such a state fosters behaviours which are consciously and even unconsciously

considered to be their “intrinsic” need sustaining this state. In effect, the holistic relation is developed between organisational citizenship behaviours and positive organisational culture and climate, finally having an impact on employee behaviours for the development of an organisation.

Corporate social responsibility is the activity of an organisation (company) aimed at the harmonisation of all stakeholders’ aims and objectives’ adequately to their long-term impact on the business portfolio necessary for the sustainment and development of an organisation. It means that an organisation should be responsible to its owners, top management, employees, contractors, customers, competitors, the government, local authorities, parent organisations, partners, subsidiaries as well as local, national and global communities. Moreover, it means the responsibility for economic condition and life conditions to future generations. The responsibility encompasses both the compliance with legal, ethical and moral norms as well as the respect for the values important for all stakeholders and their expectations towards a company. What is important, neither altruism nor philanthropy is the primary motivation of corporate social responsibility. It is the assumption that fulfilling the expectations of stakeholders is a prerequisite for creating an added value in the long-term which makes the incentive for a company to be socially responsible [cf. Hawkins, 2006].

The key areas of Positive Organisational Potential enumerated and briefly described above are both the components of POP and the stimulants fostering the development of other elements. Their aim to shape psychosocial conditions in the workplace is the capstone element grouping them. Contented people have a pro-developmental bias. They are more willing to do good things and engage without expecting any direct, personal benefits. Moreover, the key areas of Positive Organisational Potential create conditions favourable for the implementation of the sustainable development strategy and they are the components of such a strategy. It applies, in particular, to work-life balance which is often omitted in the studies on sustainable development. Work-life balance means the equilibrium between a professional domain and a private (mainly family) life. As regards to the professional domain, the balance is sought between efforts required at work and satisfaction from their outcomes. If such a balance is achieved a few decades of professional activity may be quite a pleasant period. Positive Organisational Potential contributes to this achievement.

1.4. Relations among the key areas of Positive Organisational Potential

In order to manage the Positive Organisational Potential key areas in an efficient and effective way, executives need to know interdependent relations among them. Such a knowledge was externalised by our research. The assessments of the strengths and the direction of mutual relations are based on the data elicited from the experts. The panel of experts who participated in the Delphi sessions combined theoretical expertise in management (researchers, management professors) with rich experience in business (the heads of management boards and chief executive officers). The respondents were asked to assess the strength of relations between the Positive Organisational Potential key areas. The six-grade scale between 0 and 5 was applied. The following levels denoted: 0 – lack of influence, 1– slight influence, 2 – little influence, 3 – medium influence, 4 – significant influence, 5 – very significant influence. The outcomes (calculated as arithmetical means) are presented in Table 1.1.

Table 1.1. Interdependent relations among the key areas of Positive Organisational Potential¹

Key areas of POP	CG	L	MM	TM	IR	T	LIC	OCB	CSR
CG	X	4.6	2.7	2.4	2.4	2.7	1.7	1.8	3.3
L	3.6	X	4.4	3.8	3.9	3.7	2.8	3.6	3.9
MM	1.6	2.9	X	3.3	4.3	4.3	3.4	3.0	2.3
TM	1.1	2.7	2.7	X	2.6	2.4	1.6	1.6	0.8
IR	1.6	3.2	3.4	2.9	X	4.3	2.8	3.0	1.3
T	2.8	3.8	3.7	2.7	4.4	X	2.3	2.8	1.8
LIC	1.2	2.0	2.8	1.8	3.3	2.8	X	2.0	1.0
OCB	1.7	2.4	2.4	2.0	3.2	3.1	2.0	X	3.3
CSR	2.8	3.1	2.2	1.1	2.2	2.6	1.7	3.0	X

¹ The acronyms of variables denote: corporate governance (CG), leadership (L), middle managers (MM), talent management (TM), interpersonal relationships (IRs), trust (to co-workers, superiors, subordinates, the board of management) (T), the language of internal communication (content and form) (LIC), organisational citizenship behaviours (OCBs) and corporate social responsibility (CSR).

In order to analyse the strength and the dominant direction of interdependent relations (interactions) between the key areas of Positive Organisational Potential, the data collected in Table 1.1 read in rows. Then, the following conclusions may be drawn:

- corporate governance is the most strongly interrelated with leadership and corporate social responsibility. In both cases the impact corporate governance has on these variables surpasses the impact of an opposite direction ($\mu = 4.6 : \mu = 3.6$ and $\mu = 3.3 : \mu = 2.8$). As regards to the remaining key areas of POP, with the exception of trust, the same pattern is observed. In the case of trust, the strengths of impact are almost balanced with a minor advantage of trust influencing corporate governance ($\mu = 2.7 : \mu = 2.8$);
- leadership is the most strongly interrelated with middle managers. It is a dominant relation ($\mu = 4.4 : \mu = 2.9$). Moreover, the relations between leadership and other key areas are relatively strong. Apart from corporate governance and trust, the impact of leadership on other elements is stronger than its dependence on them. Similarly to corporate governance, the strengths of relatedness between leadership and trust are almost balanced with a minor advantage of trust ($\mu = 3.7 : \mu = 3.8$);
- middle managers are the most strongly interrelated with interpersonal relationships and trust and middle managers dominate in these relations in both cases ($\mu = 4.3 : \mu = 3.4$ and $\mu = 4.3 : \mu = 3.7$). Apart from the relations to corporate governance and leadership discussed above, mutual relations between middle managers and other elements are weaker but middle managers dominate in these relations;
- talent management is the most strongly interrelated with leadership ($\mu = 2.7 : \mu = 3.8$) and middle managers ($\mu = 2.7 : \mu = 3.3$). Nevertheless the strength of these relations is moderate. As regards to other key areas, weak relations between them and talent management are observed. In all cases, talent management is dominated by these elements;
- interpersonal relationships are the most strongly interrelated with trust, middle managers and leadership which are the variables dominant over interpersonal relations (respectively $\mu = 4.3 : \mu = 4.4$, $\mu = 3.4 : \mu = 4.3$ and $\mu = 3.2 : \mu = 3.9$). As regards to the remaining key areas of

Positive Organisational Potential the same tendency is noticed but these relations are weaker;

- as mentioned above, trust is the most strongly interrelated with interpersonal relationships ($\mu = 4.4 : \mu = 4.3$). Moreover, strong relations between trust and middle managers ($\mu = 3.7 : \mu = 4.3$) and leadership ($\mu = 3.8 : \mu = 3.7$) are identified. Noticeable, but weaker, ties between trust and corporate governance ($\mu = 2.8 : \mu = 2.7$) as well as talent management ($\mu = 2.7 : \mu = 2.4$) are reported. Trust is slightly more significant in these pairs. Contrary, trust is a weaker variable when juxtaposed with organisational citizenship behaviours ($\mu = 2.8 : \mu = 3.1$) and the language of internal communication ($\mu = 2.3 : \mu = 2.8$);
- the strength of relations between the language of internal communication and other key areas of Positive Organisational Potential is relatively moderate. Among them, the language of communication and interpersonal relationships are the most strongly tied pair of variables ($\mu = 3.3 : \mu = 2.8$). Moreover, the language of internal communication has some impact on trust ($\mu = 2.8 : \mu = 2.3$) while it is significantly dependant on middle managers ($\mu = 2.8 : \mu = 3.4$);
- organisational citizenship behaviours are noticeably interrelated with and dependant on leadership and middle managers ($\mu = 2.4 : \mu = 3.6$ and $\mu = 2.4 : \mu = 3.0$). As regards to corporate social responsibility, interpersonal relationships and trust, organisational citizenship behaviours are dominant (respectively $\mu = 3.3 : \mu = 3.0$, $\mu = 3.2 : \mu = 3.0$ and $\mu = 3.1 : \mu = 2.8$);
- there are noticed moderate relations between corporate social responsibility and leadership ($\mu = 3.1 : \mu = 3.9$), corporate governance ($\mu = 2.8 : \mu = 3.3$) and organisational citizenship behaviours ($\mu = 3.0 : \mu = 3.3$). In all cases, corporate social responsibility is a weaker, dependant variable.

As presented above, complex and multilateral relations among the key areas of Positive Organisational Potential are observed. From the viewpoint of management practice, the identification which areas are stronger determinants and which of them are weaker ones is the issue of paramount importance. Such information will be used in Chapter 12 to build up models and provide recommendations for strategic management of the key areas of Positive Organisational Potential.

Chapter 2

**THE ROLE OF CORPORATE GOVERNANCE
IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES***Ryszard Lorenczewski***2.1. The nature of corporate governance as a key POP area**

Corporate governance plays a more and more important role in managing contemporary companies. The efficiency of corporate governance influences the attainment of long-term (developmental) company goals.

Corporate governance is connected with the existence of the network of relationships among company managers and their management-supervisory organs, partners and other stakeholders. Corporate governance creates a structure that facilitates the creation of company objectives, means of their attainment as well as the instruments enabling the company to assess the performance. Good corporate governance should stimulate company managers to meet the objectives that are beneficial for the company itself, its shareholders/partners and other stakeholders [Blowfield and Murray, 2008, 212–213]. OECD defines corporate governance as a system that is used to control and manage business organisations. The system determines the division of rights and responsibilities among various interest groups engaged in company operations as well as it determines the rules that refer to its objectives, means of their realisation, and monitoring company performance [OECD Principles, 2004, 11].

Corporate governance can also be understood as a set of rules referring to the company supervision and the way the company observes the rules. The supervision/governance systems are the communication structures between the company and its shareholders/partners and other stakeholders. Such an attitude underlines two basic aspects [Ignys-Lipowiecka, 2010, 216]:

- governance as a set of legal, organisational and economic regulations;
- governance as an act of building communication between the company and shareholders as well as other stakeholders.

The subject literature draws our attention to the ambiguity of the notion, pinpointing various interpretations of the corporate governance [Jeżak, 2010, 117–144, Paliwoda-Matiolańska, 2009, 168–170]:

- governance emphasizing the role of company owners;
- operational control as the fact of ensuring the profit for the donors of the capital, i.e. the owners and financial institutions;
- the formal system of managerial responsibility towards the owners;
- in the stakeholder theory, maximisation of the value for the shareholders is not possible without the consideration of the benefits for other stakeholders;
- the structure, which is applied to set the company objectives, means for their attainment and company inspection methods.

Contemporary economy amplifies the permeating, diffusion and standardisation of management concepts and regulations. It also refers to the rules and standards of corporate governance. Efficient corporate governance should stand up to challenges of the growing shareholder and stakeholder expectations. Changes in management are also concerned with the internal processes, expected increased participation in management, application of modern methods supporting the use of the positive potential of a company. The next challenge is the growing importance of the corporate social responsibility that increases the necessity to take into consideration the expectations of a wide range of stakeholders and managing relationships with them [Ignys-Lipowiecka, 2010, 216–224].

Globalisation has delivered the tools of power that stakeholders can apply to represent their concern. Thus stakeholders gained new rights making them a partner in their relationships with companies [Freeman et al., 2007, 28]. Managers who are willing to succeed in managing the company need to pay more attention to building proper relationships with the company stakeholders.

Stakeholders, according to Sudoł, are all the people and institutions who are interested in realisation of company objectives: owners, managers, employees as well as a number of institutions and people working in the company environment: clients, suppliers, subcontractors, creditors, banks, local community and others [Sudoł, 2002, 84].

In turn, Freeman, et al. define stakeholders as independent groups or individuals who can influence the company or are interested in the attainment of the company objectives [Freeman et al., 2007, 6–7]. Their classification differentiates two groups of stakeholders:

- primary stakeholders – employees, customers, suppliers, financial institutions, communities;
- secondary stakeholders – government, competitors, media, special interest groups, consumer organisations.

Werther and Chandler divided stakeholders according to the concept of stakeholder relationship management [Werther and Chandler, 2006, 6–7]:

- organisational stakeholders – internal in relation to the organisation, i.e. employees, managers, shareholders, trade unions;
- economic stakeholders – external in relation to the organisation: local communities, government and regulators, non-profit organisation and NGOs, environment.

Moreover, literature studies provide three additional groups of stakeholders [Paliwoda-Matiolańska, 2009, 59]:

- substantial stakeholders – groups who have a direct impact on company development and operations, who commit their work, knowledge and skills as well as capital to the company's needs, namely, employees, shareholders, owners and management;
- contractual stakeholders – groups that are directly connected with company operations – customers, suppliers, subcontractors as well as competitors;
- contextual stakeholders – groups and institutions indirectly connected with company operations, who can have a significant impact on company objectives – local communities, local authorities, state administration.

Stakeholders comprise diversified groups and institutions. They have diverse objectives and expectations of the company. Shareholders want the increase in the share price and the return on their capital. Employees want the quality of life and satisfying remuneration. Local communities are interested

in how much the company supports the local development and environmental protection. Thus, the identification of the company shareholders and getting to know their objectives and expectations is important from the point of view of the efficient management of company relations with the environment.

Stakeholders have diversified expectations of the company. They are interested in the efficiency and effectiveness of the operations to a different extent. They function in different environments with different missions and strategic objectives. Their mutual relationships with the company have a diverse level of impact. It is determined by the level of mutual dependence, structure, and the distribution of power between the company and a stakeholder as well as the access to indispensable resources. The level of interest in the co-participation in shaping the company potential and the application of the institutional forms of their role articulation is diverse. Understanding of the character of individual stakeholders, the ability to assess the priorities in meeting their expectations, the degree of interest in building positive relationships and the degree of impact on the company may help to take decisions that are particularly important for building the strategy based on partner cooperation [Blowfield and Murray, 2008, 164].

Corporate governance is the platform for integration of various stakeholder objectives. It integrates both the internal and external stakeholder objectives. We can assume that the Positive Organisational Potential by increasing the satisfaction of the basic groups of internal stakeholders (employees and the Board), and in effect, shaping their positive attitudes and growth of their engagement, ensures the growth of the satisfaction of other stakeholder groups.

2.2. Manifestations of the positive role of the (effective) corporate governance and their place in the system of POP

One of the key aspects of corporate governance is supporting the positive antecedents of efficient use of all the resources (tangible, intangible, human and financial) to ensure the efficient functioning of the company. The task of corporate governance is to apply all the instruments and methods of reaching the highest effectiveness of resource application in order to encourage the stakeholders to cooperate and maintain long-term relations.

Corporate governance systems exceed the traditional understanding of the owner governance, they are seen as the system of various norms and regulations concerning the efficient functioning of the company and encouraging it to more effective and efficient application of its resources.

The competitiveness and a long-term development is the result of the teamwork of all the engaged employee groups, managers as well as stakeholders who create the corporate governance structures. If the companies want to compete efficiently in the future they should be active in building the foundations of Positive Organisational Potential.

The general directives indicated in the OECD principles of corporate governance could be the guidelines for the construction of corporate governance structures, i.e. various supervisory, regulatory and executive authorities as active stakeholders in the process of creating Positive Organisational Potential. According to the principles, the framework of corporate governance should be aligned with the economic context of the company, legal, regulatory, and institutional environment. It should create conditions for reputation and long-term development of a company to be influenced by business ethics as well as natural and social environment awareness of the business [OECD Principles, 2004, 12].

Effective corporate governance is the foundation for the construction of Positive Organisational Potential. The basic factors of effective corporate governance are the following [Jeżak, 2010, 196–201]: the effectiveness factors of the system, the effectiveness factors of the corporate governance body and the effectiveness factors of the members of the corporate governance body. Effective corporate governance takes into consideration the expectations of all the stakeholders, most of all the key stakeholders, and creates good relationships with all the stakeholders and has effective tools of corporate governance at their disposal.

The following dimensions of corporate governance have been selected as particularly significant for the stimulation of Positive Organisational Potential:

- transparent and efficient information policy towards the stakeholders;
- commitment of the governing body members in their responsibilities;
- the application of transparent procedures referring to the functioning (in particular to the selection and remuneration) of the executive and supervisory bodies.

Table 2.1 presents the detailed characteristics of the individual dimensions of the effective corporate governance in the process of building POP.

Table 2.1. Detailed characteristics of the individual dimensions of the effective corporate governance in the process of building POP

Dimensions of effective corporate governance in building POP	Detailed characteristics of corporate governance
A company has established the mechanisms for cooperating with stakeholders in order to generate shared values	<ul style="list-style-type: none"> — Stakeholders take part in the corporate governance processes — Corporate governance members are committed to shaping positive relationships with stakeholder groups — Clear procedures are applied of stakeholder participation in the processes referring to the fundamental changes in company operations — The company applies employee participation mechanisms in the corporate governance structure
A company conducts the transparent and effective information policy towards its stakeholders	<ul style="list-style-type: none"> — A company has procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies — A company has mechanisms ensuring full and complete information indispensable for effective corporate governance — A company has clear procedures of information and access to information that guarantees the disclosure of precise information on time referring to all the relevant issues, including the information on the financial standing, performance, ownership structure and company supervision
The members of supervisory bodies are committed to their responsibilities	<ul style="list-style-type: none"> — The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly — The priority of the company organs is the interest of the company and the general society — Supervisory organ members are engaged in building company reputation — Supervisory organ members adhere to ethical standards in corporate governance
A company has established transparent procedures for corporate governance and executive management, including in particular the hiring and remuneration procedures	<ul style="list-style-type: none"> — A company has clear procedures on appointment and selection of the company organ members as well as procedures on observing the selection criteria — A company has transparent remuneration policy of the executive and supervisory organs — A company has transparent procedures ensuring the independence of supervisory organs — Company supervisory organs have proper tools for the execution of their responsibilities in a professional and objective way

2.3. The state of corporate governance in surveyed companies

An important research objective was to check the state of corporate governance in the surveyed companies. Table 2.2 presents the results of the questionnaire survey covering the opinions of the companies on their corporate governance in the process of creating POP. The respondents used the scale 0–100% (“I totally disagree” (0%) to “I totally agree” (100%) in relation to their company)

Table 2.2. Dimensions of effective corporate governance in the process of constructing POP in the surveyed companies

Dimensions of effective corporate governance	μ	s.d.
A company has established the mechanisms for cooperating with stakeholders in order to generate shared values	74.93	24.217
A company conducts the transparent and effective information policy towards its stakeholders	79.73	22.606
A company has established transparent procedures for corporate governance and executive management, including in particular the hiring and remuneration procedures	83.70	25.028
The members of supervisory bodies are committed to their responsibilities	82.74	23.527

The analysis of the results shows that the dimensions of the effective corporate governance are well assessed. The evaluation of an average level of corporate governance amounts to ca. 80% (on the 0–100% scale). The companies have established transparent procedures for corporate governance and executive management to a high extent, including in particular the hiring and remuneration procedures ($\mu = 83.70$). The companies also assessed well the commitment of supervisory bodies to their responsibilities ($\mu = 82.74$). The transparency and effective information policy towards its stakeholders have more or less the same level ($\mu = 79.73$) as well as the evaluation of the mechanisms for cooperating with stakeholders in order to generate shared values ($\mu = 74.93$).

Moreover, the analysis of the company survey results shows a strong correlation between individual features characterising the levels of efficient corporate governance and some of the individual characteristics of individual key POP areas. Corporate governance has the strongest correlations with corporate social responsibility, leadership as well as the language of internal communication and interpersonal relationships.

A more detailed analysis of the degree to which the effective corporate governance is correlated with the detailed characteristics of other POP key areas shows a high level of correlation with some of the areas. The functioning of the mechanisms of the active cooperation with stakeholders aiming at the creation of the mutual values as an element of effective corporate governance has the strongest correlation with the following elements of the other key POP areas:

- within the leadership POP area: a CEO directs employees in accordance with their competencies and s/he stimulates them intellectually

- ($r = 0.537$); a CEO is oriented to their co-worker satisfaction ($r = 0.534$); a CEO inspires employees with his/her vision ($r = 0.534$); a CEO is oriented to their co-worker satisfaction ($r = 0.517$);
- within the middle managers POP area: through their behaviours, managers set a good example of positive relations within a team and outside it ($r = 0.568$); managers initiate changes in a company ($r = 0.538$);
 - within the talent management POP area: a company establishes individual paths of career and methods of development for talents ($r = 0.585$); a company makes talent management an element of its strategy ($r = 0.531$); a company has relevant methods to identify and select talents ($r = 0.500$);
 - within the interpersonal relationships POP area: employees can count on each other ($r = 0.521$); Employees are frank with each other ($r = 0.508$); condition of IR in employee teams translates into relationships among the teams in a company ($r = 0.504$);
 - within the trust POP area: the superiors are not anxious to delegate their responsibilities and powers ($r = 0.560$); employees are committed to their jobs, even when a company faces difficulties (crisis periods) ($r = 0.501$);
 - within the internal communication POP area: internal communication enhances employee motivation ($r = 0.568$);
 - within the CSR POP area: a company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of the society ($r = 0.573$); a company contributes to the development of its local community (cooperation with local business, job creation, education) ($r = 0.513$); a company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration) ($r = 0.503$)

The next characteristics of effective corporate governance as a POP building tool is the transparent and effective information policy directed at stakeholders. In the surveyed companies it was strongly correlated with the following characteristics of the remaining POP areas:

- within the leadership POP area: a CEO directs employees in accordance with their competencies and s/he stimulates them intellectually ($r = 0.591$); a CEO inspires employees with his/her vision ($r = 0.501$); a CEO inspires employee trust ($r = 0.529$); A CEO is oriented to their co-worker satisfaction ($r = 0.591$);
- within the middle managers POP area: through their behaviours, managers set a good example of positive relations within a team and outside it ($r = 0.565$);
- within the talent management POP area: a company establishes individual paths of career and methods of development for talents ($r = 0.559$); a company creates opportunities for talents to meet ambitious projects and challenges ($r = 0.580$); a company creates conditions for learning and knowledge sharing ($r = 0.531$);
- within the interpersonal relationships POP area: employees are frank with each other ($r = 0.539$);
- within the trust POP area: employees are committed to their jobs, even when a company faces difficulties (crisis periods) ($r = 0.503$);
- within the internal communication POP area: internal communication enhances employee motivation ($r = 0.546$); internal communication consistently and coherently explains the organisational values to be respected ($r = 0.558$);
- within the CSR POP area: a company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration) ($r = 0.662$); a company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of the society ($r = 0.587$); a company contributes to the development of its local community (cooperation with local business, job creation, education) ($r = 0.588$).

2.4. Antecedents of effective corporate governance in the process of building POP in surveyed companies

Another aim of the study was to investigate the state of intra-organisational conditions for the corporate governance development as one of the key

POP areas. For the purpose of research, it was assumed that intra-organisational antecedents which have a significant impact on the POP key areas development are classified in the following categories: tangible assets, strategy, organisational structure, communication, innovation, control, HRM, power and management democratisation, integration and identification with the company and leadership. The results of the research into intra-organisational antecedents of corporate governance development as a key POP area are presented in Table 2.3.

Table 2.3. Pearson correlation coefficients (r) between aggregated intra-organisational antecedents of POP key areas development and the level of corporate governance in the surveyed companies, $p < 0.01$

Intra-organisational antecedents of key POP areas development	r
Tangible assets	.663
Strategy	.594
Organisational structure	.643
Communication	.568
Innovation	.456
Control	.626
HRM	.550
Power and management democratisation	.699
Integration and identification with the company	.641
Leadership	.631

The analysis of the questionnaire survey results indicates that high assessment of corporate governance level is most correlated with the following aggregated intra-organisational antecedents of POP development: power and management democratisation, tangible assets and organisational structure. Moreover, the level of corporate governance is strongly correlated with antecedents related to: integration and employee identification with the company, leadership and control.

The evaluation of the level of variables characterising intra-organisational antecedents in the areas of power and democratisation, as the most important antecedents of the level of corporate governance in the process of building POP in the surveyed companies, is presented in Table 2.4. The respondents assessed the level of variables using the scale 0 – 100% ("I totally disagree" (0 %) to "I totally agree" (100 %) in relation to their company.

Table 2.4. The assessment of the intra-organisational antecedents of the POP key areas development related to power and democratisation of management

The intra-organisational antecedents related to power and democratisation of management	μ	s.d.
The intra-organisational antecedents related to power and democratisation of management – mean value	76.84	18.838
A company has transparent procedures for providing its stakeholders with key information (including financial situation and results, ownership structure and corporate governance)	85.00	17.762
A company has procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies	84.03	23.053
The economic outcomes of top management decisions are regularly evaluated	83.33	23.854
The ownership structure enables the top executives to manage in an effective way	82.19	21.489
The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly	81.78	21.431
A company has procedures for recruiting and appointing the members of corporate governance bodies having knowledge and skills relevant to their positions	81.11	26.247
A company has procedures for the remuneration of corporate governance and managerial bodies members (forms, structure and level of remuneration)	79.86	28.987
A company has procedures ensuring the adequate participation of independent members in corporate governance bodies in accordance with ownership structure and stakeholders' representation	78.43	28.266
A company increases the employee autonomy and responsibility	78.06	21.404
An effective corporate governance is in place which enables relevant leadership	77.36	24.552
There is a low power distance among the members of an organisation (structural, psychological, functional distance)	76.39	20.092
Managerial decisions are consulted with employees and explained to them	73.29	24.441
Opinions are got in an informal way (both vertically and horizontally)	73.29	22.795
Managers delegate their responsibilities to lower levels of management	72.36	20.452
The objectives and mechanisms of corporate governance combine retrospective supervision (supervision and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation)	72.19	26.939
Interpersonal competencies of top management are regularly assessed	66.62	33.804
The mechanisms for employee participation in corporate governance bodies are in place	61.81	37.165

A detailed analysis of the questionnaire survey results indicates that the functioning of mechanisms of active cooperation with the stakeholders, aimed at creating common values of basic component of the effective corporate governance as a key POP area, is strongly correlated with the implemented and applied procedures as well as the principles of antecedents concerning power and democratic governance in:

- the appointment and recruitment of the members of corporate governance bodies and compliance with the criteria of selection, competencies and skills relevant to their positions;

- ensuring the transparency of capital relations, the conflicts of interests among investors, shareholders, stakeholders and members of the members of corporate governance bodies;
- remuneration policy concerning the form, structure and level of remuneration of the members of supervisory and management boards;
- transparency in providing stakeholders with relevant information (including information on the financial situation, results, ownership structure and supervision);
- increasing employees autonomy connected with liability.

Functioning mechanisms of active cooperation with stakeholders, aimed at creating shared values is also strongly correlated with company sound financial standing (an antecedent within the tangible assets area), clearly and fully defined tasks and expectations towards employees, the possibilities of free selection of project teams members (antecedents referring to organisational structure, a sense of fairness among employees at work place (antecedents referring to integration and identification with the company). Moreover, it comprises a sense that a primary purpose of any exercised control is to obtain information to improve the assessed work (determinant within control area), fostering good relationships between top executives, middle managers and the employees, emphatic behaviour of the superiors (antecedents related to leadership), management and employees skills of effective communication, the use of language which is understandable for all employees within the company (antecedents referring to communication) and that the selection of employees covers adjustment in terms of values/consistency of organisation and employee individual values (antecedents within the HRM area).

Transparent and effective information policy towards stakeholders constitutes an important component of the effective corporate governance as a key POP area. The analysis of the survey results shows that adopting such information policy towards stakeholders is strongly correlated with the antecedents related to power and management democratisation. In this group, the following specific antecedents are of utmost importance:

- a company follows transparent procedures for providing stakeholders with relevant information relating to the functioning of the company, including information on the company financial standing, results, ownership structure and supervision;

- a company has procedures for appointing and recruiting the members of corporate governance bodies and compliance with the recruitment criteria, competencies and skills relevant to their positions;
 - a company follows procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies;
 - a company has procedures for the remuneration of the members of corporate governance and managerial bodies (forms, structure and level of remuneration);
 - managerial decisions are consulted with employees and explained to them;
 - the ownership structure enables the top executives to manage in an effective way;
 - the objectives and mechanisms of corporate governance combine retrospective supervision (supervisory and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation);
 - the members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly;
 - a company has procedures ensuring the adequate participation of independent members in corporate governance bodies in accordance with ownership structure and stakeholder representation;
 - an effective corporate governance is in place which enables relevant leadership;
 - a company applies the rule of increasing the employee autonomy and responsibility;
 - opinions are got in an informal way (both vertically and horizontally).
- Implementing transparent and effective information policy towards stakeholders in the surveyed companies is also strongly correlated with:
- antecedents related to tangible assets: good financial standing of a company, financial terms allowing the company to hire the best employees, having technology that allows to solve potential problems in the field of safety, work hygiene beyond the mandatory regulations, having infrastructure to minimise detrimental impact on the environment;

- antecedents within leadership POP area: leaders empathic behaviour, providing a pattern of positive relationships with employees by top management and middle managers;
- antecedents related to organisational structure: effective systems and procedures of efficient internal communication (both vertical and horizontal), clearly and precisely defined tasks and expectations towards the employees and their responsibility;
- antecedents related to control: the prime purpose of any exercised control is to gather information to improve the assessed work, the possession of tools enabling the company to curb corruption in all its forms, the establishment of company standards enabling the verification of integrity, fairness and principles transparency in relation to all employees (regardless of their position);
- antecedents related to strategy: the functioning of frank and possibly detailed information system referring to the course of strategy implementation and its effects;
- antecedents within communication POP area: the use of language understandable for all the employees in the company.

Following transparent rules regarding the functioning of supervisory and executive governance bodies within the company is another crucial component of the effective corporate governance as a key POP area. The analysis of the survey results indicates that the application of these rules in the surveyed companies is correlated with the following antecedents related to power and management democratisation:

- the application and observance of procedures for appointing and recruiting members of corporate governance bodies and compliance with the criteria of qualifications, competencies and skills relevant to the positions held;
- the application and observance of transparent procedures for providing stakeholders with key information on the functioning of the company, including information on the company's financial standing, results, ownership structure and corporate governance;
- the application and observance of procedures for remuneration policy of corporate governance and managerial bodies members (forms, structure and level of remuneration);

- the application and observance of procedures ensuring transparency of capital relations, conflicts of interests of investors, shareholders, stakeholders and the members of corporate governance bodies.

The level of application of transparent rules regarding the functioning of supervisory and executive bodies in the surveyed companies is also correlated with:

- antecedents related to integration and employee identification with the company: establishing company's good reputation and high degree of employee identification with the company;
- antecedents related to control: evaluating employee performance primarily on the basis of the achieved results, the principal purpose of any exerted control is to obtain information to improve the assessed work; the implementation of self-control where applicable;
- antecedents related to strategy: setting ambitious targets for company employees, the functioning of frank and possibly full system of information about the strategy implementation and its effects;
- antecedents related to organisational structure: efficient systems and procedures for effective internal vertical and horizontal communication;
- antecedents related to HRM: the company has the tools of recruitment and selection of employees with the key potential for development.

The level to which members of the supervisory bodies display commitment to the fulfilment of their functions is another important dimension of the effective corporate governance as a key POP area. In the surveyed companies, the commitment level of the members of corporate governance bodies is strongly correlated with antecedents related to power and democratization of management:

- the application and observance of procedures for appointing and recruiting members of corporate governance bodies and compliance with the criteria of qualifications, competencies and skills relevant to the positions held;
- relevant expertise and experience of the members of corporate governance bodies, and whether they are able to devote enough time to fulfil their responsibilities properly;
- the application and observance of procedures for remuneration policy of corporate governance and managerial bodies members (forms, structure and level of remuneration);

- the functioning of the effective corporate governance, which enables relevant leadership;
- the application and observance of procedures ensuring transparency of capital relations, conflicts of interests of investors, shareholders, stakeholders and the members of corporate governance bodies;
- the structure of ownership capital in the company enables the top executives to manage in an effective way.

In the light of the results analysis of the surveyed companies, the level of corporate governance body commitment to the fulfilment of their functions is also strongly correlated with:

- antecedents concerning integration and identification with the company: high degree of employees identification with the company, company's good reputation, in-company celebrations of events which are important for the company (anniversaries, company success, etc.), employee job satisfaction, a sense of fairness at the workplace;
- antecedents related to leadership: the appointment of a person with unquestionable competencies and qualifications for the position of the CEO, providing patterns of positive relations with the employees by middle managers;
- antecedents related to HRM: transparent and consistently followed procedures for human resources management.

In the functioning of companies, the implementation of the effective corporate governance faces a number of obstacles and difficulties. One of the goals of the Delphi method was to investigate the internal barriers shaping the desired state of the corporate governance in the process of building POP. On the basis of the results of Delphic session, internal barriers to building effective corporate governance can be classified as: qualifications and skills barriers of supervisory and executive bodies members, a barrier of the lack of competence in the implementation of the functions of supervisory and executive bodies, barriers resulting from conflicts between owners, barriers created by incorrect personnel policy in terms of appointing members of the corporate governance and executive bodies, barriers resulting from the lack of mechanisms of control and evaluation of the management and the corporate governance bodies, a barrier of communication between a corporate governance body and the management, a barrier of conservative and passive social attitudes

of corporate governance bodies members and the lack of tradition and examples of good practice.

The barrier of low or inadequate qualifications/competencies of corporate governance body members stems from the still low qualifications and competencies of supervisory board members. People with little experience and insufficient knowledge are often appointed for the positions in the supervisory boards; sometimes random people are recruited. In company operations, improper selection of specialized personnel as members of corporate governance bodies may be observed, people lacking relevant qualifications required of members of the supervisory board hold the positions. A major barrier to the implementation of the full functions of corporate governance are conservative attitudes of the members of the supervisory board, in effect limiting the powers and operational work of the supervisory board, interfering of the supervisory authority in the area of operational management. Consequently, this causes numerous personal conflicts between the supervisory board and the company management.

Conflicts between the owners constitute another barrier hindering effective corporate governance. Conflicts of interest among the owners translate into corporate governance, following the transfer of conflicts from the ownership to the corporate governance level. In a situation of conflict of ownership, the supervisory board often becomes an arena of struggle for power in the company. On the other hand, too high concentration of share ownership, type of ownership often forces only the protection of the interests of the controlling shareholder at the expense of other stakeholder groups (SP, strategic investor).

Flawed personnel policies and improper selection of persons to serve in supervisory and management bodies is an important barrier limiting the effectiveness of corporate governance as an area to build a POP. Random selection of people (nepotism, politics influence), negative selection system of officers of the organisation often means in the long term low competence/qualifications of top management. Low levels of qualifications and skills of members of supervisory boards lead to the fact that the governance does not perform its basic supervisory – control functions efficiently. In practice, it is not at all, or to a small extent, involved in the implementation of long-term company objectives and building positive relationships with shareholders and developing cooperation with stakeholders. Low level of qualifications of

board members causes frequent changes in management boards and the low level of leadership of top management.

The barrier of low level of qualifications and competencies promotes the formation of the next barrier which is passivity of the supervisory board, i.e. conservatism and conservative attitudes of the members of the corporate governance bodies. The pursuit of the board members to maintain the “status quo”, the manifestations of which are not quick enough responses to the changes in the environment, the lack of sufficient effort in persuading workers to the need to make changes, the introduction of the atmosphere of fear of courageous (risky) activities and the lack of involvement of the supervisory board members in any activity beyond the typical control functions. Passive attitude of members of supervisory boards is often due to the lack of the proper level and system of remuneration of the board members, adequate to the liability and the expected level of involvement in the affairs of the company.

Another barrier is the lack of appropriate control mechanisms and the assessment of the functioning of the management and supervisory bodies. In the pragmatics of corporate governance bodies operations in many companies, there are no developed mechanisms of control, appropriate formulas and implementation procedures of the functions of corporate governance (promotion, remuneration committees, secondment of a specific area of business operations to special supervision). Moreover, companies often lack effective mechanisms for bottom-up reporting of irregularities and clear procedures and responsibilities in the organisation.

Experts also pointed to problems with communication between the corporate governance the management: the lack of trust and cooperation between the supervisory board and the management moreover, poor communication and contact with corporate governance bodies, defective circulation of information between the supervisory board and the management. Flawed communication between corporate governance body and management and corporate organisational units causes problems with the proper functioning of efficient and effective governance.

A major barrier to the development of effective governance is the lack of tradition in companies and scrap models of good corporate governance practices in building positive relationships with shareholders, stakeholders in the process of shaping POP.

2.5. Recommendations for the development of effective corporate governance in the process of building POP

The process of shaping an effective corporate governance conducive to building POP is determined by the external and intra-organisational conditions. On the basis of the analysis of the Delphi research results, the basic stimulants for shaping ideal/ desired state of corporate governance may be indicated. The principles, instruments and procedures for determining the effective impact of governance on the formation of POP in the organisation should be understood as stimulants for creating the effective corporate governance. Factors stimulating the effective corporate governance can be classified as: corporate factors concerning corporate structures, the nature of the shareholding and governance systems, companies management system and corporate culture, factors associated with the development of the capital market and capital market institutions, market conditions, cultural factors and legal determinants [Koładkiewicz et al. 2013, 10–33].

According to our experts, the most important stimulants for the effective governance are corporate factors such as: the stability of ownership (shareholding structures), good relationships and regular communication with major shareholders and stakeholders, a high level of involvement of the supervisory board in the current management problems and the processes of strategy formulation and implementation for the company development, good relations and systematic communication with the heads of businesses and members of the supervisory board, high competencies and experience in managing, motivating systems relevant to the responsibility and the expected governance involvement.

In the area of capital market and capital market institutions, first and foremost the following factors were mentioned: the promotion of international standards for the capital market, the promotion of good corporate governance practices and high quality of financial audit. Experts claim that the important driving factors of the effective corporate governance are market factors: increased competition in the market, the market with unstable structure as an opportunity, increasing competition in the global market, the dynamic

changes in the labour market and the increasing employee mobility, increasing international trade, as well as the level of economic development.

In addition, the experts pointed out the need to adapt the legal regulations concerning the company operations to meet the challenges arising from globalisation and changes in the capital markets. Revolutions in the use of new technologies in communication and information flow also create opportunities for the development of corporate governance, among others, through the use of social media in communicating with stakeholders. The development of online media will help boost the transparency of companies and increase transparency in the approach to different groups of stakeholders, maintaining proper relations in accordance with adequate commitment to the company goals, helps to ensure that the interests of one group are not implemented at the expense of the other excessively. Any disruptions in communication lead, sooner or later, to the problems and the poor performance of the company.

At the same time, drawing from the analysis of the Delphi research results, the primary external factors that inhibit the formation of ideal/desired state of corporate governance as a key POP area were indicated. These include factors relating to corporate capital structures, the nature of the shareholding and governance systems, systems of management and corporate culture, factors associated with the development of the capital market and capital market institutions and legal and cultural determinants. Corporate factors hampering the shaping of the ideal/desired state of corporate governance as a key POP area include: passivity of Polish supervisory boards, small commitment of the supervisory board, the lack of professionalism in the functioning of the supervisory board, the lack of effective HR policy in terms of appointing members of supervisory boards, a lot of responsibility (material) of management, conflicts in the shareholding is reflected in the functioning of the corporate governance bodies.

The examples of factors associated with the development of the capital market and capital market institutions hindering the development of the effective governance are: low legal awareness of stakeholders and shareholders, lack of experience and examples of good practice in Poland, the lack of positive behaviour patterns in corporate governance, lack of interest in the capital markets ESG factors (E-environment S-social, G-governance) [Sroka, 2012].

An important objective of the study was the expert estimation of intra-organisational factors impact on the development of the ideal /desired state of corporate governance. Table 2.5 shows the most important factors determining the desired level of corporate governance in the process of building POP (rank on a scale 0 – no impact 5 – very strong impact).

Table 2.5. Basic antecedents of the desired state of corporate governance

No.	Antecedents of the desired state of corporate governance	μ
1.	An effective corporate governance is in place which enables relevant leadership	4.9
2.	The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly	4.9
3.	The chairperson of the supervisory board has appropriate experience, character, knowledge, interpersonal skills, teamworking skills	4.9
4.	The objectives and mechanisms of corporate governance combine retrospective supervision (supervision and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation)	4.8
5.	The ownership structure enables the top executives to manage in an effective way	4.6
6.	The economic outcomes of top management decisions are regularly evaluated	4.6
7.	The company strategy combines the interests of employers and employees	4.4
8.	A company has procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies	4.4
9.	A company has procedures ensuring the adequate participation of independent members in corporate governance bodies in accordance with ownership structure and stakeholder representation	4.4
10.	A company has procedures for recruiting and appointing the members of corporate governance bodies having knowledge and skills relevant to their positions	4.3
11.	A company has procedures for the remuneration of corporate governance and managerial bodies members (forms, structure and level of remuneration)	4.2
12.	Organisational structures are transparent	4.1
13.	A company has tools enabling counteracting all the forms of corruption	4.1
14.	A company has transparent procedures for providing its stakeholders with key information (including financial situation and results, ownership structure, corporate governance)	4.1
15.	A person of unquestionable skills and competencies is appointed to the position of a CEO	4.1

Given the results of the surveyed companies, interviews with a sample of companies (case studies) and the Delphi session, the key factors determining the effectiveness of corporate governance in the process of building POP in companies operating in Poland can be recommended. The most important antecedents of effective corporate governance include:

- the functioning of corporate governance in the company allowing for the appropriate leadership;

- a sound knowledge and experience of the members of the and governance bodies and that they are able to devote the time necessary to perform their duties;
- the efficiency of the chairman of the supervisory board, his relevant experience, personality, knowledge, interpersonal and teamwork skills;
- concentration of the functioning of the corporate governance bodies not only on retrospective supervision (supervisory and control functions), but mainly on a prospective supervision (prevalence of the commitment of the governance body in the long-term development of the company goals and strategy and the evaluation of its implementation).

Further antecedents having a decisive influence on the desired state of corporate governance in the process of building POP are intra-organisational antecedents related to power and democratisation of management such as:

- equity capital structure enabling effective senior management;
- regular assessment of the effects of the economic decisions of top management;
- applicability of the procedures to ensure transparency of capital relations, conflicts of interests of investors, shareholders, stakeholders and members of the corporate governance bodies;
- the functioning of the company procedures to ensure adequate participation in corporate governance structures in accordance with the structure of ownership and representation of key stakeholders and to ensure the participation on the supervisory board of the independent members of the board;
- applicability of procedures for the appointment and selection of supervisory board members and compliance with the criteria of recruitment, competencies and skills relevant to their functions;
- applicability of procedures regarding the remuneration policy (the form, structure and level of remuneration) of members of supervisory boards and management adequate to the responsibility and expectations of involvement (competitive and motivating remuneration);
- applicability of transparent procedures to inform stakeholders on relevant matters relating to the functioning of the company, including information on the financial situation, performance, ownership structure and supervision.

Moreover, some antecedents related to the formulation and implementation of strategy and leadership are importance factors shaping the effective governance in the process of building POP. They include in particular combining the interests of employees and employers in the corporate strategy formulation process and appointing a person of unquestionable competences and qualifications for the position of CEO.

Chapter 3

**THE ROLE OF LEADERSHIP
TO STIMULATE PRO-DEVELOPMENTAL
POSITIVE ORGANISATIONAL POTENTIAL***Robert Karaszewski, Andrzej Lis***3.1. From transformational to positive leadership
– the concept of leadership
in the context of Positive Organisational Potential**

Leadership belongs to the most often discussed subject matters in contemporary management studies. Leadership attracts the attention of numerous scholars who explore the subject from various research perspectives. Positive Organisational Scholarship which is one of the up-to-date trends in organisational research places emphasis on the positive aspect of leadership. As observed by Pace [2010, 42] Positive Organisational Scholarship “serves as an empirical basis and connection mechanism for pre-existing topics such as appreciative inquiry, organisational change, creativity and innovation, engagement, and leadership”.

The positive approach to leadership manifested in Positive Organisational Potential derives from transformational leadership which enriches transactional leadership with the components stimulating organisation members’ satisfaction and the increase in their efficiency. Transformational approach does not

replace transactional leadership. Nevertheless, transactional leadership must be supported by transformational approach in order to enable leaders to achieve significant influence on their followers. Subordinates should be convinced that their work is important and appreciated by leaders. They should feel responsibility for their work and they should identify themselves with their jobs. Transactional leaders create the foundation for effective leadership by the award system. Nevertheless, it is transformational leadership which enables managers to achieve better results as regards to efficiency, innovativeness, the risk taking ability and the increase in satisfaction.

The variety of transformational leadership forms may be identified including: directive, participating, authoritarian or democratic leadership. Transformational leadership may be of elitist or popular character. Sometimes transformational leadership is misrepresented as an approach limited to the narrow group of leaders of extraordinary skills and competencies. Since the 1930s, when the advantages of participating and democratic management were observed, the majority of managers have learned to consult their decisions with employees involved in their decisions implementation. Unfortunately, few managers made another step towards democratic decision making or building consensus by consultations with stakeholders. There are numerous reasons for the involvement of subordinates in the decision making process, their empowerment and promoting self-management. Nevertheless, the democratisation of the decision making process may lead to ignorance which is particularly explicit among novices. The new members of an organisation expect clear goals and the support in their job. Even if there is no a formal leader, someone decides to take initiative becoming a real leader. The transformational model of leadership is often confused with participating leadership. Nevertheless, transformational leadership may be of directive, authoritarian or decisive form. In crisis situations, idealised leaders may direct their subordinates applying radical solutions. On the other hand, directive leaders who use inspirational motivation may appeal to their followers. Intellectual stimulation usually encourages some employee behaviours and activities. Individualised approach commands to personalise relationships with subordinates enabling them to build-up the climate of cooperation. Simultaneously, transformational leaders may involve their subordinates in creating the company vision and generating ideas, implementing the principles of collective and democratic cooperation.

What is more, they may encourage their followers to participate actively in the process of changes. It means that transformational leaders may behave in a similar way while applying a directive or participating leadership style. The analysis of outstanding leaders' behaviours proves that they combined both transformational and transactional approach to leadership. Otto von Bismarck who reunited Germany in 1871 may be an interesting example of a leader following contradicting principles of directive and participating as well as democratic and authoritarian leadership.

Avolio and Bass [1991] studied more than 5000 representatives of the top management and they identified the variety of behaviours typical of transformational leaders. Their respondents pointed out the following features and competencies of ideal or charismatic leaders (idealised influence): setting an example, showing determination, having extraordinary talents, risk-taking, promoting the acceptance of the responsibility delegation, enhancing the feeling of common mission among organisation members, handling crisis situations, being ready to make radical decisions and strengthening trust among the followers. Moreover, the respondents enumerated inspirational motivation skills such as: creating challenges for the members of an organisation, visualising optimistic future, identifying expectations, looking ahead and setting accurate forecasts. As regards to intellectual stimulation, leaders are expected to formulate hypotheses, to enhance subordinates to use their intuition, to consider the ideas which may seem absurd when not studied thoroughly, to create brave visions as well as to identify the applicability of non-standard solutions. Individualised consideration which is the last component of transformational leadership manifests itself in: answering immediately to the questions asked by associates, taking care of employee needs, adjusting tasks to the skills and capabilities of employees, enhancing information sharing, being available for subordinates who need to communicate with a leader, encouraging self-development, effective mentoring, consulting and coaching.

Providing the recommendations for managing organisational transformation, Kotter points out errors which may destroy the leader's effort to change the status quo. In order to avoid their negative effects, Kotter [2007] suggests the following eight-stage change process which encompasses:

- establishing the sense of urgency to implement changes – assessing the market and competition, identifying potential or existing crises and opportunities;

- creating the guiding coalition to lead change – gathering the group of people having enough power to implement changes and to convince organisation members to work as one team;
- developing the change vision necessary to lead the change process as well as to create and develop strategies to achieve the vision;
- communicating the change vision – applying all available means to communicate the new vision and the strategy to organisation members and buy them in, to train new behaviours following the models of the guiding coalition representatives;
- delegating responsibilities and empowering employees in order to achieve the vision – removing barriers to transformation, changing systems or structures which determine the change process, encouraging risk-taking and creating non-standard solutions and ideas;
- generating short term wins – establishing clear guidelines for improvements, creating improvements, recognising and rewarding organisation members involved in the change process;
- consolidating improvements and establishing new direction for transformation – using increased credibility to: change systems, structures and policies which do not follow the vision of change; hiring, promoting and stimulating the development of employees who show willingness to implement the vision of changes; fostering the transformation process through new projects, themes and the agents of change;
- institutionalising the new approach – identifying the connections between new behaviours and corporate success, developing the means which enable the development and success of leadership.

Tichy and DeVanna [1996, 271-280] characterise transformational leaders highlighting the following components of their behaviours:

- leaders perceive themselves as the agents of permanent change, they take responsibility for the transformation process and leading subordinates engaged in this process;
- leaders are courageous individualists – they take the risk of implementing changes and they show courage which is not limited to expressing their views courageously. They formulate brave opinions but they are polite and considerate. They do their best to fight against the attempts to maintain the status quo in an organisation. Their pragmatism requires both the ability to sustain emotional stability and high intellectual

- potential. They are usually people of strong personality and healthy ego;
- transformational leaders believe in people – they are not dictators, they skilfully combine the power of their influence with sensitivity to the needs of others and ability to delegate responsibilities;
 - leaders are value-oriented – their behaviours manifest their ground beliefs and values. Bringing the set of strong and clear values in an organisation they expect that their employees will obey them. They pay attention to shaping relationships based on mutual trust;
 - transformational leaders are life-long learners – they openly analyse their mistakes appreciating lessons they have learned. They perceive mistakes as valuable experience rather than simple errors. They promote increasing professional qualifications, self-transformation and self-renewal. Moreover they try to diffuse their principles among all employees. Simultaneously, they emphasise the fact that transformation is a continuous process and not a one-time improvement activity. Using a metaphor, transformation may be described as a never ending journey going through milestones which represent change projects;
 - leaders have the ability to deal with complexity, ambiguity and uncertainty. Transformational leaders can understand and study thoroughly multifaceted problems typical of the dynamically changing environment. At the same time, they can assess the assumptions and more and more complex reality of the global business environment;
 - leaders are visionaries who can create visions, translate them in comprehensible constructs and finally implement them. Such leaders can trust their instincts and intuition and take reasonable risk;
 - leaders mobilise individual engagement – buying organisation members in the process of changes is a unique skill of transformational leaders. Employees are encouraged to combine their personal goals with the aims and objectives of an organisation. In order to win the employee engagement leaders should develop relationships which enable the delegation of power and responsibilities. Moreover, leaders are responsible for recognising the employee contribution to common efforts;
 - leaders are the source of organisational potential – beside stimulating individual engagement, leaders are responsible for developing organisational potential encompassing all the processes, practices and

activities creating value for an organisation. Therefore, leaders should be able to create organisational infrastructure, promote teamwork, design human resources systems, take advantage of diversity and implement changes;

- leaders have strong characters which enables them to gain the respect and trust of their subordinates. By gaining experience leaders develop and improve their behaviours and competencies. They develop the key features of their characters in order to become more efficient.

Initiating and implementing important changes in an organisation is the essence of transformational leadership. The key duties of transformational leaders encompass: delegating responsibilities, developing the positive employee attitudes to changes as well as increasing awareness and altering the hierarchy of priorities. Moreover, leaders are the benchmarks for their subordinates. Therefore, they should develop and perfect their attitudes towards transformation. Strengthening ethical principles and the feeling of identity play a key role in transformational leadership. Transformational leaders should trust their own potential. They should be competent and eloquent. They should express their high ideals and listen to the opinions of employees, accepting opposite viewpoints. The attitudes and competencies of leaders should strengthen the spirit of cooperation stimulating the diffusion of ideals.

Creating a vision is another important aspect of transformational leadership. Such a vision combines the needs of individual employees and departments within an organisation. A vision establishes the conceptual map pointing out organisational aims and defining the identity of an organisation. What is more, a vision is the foundation of employee integration and identification with an organisation. Moreover, transformational leaders should effectively promote the idea of changes as well as they should initiate and implement the new directions of organisational development. Simultaneously, they should listen to opposite opinions and analyse threats in the organisational environment. Such undertakings support transformational leaders in creating continuous changes. As already mentioned, the concept of transformational leadership requires from leaders the ability to design structures and social features of an organisation. Transformational leaders' duty is to define emerging values and norms and personally engage in shaping the organisational culture. Employees are to be aware of their role and input in the development

of an organisation. Therefore, transformational leaders guide shaping intra-personal awareness and create the platform of ideas exchange which inspires and stimulates the never ending process of organisational changes.

Solid theoretical foundation based on numerous, multifaceted scientific research over last forty years is one of the key strengths of transformational leadership concept. As Lowe and Gardner [2000, 459–514] observe transformational or charismatic leadership was the topic of 34% of all scientific papers published in prestigious *Leadership Quarterly* in the 1990s. Focusing its attention on leaders' efforts to promote and implement changes, transformational leadership makes the construct of leadership intuitively comprehensible. As a consequence, employees who understand the meaning and assumptions of transformational leadership willingly engage in organisational changes initiated by transformational leaders.

The focus on interactions between leaders and their subordinates is another distinctive feature of transformational leadership. It means that the matter of leadership is no longer limited to the leader's perspective. It is recognised as an outcome of mutual interactions and influence of leaders and their followers. Moreover, employee needs become the priority for leaders. In effect, the role of subordinates in the leadership process is more visible.

The majority of theories limit leadership to its transactional dimension while transformational leadership represents a more comprehensive approach which includes the employee needs and the support of their development. Beside the advantages of transformational leadership discussed above, it should be highlighted that this approach emphasizes the needs, values and morale of subordinates. According to some researchers, transformational approach imposes on leaders the sense of obligation to support their followers to increase their moral responsibility. It is the leaders' duty to motivate their followers to shift from egocentric thinking focused on particular interest to working for the benefit of a team, an organisation or society. Therefore, transformational leadership results in strengthening the moral foundation of an organisation which distinguishes it from other leadership theories.

Transformational leadership laid the foundation for the development of leadership concepts under the Positive Organisational Scholarship umbrella such as authentic leadership and positive leadership. Authentic leadership is listed among the main research topics in POS studies [Lopes et al.

2009, 282; cf. Zymonik 2007, 10]. The concept of authentic leadership was popularised a decade ago both in the leadership theory [Luthans and Avolio, 2003] and in the business practice [George, 2003]. In 2005, positive leadership was the leading topic of a special issue of the *Leadership Quarterly*. The roots of the authentic leadership concept derive from the studies on positive organisational behaviours, transformational leadership and ethical leadership [Luthans and Avolio, 2003, 244]. Luthans and Avolio [2003, 243] define authentic leadership as “a process that draws from both positive psychological capacities and a highly developed organisational context, which results in both greater self-regulated positive behaviour on the part of leaders and associates, fostering positive self-development”. Walumbwa et al. [2008, 94] characterise authentic leadership as “a pattern of leader behaviour that draws upon and promotes both psychological capacity and a positive ethical climate, to foster greater self-awareness, an internalised moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development”.

Authentic leaders are self-confident and optimistic. They are active people who behave in an ethical and transparent way. They are oriented towards the future. Authentic leaders take care of the development of their followers in order to enable them to become future leaders. Authentic leaders' behaviours follow their beliefs and they provide models for employees. Authentic leaders do not coerce their associates' behaviours or even they do not persuade them such behaviours. They try to influence their followers by showing them authentic values, beliefs and behaviours [Luthans and Avolio, 2003, 243].

Positive leadership is another concept which emerged within the positive movement in management theory. As observed by Cameron [2012, 2], the concept of positive leadership results from the development of the three following fields of study: Positive Organisational Scholarship [cf. Cameron et. al., 2003a], positive psychology [Seligman, 1999] and positive change [Cooperrider and Srivastva, 1987]. Defining positive leadership Cameron [2012, 2] refers to it as “an emphasis on what elevates individuals and organisations (in addition to what challenges them), what goes right in organisations (in addition to what goes wrong), what is life-giving (in addition to what is problematic or life-depleting), what is experienced as good (in

addition to what is objectionable), what is extraordinary (in addition to what is merely effective), and what is inspiring (in addition to what is difficult or arduous). Positive leadership means promoting outcomes such as thriving at work, interpersonal flourishing, virtuous behaviours, positive emotions and energizing networks”. Cameron [2013, 4–9] claims that positivity is heliotropic which means a natural human tendency towards positivity and positive energy. Nevertheless, people react very strongly to negative stimuli. Therefore the second function of positive leadership is to support people in overcoming negative issues.

Positive leadership is aimed at: “producing extraordinarily high performance”, “generating positively deviant results” and “creating remarkable vitality in the workplace” [Cameron, 2013, 2]. Therefore, positive leadership emphasizes [Cameron, 2012, 3–4]:

- positively deviant performance;
- affirmative bias focusing on strengths, on capabilities and on affirming human potential;
- virtuousness (“goodness for its intrinsic value”).

Cameron [2012] identifies four mutually related positive leadership strategies which enable the companies to achieve positive deviance: building-up positive climate, developing positive relationships, positive communication and positive meaning. The following operational activities are recommended to implement these strategies [Cameron, 2012, 22]:

- positive climate: fostering compassion, fostering forgiveness and fostering gratitude;
- positive relationships: building energy networks, reinforcing strengths;
- positive communication: obtaining best-self feedback, using supportive communication;
- positive meaning: affecting human well-being, connecting to personal values, highlighting extended impact, building community.

In his further study Cameron [2013] recommends organisations to cultivate the four following positive leadership practices supporting the aforesaid positive strategies:

- creating a culture of abundance;
- developing positive (relational) energy networks;
- delivering negative feedback positively;
- establishing and achieving extraordinary goals.

Summing up, it should be noticed that transformational leadership cannot be perceived as a model solution providing leaders with recipes for success. The concept does not offer precise instructions for leaders how to behave in particular situations and how to deal with subordinates of particular personalities. Instead, transformational leadership presents an interesting catalogue of generalisations on organisational changes, and values, needs and behaviours of organisation members. Ideals, inspirations, innovation and individual approach constitute the centre of gravity of transformational leadership. Simultaneously, leaders are expected to self-assess their behaviours in the context of employee expectations and the process of intra-organisational changes. Transformational leadership laid the foundation for the development of leadership concepts within the Positive Organisational Scholarship such as authentic leadership and positive leadership. All the three concepts discussed above contributed to defining model (ideal) leadership considered as a key area of Positive Organisational Potential and to identifying the manifestations of such leadership.

3.2. Manifestations and features of ideal leadership

The three-step procedure was applied in order to identify the manifestations of leadership considered as a key area of Positive Organisational Potential and to describe its features. First of all, literature studies were conducted to point out the manifestations of leadership. The identified manifestations were used to operationalise the leadership (L) variable in the questionnaire survey. In the second step, the experts participating in the Delphi session enumerated the features of ideal (desired) leadership. We used them to define an ideal state of leadership in the third step. The manifestations of leadership identified in the first step are described by the following statements:

- CEO is able to guide employees according to their predispositions and stimulate them intellectually;
- CEO is able to inspire the employees with his/her vision;
- CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement;
- CEO instils trust in employees;
- CEO is oriented toward associates' satisfaction.

The aforementioned manifestations of positive management enumerated in the literature were studied in the surveyed companies. Moreover, we asked the experts participating in the Delphi session to identify the features of ideal (desired) state of leadership. Their opinions are collected in Table 3.1.

Table 3.1. The features of ideal (desired) leadership

1. Orientation to organisation development – leadership oriented to outstanding performance, market leadership, future opportunities, and innovativeness
2. Orientation to customers – taking into consideration the opinions of customers, applying the customer perspective when making decisions
3. Orientation to action – making decisions without delay, considering thoroughly all circumstances and analysing risks when making decisions, avoiding excessive bureaucracy, setting priorities and avoiding engagement in too many duties
4. Responsibility and credibility – following high standards when achieving aims and objectives, controlling the achievements of subordinates, taking responsibility for the overall company performance
5. Orientation to employees – creating conditions for the development of talented employees and working teams, making the best use of employee potential, appointing the best candidates to vacancies, setting challenging tasks to employees, giving them the freedom of action, assessing employees in a fair way and rewarding them for outstanding achievements
6. Creating a strategic vision and communicating it effectively to the company environment and employees
7. Developing personal authority based on leader’s knowledge, skills and charisma
8. Providing subordinates with the model of ethical behaviours
9. Motivating and inspiring employees, integrating the objectives of employees and an organisation, stimulating positive employee behaviours without rewarding and punishing them
10. Making right decisions for the benefit of an organisation and explaining them to the employees
11. Communicating effectively with the members of an organisation

The analysis of the features of ideal leadership identified by the experts shows two groups of factors. The first of them includes five statements related to leader orientation to organisation development, customers, action, responsibility and credibility, and employees. They provide the guidelines for companies and their leaders. The following six statements describe personal characteristics of ideal leaders. They point out the role of leaders’ abilities to create and communicate a strategic vision, their authority, charisma, and ethical attitude. Moreover, skills to motivate employees, explain difficult decisions to them, and communicate effectively are listed among the required features of ideal leaders. The features identified by the experts correspond with the assumptions of the concepts of transformational, authentic and positive leadership. They are also convergent with the manifestations

of leadership identified in the literature and explored in the questionnaire survey. Nevertheless, it should be highlighted that the features of leadership identified by the experts represent a holistic approach encompassing numerous aspects of company operations while the leadership manifestations in the questionnaire survey were focused on the leader influence on their followers. Such an approach results from the research perspective which studies leadership in the context of Positive Organisational Potential combining the assumptions of Positive Organisational Scholarship and Resource Based View.

Taking into consideration the research assumptions and the aforementioned features identified by the experts participating in the Delphi session the research team coined the following definition of ideal leadership considered as a key area of Positive Organisational Potential: **Ideal leadership is an art of stirring up the people's engagement and their willingness to undertake initiatives to achieve ambitious goals, expectations and aspirations. Such leadership is based on authority, knowledge, competencies, social sensitivity and the leader's vision.**

3.3. Leadership in surveyed companies

The companies participating in the questionnaire survey were asked to provide the self-assessment of their leadership. The variables described the manifestations of positive leadership. The respondents used the scale from 0% ("I totally disagree") to 100% ("I totally agree"). Leadership received the highest score among all the nine key areas of Positive Organisational Potential ($\mu = 83.98$). Such a result was significantly higher than an average assessment ($\mu = 73.52$) for all areas of POP. Certainly, due to the fact that questionnaires were addressed to top management, we are aware of higher risk of subjectivity of these assessments in comparison with other areas. As regards to the measure of dispersion, standard deviation was at the level of 14.87. It means that the assessments of the surveyed companies were relatively consistent. Table 3.2 presents the data on the status of leadership in the surveyed companies including minimum, maximum and average values, and standard deviations. The status of leadership in the surveyed companies is graphically represented in Figure 3.1.

Table 3.2. Leadership and its manifestations in the surveyed companies

Variable	Min.	Max.	μ	s.d.
Leadership – the key area of POP	32	100	83.98	14.87
CEO is able to guide employees according to their predispositions and stimulate them intellectually	30	100	82.78	16.55
CEO is able to inspire the employees with his/her vision	40	100	84.23	15.92
CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement	30	100	88.43	13.58
CEO instills trust in employees	20	100	86.14	16.62
CEO is oriented toward associates' satisfaction	20	100	80.72	19.50

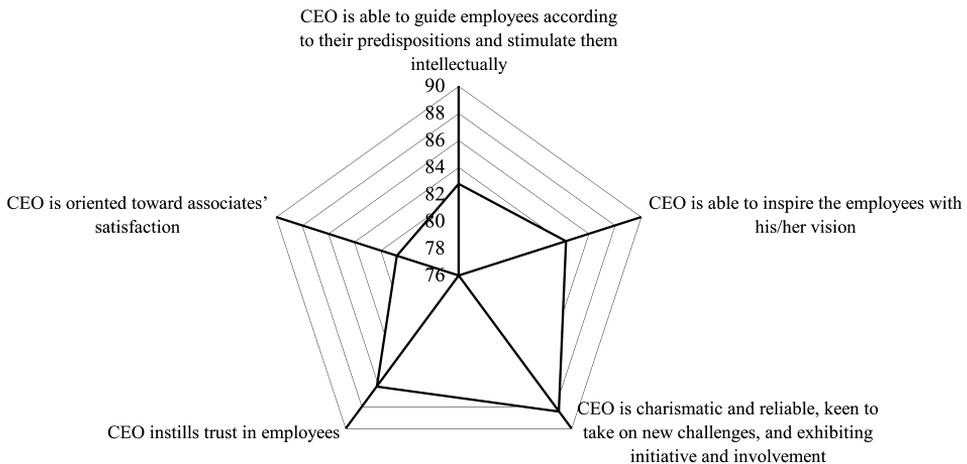


Figure 3.1. Leadership in the surveyed companies

Generally, the high level of the leadership self-assessment was reported by the companies under the study. All variables describing positive leadership manifestations received scores above 80 points. Standard deviations varied from 13.58 to 19.50. “CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement” was the top-rated statement ($\mu = 88.43$ points). Simultaneously, the dispersion of its assessments measured by standard deviation was the lowest. On the other hand the CEO’s orientation towards associates’ satisfaction was placed at the low end ($\mu = 80.72$ points) while its standard deviation was the highest one.

Discussing the findings of the survey it should be noticed that top managers were the respondents. In effect, the results may be subjective to some extent. Therefore, in order to increase the objectivity of the study, the quantitative analysis was supplemented with qualitative methods (interviews and case studies) applied to illustrate positive leadership in companies operating in Poland. The manifestations of positive leadership in the companies under the study are presented in Table 3.3.

Table 3.3. The features of leadership in the interviewed companies

Company	Description
Apator S.A.	Leadership is considered to be one of the key success factors of the company. The CEO's position is strengthened by the company successes. The CEO has been working for a long time in the company and employees perceive him as a member of their team.
Cukiernie "Sowa" Sp. J.	The company is a family business and the board of management comprises the members of the family only. In comparison with companies run by contracted managers, it results in higher trust and better interpersonal relationships among managers, their engagement and identification with the company and orientation to strategic, long term goals. The position and the role of top managers are strengthened by their ownership rights. Nevertheless, as a consequence, such a situation sets very high requirements for managers who must be real leaders. Comparing to its market rivals, the leadership in the company is characterised by assiduity, passion for continuous improvement and excellence, and innovativeness.
Frauenthal Automotive Toruń Sp. z o.o.	The strategy of Frauenthal Automotive Toruń enumerates explicitly the requirements for its leaders. The catalogue of expected competencies includes: building trust and effective communication, developing subordinates (i.e. talent management initiatives), developing and implementing strategic initiatives, and supporting team work and managing projects.
Golpasz S.A.	The CEO is a person of forty-year experience in the industry who has climbed up in the company hierarchy and participated in its transformation. What makes him an extraordinary leader is the ability to set objectives and tasks, motivate subordinates, and influence their behaviours and attitudes. The CEO employs the philosophy of the company sustainable development trying to meet the expectations of all stakeholders. The company is oriented to the long term development and sustainable competitive advantage. As the CEO declares, maintaining the trust of its stakeholders and employees is the key company commandment.
Hydro-Vacuum S.A.	As declared the following features of leadership distinguish the company from its competitors: responsibility, strong orientation to achieving business goals, charisma and acceptance for risk-taking.
Marwit Sp. z o.o.	The company declares striving for and learning real leadership. Such leadership is understood as fostering creativity and initiative of employees and simultaneously tolerating their errors while experimenting and implementing new solutions.
Netia S.A.	The board of management works collectively. The power is distributed among all four members of the board. They rotate on the position of the chairperson. The CEO emphasizes the role of communication and soft management skills. Below-the-waterline communication is appreciated.
NEUCA SA	In comparison with the company competitors, managers are expected to take a lot of responsibility for their areas. The board sets directions and objectives, while managers have the freedom of action to achieve these goals.

Company	Description
Nova Trading S.A.	The company identifies the following distinctive features of its leadership in comparison with market rivals: respecting employees, inspiring and encouraging development, following a clear vision based on unflagging ethical and social values, setting clear objectives and requirements, fostering employee motivation and appreciating their engagement and positive behaviours.
Remondis S.A.	The CEO is a transformational leader who has charisma and abilities to inspire his followers. He places an emphasis on developing knowledge resources and he is aware of the role of knowledge management for the company competitiveness. He claims that developing interpersonal relationships based on positive emotions is the most effective way to engage employees and foster knowledge sharing. He delegates responsibilities to subordinates who have earlier confirmed their credibility and competencies.
TZMO S.A.	The CEO is a visionary person who consistently implements his strategy. He generates new ideas and encourages the creativity of his followers. He is oriented to the continuous, step-by-step development of the company. The CEO delegates responsibilities for the important areas of business to the employees who earlier proved their credibility. The CEO and an employee set objectives together and then an employee is independent to achieve objectives. In effect, employees feel that they have a real influence on the company which motivates them and increases their engagement. The CEO motivates his followers in direct relations. He is a charismatic person who can influence the others and instill trust in employees. The CEO provides the model behaviours for employees showing them the values important for the company.
Visscher Caravelle Poland Sp. z o.o.	The following features of leadership distinguish the company from its market rivals: team decision making, consensus seeking, creating win-win situations and synergy resulting from the cooperation among the management team members.
Zelmer S.A.	The dynamic management sets very ambitious requirements for managers. They are responsible for achieving extraordinary performance. The acceptance for risk-taking is an element of the company culture.

The change of leadership or leadership style is an event of paramount importance for an organisation. Certainly, it has a significant influence on the other key areas of Positive Organisational Potential. Such an assumption was confirmed by the interviewed representatives of the companies under the study. The event studies provide the examples illustrating the consequences of leadership changes on the remaining elements of Positive Organisational Potential.

For instance in Netia S.A., the values and attitudes represented by the CEO and the Senior Management Team changed organisational culture and the company approach to business. Since 2007, when the current CEO took the position, the company has shifted its centre of gravity from technology to customers' needs and business performance. In Frauenthal Automotive Toruń, the change of ownership (2007) and the change of the chief executive officer (2009) resulted in the changes in leadership style, the democratisation of power, the empowerment and the increase in responsibilities of middle managers, first line managers and employees. In Zelmer S.A. the organisational

hierarchy flattened and the distance of power lowered as a consequence of restructuring processes. Nowadays, the CEO is closer to the employees. Internal communication and relations between top management and employees are more direct than before transformation.

Applying the holistic approach to the study of leadership, we conducted the analysis of correlations among the variables describing positive leadership in companies operating in Poland. Pearson correlation coefficients were applied to measure the strength of correlations between the manifestations of positive leadership identified and assessed in the companies participating in questionnaire survey. The findings are presented in Table 3.4.

Table 3.4. Pearson correlation coefficients (r) between the manifestations of positive leadership in the surveyed companies, $p < 0.01$

No.	Variable	1	2	3	4
1.	CEO is able to guide employees according to their predispositions and stimulate them intellectually				
2.	CEO is able to inspire the employees with his/her vision	.916			
3.	CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement	.750	.769		
4.	CEO instills trust in employees	.743	.749	.582	
5.	CEO is oriented toward associates' satisfaction	.678	.709	.625	.720

The analysis of correlations proves that leadership is a very consistent area of Positive Organisational Potential. In the majority of cases, the strength of correlation exceeded the level of $r = 0.700$. The correlation of the CEO's ability to guide employees according to their predispositions and stimulate them intellectually with his/her ability to inspire them with vision was the strongest one ($r = 0.916$). The lowest ($r = 0.582$) was the correlation between the CEO's charisma, initiative and willingness to take on new challenges and his/her ability to instil trust in employees. Nevertheless, even these two elements seem to be strongly correlated.

3.4. Antecedents of positive leadership

The identification and analysis of positive leadership antecedents was the next step of the study. The three-step procedure was applied to achieve this objective. First of all, we identified the key intra-organisational antecedents

of leadership and assessed the correlations between the variables under the study. Secondly, intra-organisational barriers suppressing the development of positive leadership were enumerated. Thirdly, the external factors both stimulating and suppressing positive leadership were pointed out. In the first step we combined the findings of the questionnaire survey and the Delphi panel. Our analyses in steps two and three were based on the opinions of the experts.

Both the managers of the surveyed companies and the experts participating in Delphi sessions were asked to assess 89 intra-organisational antecedents of Positive Organisational Potential categorised in 10 groups related to tangible assets, corporate strategy, organisational structure, intra-organisational communication, control, human resources management, power and democratisation of management, integration and identification of employees with the company and leadership. Then we calculated Pearson correlation coefficients between the aforesaid factors and the key areas of Positive Organisational Potential and their elements. Such an operation enabled us to assess the strength of relations between the variables. In order to confirm the directions of these relations we asked the opinions of the experts taking part in the Delphi session who assessed the influence of 89 intra-organisational antecedents on shaping ideal (desired) states of the POP key areas. In their assessments, the experts used the six grade scale $\langle 0, 1, 2, \dots, 5 \rangle$, where individual categories referred to: 0 – lack of impact, 1 – very little impact, 2 – little impact, 3 – medium impact, 4 – high impact, 5 – very high impact. The Pareto principle was applied to identify 20% of key antecedents (Table 3.5) including:

- 18 antecedents of the highest Pearson correlation coefficients ($r = 0.592$ and above) with leadership (a key area of POP);
- 19 antecedents of the highest impact on leadership according to the expert assessment (an average assessment $\mu = 4.20$ and above).

Due to the fact that some of the factors were included in both groups, the catalogue comprises 32 intra-organisational antecedents of leadership.

Table 3.5. The key intra-organisational antecedents of leadership, Pearson correlation coefficients, ** p < 0.01, * p < 0.05

Area	Antecedents	Surveyed companies		Experts	
		r	rank	μ	rank
Tangible assets	A company has enough financial resources to recruit the best employees	.524**	–	4.44	8
	Workplaces are equipped with attractive amenities	.592**	18	2.11	–
Strategy	Strategic goals are clearly formulated and fully communicated to employees	.447**	–	4.22	11–19
	The progress and effects of the strategy implementation process are honestly and openly communicated	.585**	–	4.22	11–19
	A company sets ambitious aims and objectives for its employees	.606**	12	4.33	9–11
Organisational structure	A company emphasizes teamwork	.665**	4	3.33	–
Communication	The language of communication used in a company is understandable to all employees	.620**	9	3.67	–
	A company openly communicates pending problems	.632**	6	4.22	11–19
Innovations	Organisational culture fosters seeking excellence	.605**	13	4.00	–
Control	Achievements are the main criteria for evaluating employees	.287*	–	4.22	11–19
HRM	HRM procedures are transparent and consistently applied	.555**	–	4.22	11–19
Power and democratisation of management	An effective corporate governance is in place which enables relevant leadership	.571**	–	4.67	3–4
	The ownership structure enables the top executives to manage in an effective way	.573**	–	4.22	11–19
	A company has procedures for the remuneration of corporate governance and managerial bodies members (forms, structure and level of remuneration)	.518**	–	4.22	11–19
	The members of corporate governance bodies have relevant knowledge, experience and enough time to properly fulfil their responsibilities	.608**	11	4.11	–
	The objectives and mechanisms of corporate governance combine retrospective supervision (supervision and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation)	.527**	–	4.56	5–7
	The economic outcomes of top management decisions are regularly evaluated	.369**	–	4.56	5–7
	Managerial decisions are consulted with employees and explained to them	.561**	–	4.33	9–11
	A company increases the employee autonomy and responsibility	.595**	16–17	3.33	–
Integration and employee identification with a company	Organisational culture is clear and understandable	.611**	10	4.22	11–19
	Training programmes accommodate the needs of employees	.595**	16–17	2.33	–
	Employees are satisfied with their jobs	.628**	7–8	3.11	–
	Working teams are characterised by a high level of cohesion	.601**	14	2.78	–
	Employees show high level of identification with their company	.628**	7–8	3.44	–
	Employees experience the feeling of justice in their workplace	.598**	15	3.22	–

Area	Antecedents	Surveyed companies		Experts	
		r	rank	μ	rank
Leadership	The top management provides a positive model of relations with employees	.713**	1	4.89	1–2
	The middle management provides a positive model of relations with employees	.695**	3	3.33	–
	Supervisors are able to influence and inspire others	.554**	–	4.67	3–4
	The chairperson of the supervisory board has appropriate experience, character, knowledge, interpersonal skills, teamworking skills	.491**	–	4.33	9–11
	A person of unquestionable skills and competencies is appointed to the position of a CEO	.647**	5	4.89	1–2
	Supervisors strengthen trust and the climate of justice	.697**	2	4.56	5–7

The analysis of the data in Table 3.5 shows that among 31 intra-organisational antecedents of positive leadership the most often represented groups are the factors related to: power and democratisation of management (8 items), the company integration and identification of employees with a company (6) and leadership itself (6). The catalogue is supplemented with the antecedents related to: company strategy (3 items), tangible assets and communication (2 items in each category) and organisational structure, innovations, control and HRM (1 item in each category). In order to analyse the influence of the aforementioned antecedents on leadership as a key area of Positive Organisational Potential, we combined the strength of relations between variables (correlation coefficients) and their directions (expert assessments). Among 31 factors under the study, there are six leading antecedents which belong to both aforementioned categories:

- setting ambitious aims and objectives for its employees;
- communicating pending issues;
- clear and understandable organisational culture;
- positive models of relations with employees provided by the top management;
- choosing for the CEO a person with unquestioned competences and qualifications;
- building trust and atmosphere of justice in a company.

The catalogue of key antecedents was supplemented with 20% of the top rated factors listed by the experts which correlated with leadership at the level of $r = 0.500$ and above, and the strongest correlates of leadership

of high impact according to the expert assessment (average assessment $\mu = 4.00$ and above). In total, in accordance with the aforementioned criteria there are 17 antecedents (19.1% of all factors under the study) which suits well to the Pareto principle. In order to thoroughly explore the intra-organisational antecedents their correlations with the manifestations of positive leadership were studied in details. The findings of the analysis are presented in Table 3.6 We highlighted the six key antecedents of strong correlations and high impact on leadership according to the opinions of the experts.

Table 3.6. Pearson correlation coefficients (r) between the key intra-organisational antecedents and the manifestations of leadership, $p < 0.01$

Area	Antecedents	Manifestations of leadership				
		1	2	3	4	5
Tangible assets	A company has enough financial resources to recruit the best employees	.551	.489	.340	.522	.454
Strategy	The progress and effects of the strategy implementation process are honestly and openly communicated	.592	.508	.513	.498	.445
	A company sets ambitious aims and objectives for its employees	.627	.601	.555	.524	.492
Communication	A company openly communicates pending problems	.631	.613	.456	.497	.442
Innovations	Organisational culture fosters seeking excellence	.582	.566	.457	.593	.507
HRM	HRM procedures are transparent and consistently applied	.601	.555	.385	.594	.386
Power and democratisation of management	An effective corporate governance is in place which enables relevant leadership	.599	.559	.449	.603	.397
	The ownership structure enables the top executives to manage in an effective way	.660	.594	.435	.619	.382
	A company has procedures for the remuneration of corporate governance and managerial bodies members (forms, structure and level of remuneration)	.573	.572	.329	.518	.398
	The members of corporate governance bodies have relevant knowledge, experience and enough time to properly fulfil their responsibilities	.610	.628	.448	.636	.410
	The objectives and mechanisms of corporate governance combine retrospective supervision (supervision and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation)	.545	.599	.370	.532	.441
	Managerial decisions are consulted with employees and explained to them	.562	.558	.504	.425	.492
Integration and employee identification with a company	Organisational culture is clear and understandable	.618	.576	.417	.551	.455

Area	Antecedents	Manifestations of leadership				
		1	2	3	4	5
Leadership	The top management provides a positive model of relations with employees	.735	.719	.523	.605	.533
	Supervisors are able to influence and inspire others	.528	.459	.594	.379	.419
	A person of unquestionable skills and competencies is appointed to the position of a CEO	.610	.616	.464	.729	.454
	Supervisors strengthen trust and the climate of justice	.731	.701	.629	.558	.484
Manifestations of positive leadership: 1 – the CEO is able to guide employees according to their predispositions and stimulate them intellectually; 2 – the CEO is able to inspire the employees with his/her vision; 3 – the CEO is charismatic and reliable – keen to take on new challenges – exhibiting initiative and involvement; 4 – the CEO instils trust in employees; 5 – the CEO is oriented toward associates' satisfaction.						

Among 17 key intra-organisational antecedents of positive leadership the most often represented groups are the factors related to: power and democratisation of management (6 factors), leadership itself (4) and company strategy (2). The catalogue is supplemented with the antecedents related to: tangible assets, communication, innovations, HRM, and the company integration and employee identification with a company (1 item in each category). The analysis confirms the strong correlations between all the leading antecedents (highlighted in Tables 3.5 and 3.6) and the manifestations of positive leadership and it indicates the following strongest correlates: the models of relations with employees established by top managers, appointing a person of unquestioned competences and qualifications to the position of the CEO, and building trust and a proper climate in a company. The aforesaid elements are especially important to the CEO's abilities to guide employees according to their predispositions, stimulate them intellectually and inspire them with their leader's vision.

According to the philosophy of Positive Organisational Scholarship, the questionnaire survey was focused on the intra-organisational antecedents stimulating the development of the key areas of Positive Organisational Potential. Nevertheless, within the positive approach the problems of organisations and the barriers of their activities are not excluded from consideration. They are identified in order to counteract them and overpower their impact with organisational strengths. We applied a Delphi session technique to identify the intra-organisational barriers of positive leadership. The findings are presented in Table 3.7.

Table 3.7. Intra-organisational barriers of positive leadership

Area	Intra-organisational barriers of positive leadership
Tangible resources	poor financial situation of a company which makes impossible the employment of highly qualified managers
Strategy	lack of consistence between a leadership model and a company strategy
Organisational structure	structures triggering conflicts of interest between employee teams
	organisational structure imposing limitations on the roles played by leaders and binding their freedom of action
Organisational culture	conservative organisational culture which promotes refraining from risk taking, even in justified cases
	the culture of „blind” obedience embedded in a company
HRM	short term managerial contracts
	high level of fluctuation among managers
	limited availability of effective motivators
Power and democratisation of management	incorrect models of relations established between the board of management and corporate governance and key shareholders
	conflicts between corporate governance and the board of management
	insufficient corporate governance support for the board of management
	dominating position of corporate governance resulting in weak position of the board of management and lack of freedom of action
	internal conflicts and rivalry among the members of top management
	centralisation of management and limited delegation of authority
	high level of management formalisation
Integration and employee identification with a company	low level of employee integration with a company
	low level of employee attachment to their leaders
Leadership	lack of charismatic leaders among the members of top management
	insufficient skills and experience of the top management members
	insufficient “soft” management skills among the management team members
	low level of manners and empathy among the members of the top management
	leadership style focused on achieving goals and outcomes only, neglecting an orientation to employee needs
	authoritarian mentality of managers and lack of trust to subordinates

The catalogue of intra-organisational barriers of positive leadership includes the factors encompassing the majority of areas which were surveyed in the companies. The power and democratisation of management as well as the barriers related to leadership itself seem to be the key challenges for developing a positive approach to leadership. Problematic relationships with corporate governance, internal conflicts among the members

of the top management and excessive formalisation and centralisation of management suppress all kinds of leadership activities, and positive leadership in particular. The lack of desired personal features among managers is another serious barrier.

The state of positive leadership may be suppressed by a poor financial situation of a company which has not got enough resources to employ highly qualified managers. A high level of managerial staff turnover resulting from flawed HRM solutions and procedures is another barrier. Wrongly designed organisational structures and the lack of consistence between a leadership model and a company strategy create additional limitations for positive leadership. Similarly, improper organisational culture, and a low level of employee integration with a company (leaders) are problematic from the positive leadership perspective.

Due to the fact that the concept of Positive Organisational Potential is embedded in the Resource Based View, our research emphasised the role of the intra-organisational antecedents of POP development. Nevertheless, besides surveying the companies operating in Poland, we asked the experts participating in the Delphi session to identify the external factors stimulating and suppressing positive leadership. The identified factors classified in three categories related to the dimensions of the external environment (political and legal, economic and market, and socio-cultural) are presented in Table 3.8.

Among the external determinants stimulating and suppressing positive leadership, a particular attention should be paid to the forces in the economic and socio-cultural dimensions of the organisational environment. As regards to the economic and market environment, the competition on the labour market facilitates the employment of highly qualified managers of required predispositions. Moreover, due to the increasing internationalisation of the national economy, Polish managers have more opportunities to acquire experience in international corporations and to learn the positive approach to leadership. Simultaneously, economic circumstances (the threat of economic crisis, increasing intensity of competitiveness) force companies to “hunt” for the best candidates to managerial positions. According to the expert opinions, the pressure of stakeholders on the orientation to short term goals is the only barrier of positive leadership related to the economic and market environment. Taking into account the influence of aforementioned determinants, an assumption can be made that the economic and market environment will

stimulate the development of positive approach to leadership in companies operating in Poland. The impact of the socio-cultural environment is more ambiguous. Its elements both stimulate and suppress the development of positive leadership. The opportunities include: the models of positive leadership observed in other organisations, an increasing level of education of Polish society, and the acceptance for strong leadership embedded in the Polish national culture. The catalogue of threats comprises: the lack of leadership behaviour models, the lack of entrepreneur ethos and low credibility of entrepreneurs in society, and the inconsistency between the models of leadership in a company and the situation in its environment. Moreover, some features of the Polish national culture (such as individualism, the culture of non-standing out, and low level of trust to superiors) may create additional barriers for the development of positive leadership in companies operating in Poland.

Table 3.8. External determinants of positive leadership

Environment segment	Environmental stimulating factors	Environmental suppressing factors
Political and legal		<ul style="list-style-type: none"> — legal limitations (i.e. regulations on managers' remuneration in state owned companies) — the bargaining power of trade unions and trade union law
Economic and market	<ul style="list-style-type: none"> — the threat of economic crisis — increasing intensity of competition — competition on the labour market – the availability of well educated, experienced and ambitious managers — the internationalisation of the Polish economy – possibility for Polish managers to acquire experience in international corporations 	<ul style="list-style-type: none"> — the pressure of stakeholders on the orientation to short term goals
Socio-cultural	<ul style="list-style-type: none"> — the models of positive leadership in other organisations — increasing level of education of Polish society — the features of the Polish national culture: the acceptance for strong leadership 	<ul style="list-style-type: none"> — inconsistency between the models of leadership in a company and the situation in its environment — the features of the Polish national culture: individualism, mediocrity culture – jealousy of successful people; low level of trust to superiors — the lack of entrepreneur ethos and low credibility of entrepreneurs in society — the lack of leadership behaviours' models

3.5. Leadership impact on the development of an organisation

As highlighted by Cameron [2012, xi] in the preface to the second edition of his seminal work “positive leadership aims are not just to create positive emotions in people – to help people to feel happy – but to dramatically affect organisational performance for the better”. Similar positive outcomes of authentic and positive leadership are pointed out by Lopes et al. [2009]. Referring to Gardner and Schermerhorn [2004], Lopes et al. [2009, 282] claim that authentic leadership results in “positive outcomes both for employees (job satisfaction, positive mood) and for organisations (commitment, reduction in withdrawal behaviour, performance)”. In his next work on positive leadership, Cameron [2013, 9–14] provides the examples supporting the assumption that positive leadership results in the increase in business performance. The analysis of correlation between lays-off in the U.S. airlines after September 11 and the financial returns of companies operating in this industry conducted by Gittel et al. [2006] is one of the most illustrative cases proving that positivity is a good policy for company performance. Generally, the companies oriented to positive leadership practices had better financial returns and recovered quickly from downturn.

Taking into account the aforementioned opinions and examples, we made an attempt to verify the assumption that positive leadership influences organisational development and organisational performance. First of all, we used the findings of the questionnaire survey in the companies operating in Poland to analyse the correlations between leadership manifestations and aggregated indicators describing organisational development and organisational performance (Table 3.9). Secondly, we studied in detail the correlations between the manifestations of leadership and the manifestations of organisational development (Table 3.10). Finally, we compared the questionnaire survey findings with the opinions of the experts participating in the Delphi session who assessed the influence of the Positive Organisational Potential key areas on company productivity, innovativeness and competitiveness.

Table 3.9. Pearson correlation coefficients (r) between leadership manifestations and the aggregated indicators of company development and company performance, $p < 0.01$

Manifestations of leadership	OD	OP
Leadership – the key area of POP	.705	.503
CEO is able to guide employees according to their predispositions and stimulate them intellectually	.708	.489
CEO is able to inspire the employees with his/her vision	.652	.472
CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement	.451	.313
CEO instils trust in employees	.665	.486
CEO is oriented toward associates' satisfaction	.572	.467
OD – organisation development; OP – organisation performance		

As the analysis shows leadership is the strongest correlate of organisational development ($r = 0.705$) and organisational performance ($r = 0.503$) among all the key areas of Positive Organisational Potential. The following manifestations of leadership received the highest correlation coefficients: CEO's abilities to guide employees according to their predispositions and stimulate them intellectually (OD $r = 0.708$; OP $r = 0.489$), instilling trust in employees (OD $r = 0.665$; OP $r = 0.486$) and inspiring employees with the CEO's vision (OD $r = 0.652$; OP $r = 0.472$). The statement that "CEO is charismatic and reliable, keen to take on new challenges, and exhibiting initiative and involvement" seemed to be the weakest correlate of organisational development ($r = 0.451$) and organisational performance ($r = 0.313$) among leadership manifestations. What is interesting, all leadership manifestations were more strongly correlated with organisational development than organisational performance. Therefore, their correlations with the manifestations of organisational development were studied in detail (Table 3.10).

The correlations between the manifestations of leadership and the manifestations of organisational development ranged from $r = 0.327$ to $r = 0.704$. The lowest correlation coefficient was observed between charisma, responsibility and initiative of the CEO and the increase in company productivity ($r = 0.327$). The highest correlation coefficient was between CEO's efforts to instil trust in employees and customer satisfaction ($r = 0.704$). The thorough analysis of correlations confirmed that the statement "the CEO is charismatic and reliable – keen to take

on new challenges – exhibiting initiative and involvement” was the weakest correlate of organisational development (correlation coefficients ranging from $r = 0.327$ to $r = 0.437$). An average level of correlation was reported in the case of the CEO’s orientation toward their associates’ satisfaction. The majority of all remaining leadership manifestations correlated with the manifestations of organisational development at the level of $r = 0.500$ and above. The analysis of correlations from the perspective of organisational development manifestations shows that the increase in customer satisfaction is the strongest correlate of leadership (from $r = 0.431$ to $r = 0.704$) while the increase in productivity is the weakest one (from $r = 0.327$ to $r = 0.553$).

Table 3.10. Pearson correlation coefficients (r) between leadership manifestations and the manifestations of company development, $p < 0.01$

Manifestations of company development	1	2	3	4	5
We had a considerable increase in productivity between 2009 and 2011	.472	.427	.327	.553	.442
We had a considerable increase in innovativeness between 2009 and 2011	.554	.583	.387	.483	.467
We had a considerable increase in the quality of business processes between 2009 and 2011	.641	.620	.437	.596	.480
We had a considerable increase in our products quality between 2009 and 2011	.690	.595	.432	.632	.479
We had a considerable increase in employee satisfaction between 2009 and 2011	.642	.584	.406	.531	.535
We had a considerable increase in customer satisfaction between 2009 and 2011	.698	.638	.431	.704	.611
We had a considerable development of company reputation between 2009 and 2011	.660	.602	.390	.634	.556
Manifestations of positive leadership: 1 – the CEO is able to guide employees according to their predispositions and stimulate them intellectually; 2 – the CEO is able to inspire the employees with his/her vision; 3 – the CEO is charismatic and reliable – keen to take on new challenges – exhibiting initiative and involvement; 4 – the CEO instils trust in employees; 5 – the CEO is oriented toward associates’ satisfaction.					

In order to increase the objectivity of our studies we compared the findings of the questionnaire survey with the opinions of the experts participating in the Delphi session. The experts were asked to assess the strength of influence the key areas of Positive Organisational Potential had on the development of an organisation. The six-grade scale between 0 (lack of influence) and 5 (very significant influence) was applied. According to the opinions of the experts, leadership has a significant or very significant influence on the manifestations of the organisation development such as productivity, innovativeness and competitiveness (Table 3.11).

Table 3.11. The impact factor of leadership influence on company productivity, innovativeness and competitiveness according to the expert opinions

Manifestations of company development		
Productivity	Innovativeness	Competitiveness
4.2	4.6	4.8

In all three cases, leadership was listed among the top ranking POP key areas. The following values of leadership influence were identified: productivity ($\mu = 4.2$; the second most influential factor among the POP key areas), innovativeness ($\mu = 4.6$; the second most influential factor) and competitiveness ($\mu = 4.8$; the most influential factor).

Summing up, it should be highlighted that both the findings of the questionnaire survey and the opinions of the experts confirm the important role of leadership for the development of a company and its performance. Therefore, an assumption can be made that leadership is the key antecedents of organisational development and organisational performance among all the areas of Positive Organisational Potential. Such an assumption will be verified in Chapter 11.

3.6. Recommendations for shaping positive leadership in companies operating in Poland

The findings of our empirical research and subsequent analyses prove that leadership is a key area of Positive Organisational Potential. The CEO's ability to guide employees according to their predispositions and stimulate them intellectually appears to be the most crucial aspect of leadership from the perspective of the CEO's influence on their followers. Nevertheless, such an ability should be supplemented with the CEO's ability to inspire employees with his or her vision.

Providing the recommendations for shaping positive leadership in companies operating in Poland, an attention should be paid to the antecedents of such leadership. As regards to the intra-organisational antecedents, the following groups of factors play the most significant role: power and democratisation of management, leadership itself and the company strategy. Moreover, some antecedents related to tangible resources, internal communication, HRM, and company integration and employee identification

with a company are listed among important antecedents of leadership. The following intra-organisational antecedents are characterised by the strongest correlation coefficients with leadership:

- providing by top managers a positive model of relations with employees;
- appointing a person of unquestioned competences and qualifications to the position of the CEO;
- building trust and a proper climate in a company;
- setting ambitious aims and objectives for employees;
- communicating pending issues in an open and honest way;
- creating clear and understandable organisational culture.

The analysis of the empirical data shows that values, models and an organisational culture provide a foundation for positive leadership and they are the prerequisites of its effectiveness. In other words, the assumptions of transformational and positive leadership will never be effectively implemented in a company which is not able to define clearly its values, to create positive models and which is thorn by an inappropriate organisational culture.

One should emphasise the correlations between positive leadership and the manifestations of organisational development and performance. The strongest correlation is observed between CEO's behaviours instilling employee trust and customer satisfaction. Our findings confirm the influence of leadership on the company ability to satisfy the needs of its customers which is a prerequisite for any business organisation.

Summing up, it should be highlighted that leadership is the Positive Organisational Potential key area of highest correlation with the development of a company and its performance. Among the positive leadership manifestations, the strongest correlates of organisational development and performance are: CEO's abilities to guide employees according to their predispositions and stimulate them intellectually, instilling trust in employees and inspiring employees with the CEO's vision.

Chapter 4

**THE ROLE OF MIDDLE MANAGERS
IN SHAPING POSITIVE ORGANISATIONAL POTENTIAL***Małdalena Kalińska***4.1. Middle manager roles
in the light of leadership**

Leadership and leaders are a source of endless fascination and analysis, but nearly all writing centres on CEOs, their achievements, how they make decisions and what their work consists of. However, effective leadership is not limited to the heads of organisations or to one best way of leading [Bass, 1990], and leadership does not automatically reside in a single, often heroic, individual. Leadership is a process, a system, which has a very broad range and depth [Avolio, 2011, vii]. There are many actors in this system and they are all correlated with each other by many relationships. Moreover, they all together influence performance of an organisation.

However, research conducted on leadership is more focused on higher management, CEOs in particular. The reasons may be manifold. Our faith in the power of charismatic leaders seems to be a part of our human nature. Also, major events are easier to understand when we can attribute them to the actions of prominent individuals rather than having to consider the interplay of social, economic, and other impersonal forces that shape and constrain even the most heroic individual efforts [Khurana, 2002].

What we observe in a business practice, there are far fewer leaders at the top than in the middle, and taken as a group, middle managers have as much to say about organisational success or failure as do those at the top [Osterman, 2008, 2]. Moreover, employees pay special attention to relationships with their immediate supervisors, and to the fact that relationships can be the most significant factor that employees form in the workplace. That is partly due to the fact that supervisors – via formal power – control resources to provide and withhold financial rewards, job opportunities, and promotions [Bono and Yoon, 2012]. Immediate supervisors define and influence the work environment. Empirical research demonstrates the impact of supervisory relationships on employee emotions, attitudes, motivation, behaviours, and health [Donaldson-Feilder et. Al, 2011; Sy et al., 2005, 295–305]. A Gallup poll concluded that it is better to work for a great manager in an old-fashioned company than for a terrible manager in a company offering an enlightened, employee-focused culture [Buckingham and Coffman, 2005, 28]. Managers are the number one reason why employees quit their jobs. All this evidence suggests considering middle managers with the same amount of attention as managers in senior position.

A review was conducted to explore the definitions and roles of middle managers used in literature, as well as the difference between the roles of middle managers and senior management.

No one has the “middle manager” job title, but people intuitively feel who they are. Sociologist C. Wright Mills did his pioneering work in the 1950s on the rise of white-collar workers and described middle managers in critical way: “You are the cog and the beltline of the bureaucratic machinery itself... and such power as you wield is a borrowed thing. Yours is the subordinate’s mark, yours is canned talk... you are the servant of decision, the assistant of authority” [Mills, 1956, 80]. This comment seems to be unfair and inaccurate, but it does identify the key differences between the middle and the top. Senior managers are the inner circle of executives who formulate, articulate, and execute the strategic and tactical moves of the organisation [Eisenhardt et al., 1997]. They have the power to shape the path of organisation and possess the tools to create and change the structure and culture within an organisation. They influence the main direction and “set agenda” of the organisation. Senior management makes the decisions that set the organisational course, whereas middle management interprets

and executes those decisions. Middle managers do not set agendas, they carry them out [Osterman, 2008, 5].

They operate directly below the top managers and their position as organisational “linking pins” gives them the power to initiate new strategic initiatives, to support and accelerate strategy implementation, or to reduce the quality of implementation, delay it, or even sabotage it completely [Floyd and Wooldridge, 1997; Guth and MacMillan, 1986]. Middle managers make numerous decisions, and these decisions are important to the organisation. Among all their roles, Floyd and Wooldridge [1997, 467] listed several ways in which middle managers may influence the development and implementation of a strategy.

Upward

Synthesising information:

- Gather information on the feasibility of new programmes
- Communicate the activities of competitors, suppliers, etc.
- Assess changes in the external environment

Championing

- Justify and define new programmes
- Evaluate the merits of new proposals
- Search for new opportunities
- Propose programmes or projects to higher level managers

Downward

Facilitating adaptability:

- Relax regulations to get new projects started
- “Buy time” for experimental programmes
- Locate and provide resources for trial projects
- Provide a safe haven for experimental programmes
- Encourage informal discussion and information sharing

Implementing deliberate strategy:

- Monitor activities to support top management objectives
- Translate goals into action plans
- Translate goals into individual objectives
- Sell top management initiatives to subordinates

All of them seem to be very important for organisational performance but still don't tell us the whole story about middle management. Not only do middle managers interpret and execute strategic decisions of senior managers,

but they are also responsible for both internal and external management of teams, act as the transmission belt between the top of the organisation and the bottom, and make day-to-day choices and trade-offs that escape the attention of top management, yet are central to organisational performance. On a daily basis, middle managers mediate between teams and divisions within an organisation and between an organisation and its customers. They are negotiators between different interests and are making key decisions about those trade-offs. They spend a great deal of their time in informal interactions, they work across organisational boundaries [Kalińska, 2013].

The image of middle managers has evolved over time, as well as middle management roles has been undergoing significant changes. The downsizing and restructuring of organisations since the 1980s has had impacts for both the work patterns and career experiences of middle managers [Goffe and Scase, 1986]. In many cases, this involved the “flattening” of hierarchical structures. This downsizing and organisational restructuring has meant both a reduction in the number of middle managers in organisations [Staehele and Schirmer, 1992], and a changed role for those who stayed [Dopson and Stewart, 1990; Wooldridge and Floyd, 1990; Floyd and Wooldridge, 1994].

First, the flattening of organisational structure has led to wider spans of control [Dopson et al., 1992] and enlarged roles [Balogun, 2003] for many middle managers. For example, many human resources management responsibilities are devolved to middle managers in many organisations [McConville and Holden, 1999; Currie and Procter, 2001; Harris et al., 2002]. As well as supervising staff in operational issues, the “people management” aspect of the middle management role is now greatly increased [Staehele and Schirmer, 1992]. This involves middle managers providing not only coaching and training for their staff [Balogun, 2003], but also practical and emotional support through transition phases, often with limited or no training in these areas [McConville and Holden, 1999].

Over the same period, there has been a particularly intense focus on employee involvement and empowerment [Denham et. Al., 1997], which has had other implications for middle managers. Authors mention not only middle management resistance to empowerment [Huy, 2001] caused by the middle manager fears about the loss of their control and power, as well as possibly even the loss of their position [Klagge, 1998, 555]. Also, the lack of job security and the lack of possibility of career progression and promotion

(due to a “flattened” organisation) don’t encourage middle managers to delegate their responsibilities.

The next trend that has a significant impact on the extension and change of the scope of the managerial role is market globalisation. Due to globalisation, companies must more and more often depend on the phenomena they cannot control. Global powers increase the expectations about managerial roles and that may create a burden for managers themselves. The introduction of new technologies is hastening the pace of change [Currie, 2001]. This, in turn, has had a negative effect on the health and well-being of workers [MacDonald, 2005]. Workplace stress is a significant problem for organisations and costly for businesses [HSE, 2005]. Research has consistently identified the middle manager as playing a pivotal role in the work-related stress [Hogan et al., 1994; Tepper, 2000; Schein, 1992]. Together with many human resources management responsibilities being devolved to middle managers, they also have tremendous influence on work environment and on how employees consider it. The line manager can influence employee stress by:

- causing (or preventing) stress by the way they behave towards their staff;
- influencing the impact of the work environment (demands, control etc) on their staff;
- identifying, monitoring and working to reduce work-related stress through the uptake of risk assessments; and
- supporting the design and implementation of stress management solutions [Donaldson-Feidler et al., 2011, 5].

To recap, middle managers get the organisation’s job done. In many ways, they have an important influence on strategy formulation and implementation. They are communication conduits within an organisation – they mediate between people, teams and divisions and between an organisation and its customers. Also they are negotiators between different interests and make key decisions about the trade-offs. For many reasons their jobs are broader and more complex than before. They are responsible for accomplishing the core task of their organisations and for the direction of the lower-level supervisors reporting to them [Bass, 1990, 919], but at the same time they are in the centre of leadership process and primary influence the subordinates, their behaviour and performance.

4.2. Middle managers and their impact on employee behaviour

Middle managers shape their subordinate behaviour in many ways. There are various relations between employees and their supervisors resulting from economic and psychological contracts, i.e. the sets of rights and obligations describing the nature of the relations. Employees are hired in organisations to perform certain jobs in exchange for pay but the complexity of contemporary organisations does not allow us to look at the relationships between employees and their supervisors in a simple, bilateral way. The relationships between the actors are much more obscure and manifold. Employees expect more than only pay for their work, and the supervisors expect more than only work of their subordinates. The amount of time people spent at work has a huge impact on their lives in general, as well as the work environment, the shaped relationships and expectations between the organisation members and their supervisors have a much wider context. The expectations, on the employee side, may refer to job satisfaction, respect, appreciation of their contribution to work, fulfilment of other values, and on the supervisor side, particular behaviours, attitudes and engagement. Organisational life depends on the continuous exchange between the members.

Organisations, through various tools, may fulfil employee expectations, among others, by the supervisor attitudes and behaviour, in particular the direct supervisor attitudes and behaviour. Employees can also fulfil organisational expectations by adjusting to the organisational standards by their attitudes and behaviours. In both cases, supervisors play an immense role – their behaviour either fulfils expectations or is a role model of expected behaviours.

The exchange among members of an organisation shapes their relationships. The supervisor's and employee's behaviours depend on these relationships to a large extent. Individual factors need also to be taken into account, but that can be controlled by the recruitment of the candidates fulfilling certain expectations. A relationship is a bond between partners, hence the impact is an element that defines a relationship [Reis et al., 2000]. Supervisors have a greater impact on their subordinates as they have a greater formal influence, among others, through their formal authority. Formal authority, as mentioned above, allows managers to control the access

to resources – stimulate or hinder their delivery, promote their employees up or sideways and create new business opportunities for their subordinates. Managers can have some influence over their subordinates by stimulating their work environment, but also by the way managers behave towards their subordinates. That all makes the relationship with the immediate supervisors special to employees. Social bonds, based on mutual trust and support that exist between supervisors and subordinates, play a significant and long-term role in developing positive employee attitudes and behaviour. At the same time, the relationships have influence on the employee well-being and improve their performance. Organisations that in the long-run do not engage in the development of such relationships will be operating much less effectively than those that look after the relationships [Baptiste, 2007].

The topic of relationships will be a subject of a separate chapter in this book. Thus, here we need to consider what supervisor behaviour encourages good relationships between them and their subordinates, and what kind of behaviour supports positive employee behaviour. The explanations can be found in many theories on leadership. Chapter 3 describes transformational, authentic and positive leadership ideas. In the transformational leadership concept, leaders through their behaviours create work environment and climate of trust where relationships can be created, thus employees support organisational vision and aims [Bass, 1985]. Transformational leadership models [Bass, 1985; Bass and Avolio, 1990] describe how individual types of interactions between a leader and subordinates can give the sense of impact on an organisation and feeling of responsibility for an organisation to the subordinates. The research results confirm the relations between supervisor behaviour, which represents transformational leadership, and results: job satisfaction and organisational engagement.

An authentic leader draws his/her attention to the development of the associates as potential leaders, shapes their behaviour through his/her own values, beliefs and behaviour [Luthans and Avolio, 2003, 243]. In this concept, the leader thanks to the development of his/her own character knows his/her own values and remains true to his/her beliefs setting a positive example for his/her employees. Within the framework of positive leadership, Cameron [2012] identifies four strategies that support the development of positive leadership: shaping positive climate, development of positive relationships, positive communication and giving a positive meaning to the work done.

Besides the concepts enumerated in Chapter 3, there are more contemporary concepts that elaborate on the subject of the extent and mechanisms of relationships between the supervisors and subordinates. Theories of Task centred vs. Relationships centred leaders explain the differences between the leaders concentrating at work on planning, setting tasks, communicating information and monitoring results i.e. on the objectives, and between the leaders who support their subordinates and their team, show respect to their ideas and manage conflicts, thus to a much larger extent are concentrated on relationships. One of the first who drew attention to this dichotomy was Stogdill, who described leader behaviour as initiating structure or consideration [Stogdill, 1974]. Whereas the researchers from the University of Michigan focused on the leader impact on small groups performance and defined leaders as employee or production oriented [Katz and Kahn, 1951]. Both groups of researchers drew the conclusions that the leaders concentrating solely on tasks have an adverse effect on employees, thus both attitudes are recommended.

A Leader-member exchange (LMX) theory emphasises the quality of the relationships (or exchange) that exists between the leader (manager) and a subordinate (employee). The main assumption is the fact that the leader does not shape equal relationships with all the subordinates. Subordinates with closer relationships that have high quality, trust the leader, like the leader better and feel the leader's support [Dansereau et al., 1975, Graen and Uhl-Bien 1998]. According to this, the relationships with a supervisor have impact on work performance, job satisfaction, and employee well-being, as well as decreases employee level of stress.

Another research carried out by Baker et al. [2003], showed that people referred to as "positive" energizers may create and support vitality in others. They uplift and boost people. Interacting with positive energizers leaves others feeling elevated and motivated. Positive energizers have been found to be optimistic, heedful, trustworthy, and unselfish. Interacting with them builds energy in people. Cameron says that it is almost impossible to be a leader without also being a source of positive energy. The positive energy of leaders is especially important in affecting organisational and employee performance. They impact job satisfaction, well-being and engagement of their employees [Cameron, 2012, 55].

The above summarised theories describe the mechanisms which can be applied by middle managers in shaping employee behaviours, and

consequently have influence on their work performance, job satisfaction, engagement and well-being. The relationships between the supervisor and subordinate also have an impact on the relationships created by employees themselves [Bono, Yonn, 2012, 43], on the ways they cooperate and the quality of social capital in an employee group, including the extent of cooperation [Carmeli et al., 2009]. Immediate supervisors, thus, set an example to their subordinates. Organisations expect active participation in strategy implementation, coordination and effective communication. At the same time, managerial every-day duty is shaping their employee work environment, setting an example with their own behaviour and shaping relationships within and between teams. Practice shows that contemporary middle managers are expected not only to have competencies, but also to have the character which will enable them become a credible leader of their team.

In the end, two questions need to be explained: what are the competencies and character and how do they impact managerial credibility?

„Competencies refer to a complete collection of skills and behaviours required by the individual to do their job” [Boyatzis, 1982]. They are used in many companies to describe the behaviours that are expected from all managers and leaders. Although no one really believes that this perfect manager/leader exists, competencies can occasionally be useful, if they help a company think through the ideal set of behaviours for a particular role. Competencies are partly the skills, partly the knowledge, and partly the talent. Buckingham and Coffman [2005] argue that whereas we can acquire new knowledge and skills, we cannot be taught new talents. So, an organisation can waste a great deal of time and money trying to teach something that is fundamentally non-teachable. Skills are the how-to’s of a role. They are capabilities that can be transferred from one person to another. The knowledge is „what we are aware of”. Talents are different. They are recurring patterns of thought, feeling, or behaviour that can be easily transferred from situation to situation. At Gallup they studied the talents of over 150 distinct roles and have identified a multitude of different talents. They divided talents into three basic categories: striving talents, thinking talents, and relating talents and argued that each role requires a set of knowledge, skills and talents. They also came to one important conclusion – we cannot teach talent, we can only seek for talent [Buckingham and Coffman, 2005].

A character that enhances trust includes integrity, motive, and intent with people [Covey and Merrill, 2009, 48]. With an increasing focus on ethics in our society, the character, the development of a character is fast becoming an important factor in leadership. Subordinates, to trust their supervisor, need both character and proven competence. A sincere and honest person needs to have results to trust him/her. People trust people who make things done. Otherwise, a person might have great skills, talents and results, but if she or he is not honest subordinates would not trust her/him either. To be a credible manager, person needs to have both: character and competence.

4.3. Positive middle manager characteristics in surveyed companies

It is clear from the above literature review that middle managers have a central role in achieving successful workplace environment. The discussion was the background for defining the profile of an ideal middle manager in the context of Positive Organisational Potential and description of its model condition. Taking into account the accepted research objectives the following description of the model (desired) condition of the middle manager competencies as one of the key Positive Organisational Potential areas was formed:

The desired middle managers are people of high personal, emotional and social competencies. They interpret and implement the decisions of top executives. They perform the function of ambassadors between top management and workers as well as between the teams in a company. They are the ‘glue’ holding a company together.

The desired middle manager behaviours were divided into 7 competencies (roles):

- managers are the real leaders in their teams;
- managers coordinate their teams and foster relations;
- managers coach the members of their teams;
- managers capture and disseminate information on business goals and objectives;
- managers initiate changes in the company;
- through their behaviours, managers provide a good example of positive relations both within and outside the team;

- managers are oriented to self-development and increasing their skills and competencies.

The competency framework of 7 middle manager roles together with the examples of behaviours are shown in Table 4.1.

Table 4.1. Middle manager competencies for promoting positive behaviour

Competencies	Examples of middle manager behaviours
Managers are the real leaders in their teams	<ul style="list-style-type: none"> — stimulate subordinate engagement, — evaluate their subordinates fairly, — can show recognition.
Managers coordinate their teams and foster relations	<ul style="list-style-type: none"> — solve the problems of their own team members, — respect their subordinate opinion, they do not assume they know all the answers and they know everything better than others, — do not avoid real problems and challenges — monitor the work load of their subordinates and can manage it, — give employees the right level of responsibility.
Managers coach the members of their teams	<ul style="list-style-type: none"> — give support, — encourage development, — show new possibilities, — listen to their employees actively to understand them, — inspire subordinates to new challenges.
Managers capture and disseminate information on business goals and objectives	<ul style="list-style-type: none"> — communicate the organisational objectives openly and in an authentic way, — in strategy formulation process they consult and respect employee opinions.
Managers initiate changes in the company	<ul style="list-style-type: none"> — consistently aim at reaching organisational objectives, — create the work atmosphere that accepts the justified risk and the consequences of mistakes.
Through their behaviours, managers provide a good example of positive relations both within and outside the team	<ul style="list-style-type: none"> — do not cover up their own mistakes, they can fix the mistakes and apologise, — keep promises and commitments, — recognise the effort of other employees in mutual projects, respect different roles in an organisation, — respect employee opinions, they do not assume they know all the answers and they know everything better than others.
Managers are oriented to self-development and increasing their skills and competencies	

The Polish free-market economy has a relatively young existence and that acts and learns based upon its successes and failures. This particularly refers to companies founded after 1990, set up and run by Polish entrepreneurs, without any know-how from a foreign parent company. According to one of the companies: ‘we are still learning leadership’. That statement best exemplifies

the range of challenges identified in the competencies field in the survey. The picture shows Polish companies to be a half way from the transactional leadership, whereby expectations for performance are communicated and good performance is rewarded appropriately and half way from transformational leadership, where all leaders (including middle managers) generate and drive forward a vision, create opportunities for employee development and set high expectations for performance. However, not all Polish managers mitigate their task-oriented behaviour and relationship-oriented behaviour, and it can have a detrimental impact on their subordinate well-being. It has its consequences in the assessment of middle managerial competencies in Polish companies (Table 4.2). Many companies have just started noticing the role of middle level in leadership and its importance of the whole company success. It is often connected with ownership changes in a company and changes in management styles resulting from them. The majority of companies undergo a continuous change, and the changes often refer to personnel strategies or attitudes to employees. The companies understand the importance of employee engagement, the importance of internal motivation and the role of middle managers in this. “Previously, we used to talk only about objectives to be achieved, now we also consider what influence it will have on our employees” (NEUCA SA).

Table 4.2. Assessment of middle manager competencies in the surveyed companies

Competencies	μ	s.d.
Managers coordinate their teams and foster relationships	74.38	20.2
Managers perform leadership roles in their teams	73.15	21.0
Managers capture and disseminate information on business goals and objectives	71.64	23.5
Managers are oriented to self-development and increasing their skills and competencies	71.11	22.8
Through their behaviours, managers set a good example of positive relations within a team and outside it	70.55	21.2
Managers perform coaching roles in their teams	62.47	25.2
Managers initiate changes in a company	61.23	23.7

The analysis below refers to the research carried out in companies, which are presented in Table 4.2, but supplemented by the opinions and information from in-depth interviews with company managers. Companies taking part in our questionnaire survey assessed middle manager competencies in the context of Positive Organisational Potential (POP). The examined variables

described middle manager roles. Respondents answered with the use of the scale between 0% (“I totally disagree”) to 100% (“I totally agree”). Middle manager competencies received one of the lowest ($\mu = 69.21$) scores among nine key areas of POP. The result was much lower than the assessment of leadership ($\mu = 83.98$). As far as the distribution of the survey results is concerned, the aggregate standard deviation for leadership as key areas of POP amounted to 19.37, which signifies relatively considerable differences among the respondent answers in companies. The differences in the assessment of middle manager competencies are visible in the in-depth interviews. This is not very surprising, as it is difficult to describe univocally such a diverse group of managers that represents a full range of best practices and also practices that would require some improvement.

In most cases, the interviewed company representatives described the nature of middle manager’s role as: setting the ways of fulfilling tasks, making things done, problem solving and correcting plans. The company representatives declared their will to have self-reliant and responsible managers and claimed that their managers have large decision-making powers and they fully decide about the ways of solving problems. The company Board sets the direction. This picture is confirmed in the survey results where the coordination and relationships creation in a team received the highest assessment within the middle manager competencies ($\mu = 74.38$).

Middle managers are most often referred to as very engaged in and identifying themselves with the company, and are often connected with the company by the place they live and through family relations. They are also referred to as very experienced. “Majority of managers have many year’s experience in their positions” (Hydro-Vacuum S.A). This is most often due to the fact that middle managerial positions are taken up by the people who climbed up the internal promotion ladder; they “know the company from within” (Cukiernia “Sowa” Sp. J.). The selection for managerial positions is the most often internal, people with high specialist competencies are promoted. This is the first opportunity of facing responsibility for a team and managerial assignments. Despite the fact that companies mention taking into consideration individual features of character and managerial predispositions (or promise of such competencies), it is time and practice that show how the promise is executed in actual company life.

Paradoxically, promoting to managerial positions the specialists in particular functional areas, who show the high level of commitment to the company, may have a negative impact on company operations. Those are very often people who have worked only for one organisation and know the working structure of only one organisation. The lack of experience in other companies, the lack of an external point of view may limit the way they perceive the company, innovativeness and may encourage the status quo in the need of upcoming radical activities. At the same time, these are the qualities required from the middle level – innovativeness, especially in the organisational and process focused sense, openness to changes and willingness to initiate changes. The questionnaire survey results confirm this phenomenon. Middle manager competencies related to change initiation are assessed on a very low level, the lowest among all the managerial competencies ($\mu = 61.23$). That suggests the need for the development of competencies in this field.

Performance improvement programmes introduced in many companies (Visscher Caravelle Poland Sp. z o.o.) have a significant influence on middle manager competencies. The end of changes triggered by hard technological improvements (e.g. investments in machinery or technological park), is mentioned by some companies, especially those with foreign capital. More technological changes prove to be too expensive and many foreign competitors have similar or better equipped technological parks. Besides, such a change can be easily copied if a company has the same or higher capital. What is more difficult to copy or reconstruct, or what can provide a competitive advantage, are cultural and behavioural changes, very often bound to positive management. Middle managers have a crucial role to play in the changes. Not only are they to pinpoint the areas for organisational improvement, but also they are to engage their co-workers. Thanks to systems and techniques supporting management (e.g. Lean Management), they are able to obtain more prompt and detailed information on the innovativeness and productivity they can manage. Managers receive more precise information, and this can become a foundation for better and more precise decisions. That can be exemplified by detailed information on internal costs that allows the managers to take initiative on process improvement as the managers can and need to take the initiatives themselves (the improvement needs to come from within the company); it is them who know better what stage of

the process needs to be improved (Visscher Caravelle Poland Sp. z o.o.). The managers are to make cost reductions. In the opinion on the surveyed companies, that field requires improvement. Polish middle managers still do not know how to take responsibility, which is shown in the questionnaire survey results. Highest rated middle manager competencies are related to coordination and relationship creation, being a team leader, collection and transfer of information in a team, i.e. the competencies that make an experienced specialist different from their co-workers; the specialist who gets promoted. However, companies expect much more of people in the position. "The requirements from middle managers are high" (Zelmer S.A.), they are expected to bring about certain results, initiate the changes and also commit more people to the changes. Companies not only more and more value their employee role and their engagement (many companies regularly examine the employee engagement and satisfaction levels), but also perceive the importance of positive relationships and the impact of middle managers on them. The companies taking part in interviews emphasized that their managers are excellent experts, but their people management skills needed improving (Frauenthal Automotive Toruń Sp. z o.o.).

Empowerment is a process of encouraging people to engage in decision-making, developing the impact of employees on company operations, increasing employee rights through their strengths: knowledge, experience and motivation. The application of participative management techniques, the behaviour patterns of the supervisors supporting employee power are the foundations of empowerment. According to the questionnaire survey and in-depth interviews in companies, middle managers receive more and more responsibility and autonomy, but they do not always have sufficient knowledge and skills to cascade them down the hierarchy. Sometimes they are not willing to cascade responsibility and autonomy. Organisations need, want and try to engage all their employees in the increased autonomy and responsibility. "Everyone needs to know what they do and what the meaning of their work is for the whole venture or what the meaning of their engagement is for the final effect" (Visscher Caravelle Poland Sp. z o.o.). "We need to learn taking decisions at the lowest level. Employees are not yet used to decision-making and taking initiative (Marwit Sp.z o.o.). "Employees are not invited to share their ideas and suggestions, bottom level initiatives are not sought for, the company does not try to dig out the information of their

employees” The company does not require that and the employees are not eager to do so”(Marwit Sp.z o.o.). According to company representatives, empowerment has not yet got the expected results, and this picture is reflected in the questionnaire survey results. In so far as relationships coordination and creation as highly assessed managerial competencies, coaching skills are weighed up at a much lower level. Coaching techniques would allow middle managers to better support their employees in decision-taking and engaging in problem solving on the basis of their own ideas, observations and experience. The application of coaching techniques is best exemplified by the way conversation is held in a situation when an employee faces his/her supervisor asking to help in solving a problem. The supervisor can ask a question, “how would you solve the problem” and then, “what tools/resources do you need to solve this?” and, “when can it be done?” Thanks to this approach, the supervisor encourages employees to take decisions and responsibility for the team. Employees feel valued and also feel they have a real impact on their company. According to our research, this aspect, i.e. coaching their own employees’ competencies need to be improved (the average assessment in companies amounts to $\mu = 62.47$).

The example above can be supplemented by a conclusion that a certain period has ended, the period when leadership was associated with an entrepreneur, the company founder who takes decisions on his/her own, selects people for certain tasks as he/she has some vision and strategy of his/her own company development. Companies see the fact that teamwork is more effective, even in top management, and this approach is implemented down the hierarchy to middle levels and below. The interviews carried out in companies often indicated the question of regular middle management meetings to exchange information on the current issues relevant for individual departments – the essence of interdepartmental communication. Companies showed significant changes that are happening in that area. Also, they start to value the role of the open discussion on company problems, expectations and every-day challenges. Middle managers start learning this both in meetings between and within the teams. In many companies middle managers learn that they can and should take their own decisions and HOW to take decisions.

Additionally, the good example of sharing responsibility, encouraging subordinates to take the initiative is set by top management. If the CEOs do not act in this way in relation to their middle managers, it is difficult to expect

such behaviour from the lower level. In the case of empowerment middle managers need a substantial support from their top management superiors.

Summing up, it is difficult to describe such a diverse group of middle managers. Interviews in companies showed that each examined company possesses a sufficient number of middle managers to present the full range of best practices, as well as the practices that require improvement – starting from an unacceptable behaviour to the excellent behaviour that shapes engagement. “Humans are only humans. Sometimes they lack technical skills, or the understanding that people are not mechanisms.” (NEUCA SA) In comparison with other Positive Organisational Potential areas, middle manager competencies were assessed lower than other areas. It shows the importance of looking at the causes of such a bad state and showing recommendations for further work.

4.4. The drivers of positive manager competencies

The author has looked for the determinants of the middle managers competencies and their development based upon the assumption in the research definition about the desired state of middle managers. The work on the determination of such determinants was divided into three stages. The literature was reviewed first, in order to determine the fields of middle manager competencies. The literature indicates three main fields:

- personal level,
- organisational level, and
- macro level (national culture and education system).

There are many individual determinants of the competencies [Hoekstra and Sluijs, 2003; Lucia and Lepsinger, 1999] in literature but it is beyond the scope of this research to analyse them. We start with the assumption that most managers intend to behave in ways that are positive but it is not always easy to actually do so. In our research, we have focused on organisational drivers to positive middle manager competencies. Rather than asking questions: “What influences managerial predispositions?”, or, “What can I do as a leader to develop my leadership skills”, or, “What influences my leadership competencies?”, we try to find out what can be done at organisational level to develop and support the positive potential.

Based on the subject literature, 89 internal antecedents were constructed that can have some impact on Positive Organisational Potential (including

middle managers). Next, companies were asked to evaluate the degree to which a given antecedent is present in their organisation. Thanks to this, the strongest correlations between middle manager roles and internal antecedents were established. The choice of determinants was done with the use of expert opinions that assessed the impact of the antecedents on the middle manager roles on the 0 to 5 scale. The selected antecedents, where the mean assessment was equal or higher than 4, are presented in Table 4.3. The experts helped to determine the barriers of managerial role development, as well as the stimulating and hindering external antecedents for middle managers. The antecedents with the strongest impact on middle managers according to the experts are in conformity with the antecedents in the subject literature. The expert choice confirmed strong correlations between the most significant manager role antecedents and the aggregated assessment of middle manager competencies in the surveyed companies.

Table 4.3. Most significant internal antecedents for middle manager competencies in expert opinions, Pearson correlation coefficients, $p < 0.01$

Area	Antecedents	r
Financial standing	A company has enough financial resources to recruit the best employees	.519
Strategy	The company strategy combines the interests of employers and employees	.564
	Strategic goals are clearly formulated and fully communicated to employees	.458
	The progress and effects of the strategy implementation process are honestly and openly communicated	.592
Structure	An optimum formalisation is in place combining both precise and clear procedures (when needed) and informal activities	.468
	Organisational structures are transparent	.381
	The responsibilities of employees are clear and complete	.468
	A company emphasizes teamwork	.528
	The members of project teams can be freely identified and nominated	.357
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.543
	There is good cooperation between departments/ functions	-
Communication	Managerial staff as well as employees have effective communication skills	.724
	A company openly communicates pending problems	.614
	The language of communication used in a company is understandable to all employees	.639
Control	Controlling is aimed at capturing information for the improvement of areas under evaluation	.443

Area	Antecedents	r
	Achievements are the main criteria for evaluating employees	.408
Human Resource Management	HRM procedures are transparent and consistently applied	.657
	A company sets high requirements for candidates to be employed (elitist employment)	.541
	Employees of relevant qualifications, skills and personal competencies are appointed to perform the tasks	.651
	Recruitment criteria for managerial positions include necessary knowledge and skills (resulting from the work position)	.580
	Recruitment criteria for managerial positions include social competencies (appearance, establishing relations, communication skills, teamwork)	.623
	Recruitment criteria for managerial positions include emotional competencies (empathy, self-consciousness, self-control, self-motivation)	.645
	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.627
	HRM decisions are combined with an appraisal and evaluation process	.549
	A company has systems and procedures for fair and honest appraisal and evaluation of its employees	.591
	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.572
	The company has a system of development programs for employees	-
	Power	Managers delegate their responsibilities to lower levels of management
Culture	Organisational culture is clear and understandable	.571
	Organisational culture fosters seeking excellence	.687
Leadership	The top management provides a positive model of relations with employees	.663
	The middle management provides a positive model of relations with employees	.749
	Supervisors are able to influence and inspire others	.572
	Supervisors behave empathically	.576
	Supervisors treat others with respect	.466
	Supervisors strengthen trust and the climate of justice	.644

The research results show the soft skills playing the major role in the competencies and behaviour of middle managers related to communication, HRM practice, leadership and organisational culture. The correlations are presented in Table 4.4.

Table 4.4. Pearson correlation coefficients (*r*) between intra-organisational antecedents related to communication, top management leadership, HRM practices, organisational culture and middle manager roles, $p < 0.01$

Area	Antecedents	Middle manager roles						
		1	2	3	4	5	6	7
Human Resources Management	HRM procedures are transparent and consistently applied	.513	.547	.552	.588	.568	.626	.565
	A company sets high requirements for candidates to be employed (elitist employment)	.388	.447	.418	.473	.485	.515	.531
	Employees of relevant qualifications, skills and personal competencies are appointed to perform the tasks	.519	.520	.502	.592	.569	.609	.609
	Recruitment criteria for managerial positions include necessary knowledge and skills (resulting from the work position)	.442	.496	.472	.488	.541	.528	.522
	Recruitment criteria for managerial positions include social competencies (appearance, establishing relations, communication skills, teamwork)	.487	.534	.544	.531	.546	.600	.509
	Recruitment criteria for managerial positions include emotional competencies (empathy, self-consciousness, self-control, self-motivation)	.450	.568	.569	.590	.563	.650	.494
	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.452	.521	.520	.557	.601	.602	.516
	HRM decisions are combined with an appraisal and evaluation process	.389	.447	.502	.554	.522	.516	.365
	A company has systems and procedures for fair and honest appraisal and evaluation of its employees	.435	.434	.506	.579	.531	.582	.481
	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.478	.416	.510	.427	.533	.531	.540
Communication	Managerial staff as well as employees have effective communication skills	.601	.601	.663	.628	.644	.658	.558
	A company openly communicates pending problems	.566	.541	.549	.535	.592	.555	.513
	The language of communication used in a company is understandable to all employees	.604	.577	.571	.440	.524	.552	.435
Leadership	The top management provides a positive model of relations with employees	.539	.543	.565	.538	.595	.607	.605
	The middle management provides a positive model of relations with employees	.584	.651	.597	.645	.648	.705	.690
	Supervisors are able to influence and inspire others	.403	.459	.475	.429	.508	.668	.509
	Supervisors behave empathically	.442	.518	.459	.379	.586	.580	.543
	Supervisors treat others with respect	.361	.385	.415	.316	.367	.543	.433
	Supervisors strengthen trust and the climate of justice	.539	.556	.545	.494	.520	.645	.592
Culture	Organisational culture is clear and understandable	.432	.424	.517	.433	.489	.616	.525
	Organisational culture fosters seeking excellence	.612	.561	.617	.563	.591	.625	.606

Middle managers roles: 1 – Managers perform leadership roles in their teams, 2 – Managers coordinate their teams and foster relations, 3 – Managers perform coaching roles in their teams, 4 – Managers capture and disseminate information on business goals and objectives, 5 – Managers initiate changes in a company, 6 – Through their behaviours, managers set a good example of positive relations within a team and outside it, 7 – Managers are oriented to self-development and increasing their skills and competencies

Communication has a key significance for all middle manager roles. Effective communication skills and, to a lesser extent, language that is understandable to all employees increase the efficiency of middle managers especially in the coaching and change initiation roles. Communication of pending problems is also important. It is the most important factor supporting the role of a leader. The significance of communication was emphasised during in-depth interviews. The replies concerning the activities the companies intend to undertake in order to change social competencies of middle managers concentrated on communication issues – related to the improvement of inter-departmental communication, better organisation of meetings, or kinds and means of the information conveyed. Companies are still learning and developing the ways how the information exchange on this level should look like. Companies talk about building more frankness, openness to discussion, and about putting things off till later. It is very often related with encouraging middle managers to take greater responsibility for the company and taking up a pro-active attitude.

The second antecedent that significantly influences managerial competencies are practices connected with HRM. That is not very surprising, as one of the HRM's objectives is triggering employee engagement to fulfil organisational objectives. Transparent and consistently applied HRM procedures are supporting middle managers. Among the HRM practices, the most significant role on managerial roles is related to:

- manager selection and appraisals,
- managerial training and development,
- performance management practices.

The selection of properly qualified candidates for managerial positions has the most significant impact. In the case of middle managers, these are factual knowledge competencies, but also their social competencies (appearance, ability to liaise with others and ability to work in a team) and, even more, emotional competencies (empathy, self-awareness, self-control, and internal motivation). The antecedents supporting managerial competencies are fair systems of employee appraisals, especially when followed by proper personnel decisions. Moreover, one conclusion from the Delphi method can also be added here – clearly and fairly defined promotion criteria. The experts called it creation of organisational culture according to achievements, where the objectives are set and met, awards are given, conclusions are

drawn and experiences are exchanged. In the expert opinion, such behaviour supports middle managers. A comprehensive and accessible for all training system, as well as development programmes for the employees, are also significant.

All the middle manager roles are also supported by a strong top management leadership. The most important is the good example that is shown on the top level – it is the top management that provides middle managers with the example of positive behaviour and relationships with employees. For example, emphatic supervisors at the top level influence the middle manager roles of a coordinator and a relationship creator, as well as a change initiator. Trust and the sense of justice built by top management in a company are also important. The weaker correlations were obtained between middle manager roles and treating everybody with respect.

Organisational culture aspects also need to be taken into consideration. The striving for perfection paradigm in a company is the aspect supporting positive roles of middle managers, especially in the leadership and coach roles. It's the strongest supporter of these roles. The transparency of organisational culture is also important.

Financial standing of a company, its strategy, structure, control systems and authority are the antecedents that have a lesser impact on middle manager roles, but still very important. Correlations between the variables are shown in Table 4.5.

In Table 4.5 antecedents related to organisational strategy and its structure should attract our attention, all these are closely related to communication. Company strategy as an outcome of employer and employee interests requires many arrangements and communication between organisational levels. Frank and full information about the strategy implementation is also related to communication, as much as the systems and procedures of efficient vertical and horizontal communication. That confirms the conclusion that communication in a company is most significant for middle manager roles.

The emphasis on teamwork should be highlighted within the group of antecedents related to company structure. This is understandable, as such a way of work organisation increases the extent of middle manager responsibility and gives them more freedom in fulfilling the roles, especially in the role of a coach.

Table 4.5. Pearson correlation coefficients (*r*) between intra-organisational antecedents related to financial standing of a company, its strategy, structure, control systems, authority and middle manager roles, ** $p < 0,01$; * $p < 0,05$

Area	Antecedents	Middle manager roles						
		1	2	3	4	5	6	7
Financial standing	A company has enough financial resources to recruit the best employees	.452**	.498**	.338**	.393**	.482**	.446**	.538**
Strategy	The company strategy combines the interests of employers and employees	.415**	.455**	.405**	.497**	.529**	.543**	.560**
	Strategic goals are clearly formulated and fully communicated to employees	.298*	.371**	.333**	.413**	.350**	.591**	.417**
	The progress and effects of the strategy implementation process are honestly and openly communicated	.432**	.464**	.436**	.489**	.522**	.676**	.557**
Structure	An optimum formalisation is in place combining both precise and clear procedures (when needed) and informal activities	.357**	.462**	.407**	.316**	.310**	.489**	.499**
	Organisational structures are transparent	.260*	.344**	.285*	.267*	.322**	.463**	.369**
	The responsibilities of employees are clear and complete	.359**	.378**	.398**	.332**	.439**	.504**	.416**
	A company emphasizes teamwork	.442**	.431**	.506**	.351**	.466**	.489**	.494**
	The members of project teams can be freely identified and nominated	.177*	.305**	.399**	.328**	.328**	.303**	.293*
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.403**	.444**	.453**	.439**	.453**	.530**	.549**
Control	Achievements are the main criteria for evaluating employees	.275*	.383**	.295*	.311**	.344**	.478**	.384**
	Controlling is aimed at capturing information for the improvement of areas under evaluation	.289*	.343**	.383**	.305**	.445**	.496**	.406**
Power	Managers delegate their responsibilities to lower levels of management	.319**	.376**	.390**	.239*	.313**	.468**	.333**

Middle managers roles: 1 – Managers perform leadership roles in their teams, 2 – Managers coordinate their teams and foster relations, 3 – Managers perform coaching roles in their teams, 4 – Managers capture and disseminate information on business goals and objectives, 5 – Managers initiate changes in a company, 6 – Through their behaviours, managers set a good example of positive relations within a team and outside it, 7 – Managers are oriented to self-development and increasing their skills and competencies

The way middle managers fulfil their roles can also be strengthened by financial conditions allowing a company to hire best employees. However, the choice of the experts on the most important internal antecedents influencing middle manager roles was not significantly supported in the correlations with

the following factors: managers delegate their responsibilities to lower levels of management, achievements are the main criteria for evaluating employees, the members of project teams can be freely identified and nominated and organisational structures are transparent.

The impact of individual internal antecedents on middle manager roles are presented in Table 4.6.

Table 4.6. Pearson correlation coefficients (r) between middle manager roles and aggregated internal antecedents, $p < 0.01$

	All antecedents	Tangible resources	Strategy	Organisational structure	Communication	Innovations	Control	Human Resources Management	Power	Culture	Leadership
Managers perform leadership roles in their teams	.561	.444	.501	.406	.567	.497	.398	.536	.408	.600	.558
Managers coordinate their teams and foster relations	.621	.499	.555	.492	.577	.454	.415	.588	.531	.597	.606
Managers perform coaching roles in their teams	.598	.430	.524	.495	.635	.490	.384	.596	.506	.528	.586
Managers capture and disseminate information on business goals and objectives	.625	.461	.583	.455	.525	.426	.443	.647	.552	.592	.558
Managers initiate changes in a company	.660	.596	.583	.512	.608	.442	.512	.648	.506	.652	.592
Through their behaviours, managers set a good example of positive relations within a team and outside it	.760	.600	.746	.598	.633	.525	.580	.694	.677	.705	.706
Managers are oriented to self-development and increasing their skills and competencies	.686	.621	.634	.554	.522	.513	.503	.616	.529	.736	.649

Ending the internal antecedent analysis, we need to draw the attention to the fact that the antecedents directly influenced by an organisation are strongly correlated with the middle manager role, i.e. setting the example of positive relations within the team and with other people. It is difficult to establish the direction of the relations on the basis of a correlation, but a conclusion can be drawn that middle managers are a significant element of a positive effect spiral in an organisation. Companies through their impact on the antecedents shown in Tables 4.4 and 4.5 should shape their managerial

behaviours, and those will support positive relations in a company influencing communication, strategy implementation, HRM processes. What is more, the correlations between the internal antecedents and the middle manager role of setting a good example for other employees are much higher than between internal antecedents and the middle manager role of a coach or a leader. The conclusion could be the following: that some of the roles are, to a much larger extent, influenced internally and depend on personal factors such as managerial competencies (talent, knowledge, skills and experience) or manager’s character (intentions, honesty or values).

The thesis is supported by the Delphi session results. The experts asked about the barriers of the positive potential indicated manager’s personal features, such as the lack of social sensitivity, lack of self-reliance, lack of the ability for quick decision-taking, and an own interest bias. Experts showed the danger in unjustified promotion to a managerial post of a person without proper competencies. That can be a result of selecting a candidate with high expertise, without taking into consideration social competencies (“social sensitivity”). What is more, in some cases only experience in a managerial post can reveal certain features of character allowing good management of people or the shortage of such features. Those and other barriers are presented in Table 4.7.

Table 4.7. Barriers of positive middle manager attitudes and competencies

Area	Barriers
Financial standing	<ul style="list-style-type: none"> — bad financial standing – specialists cannot be employed — bad technological and economic conditions at work
Strategy	<ul style="list-style-type: none"> — lack of faith in too ambitious targets — misunderstanding of tasks and objectives (strategy vision) — the lack of combining organisational interest with employee expectations
Structure	<ul style="list-style-type: none"> — incomprehensible organisational structure — strong centralisation and formalisation of management — low formal status of middle managers — overloading middle managers with reporting duties/ bureaucracy — unfair work organisation, unfair distribution of power — lack of clear duties and responsibilities for managers, lack of the competencies to divide work — lack of clear assignments to perform with the use of middle manager knowledge, instead “executing the Board order” — excessive specialisation — poorly selected and designed assignments fulfilled by a sub-unit

Area	Barriers
Communication	<ul style="list-style-type: none"> — poor/inefficient communication and exchange of key information between the board, supervisory board and middle managers — lack of networking and cooperation between managers on company management — incomprehension of the tasks and objectives (strategy vision)
Human Resources Management	<ul style="list-style-type: none"> — lack of clear rules for promotion to managerial positions — mistakes in the selection for managerial posts — lack of the system of choice and training for managers — lack of the well-thought training policies for middle managers supporting group management skills — relatively weak financial/ non financial motivation — lack of job or material promotion prospects
Power/authority	<ul style="list-style-type: none"> — activities of trade unions — conflict of interest
Culture	<ul style="list-style-type: none"> — lack of good teamwork — lack of support for the achievement culture among employees — lack of trust to middle managers
Leadership	<ul style="list-style-type: none"> — strong leadership of the CEO — low formal status of middle managers — lack of trust to middle managers — lack of management skills — bad attitude de-motivating employees — lack of networking and cooperation between managers on company management — lack of the attitude among managers of developing talent and high efficiency teams — tolerating bad-manners and lack of communication with employees
Individual features	<ul style="list-style-type: none"> — lack of quick decision-taking skills — lack of social sensitivity — lack of managerial skills — insufficient experience — insufficient education — professional burnout — lack of self-reliance — short-term thinking, jumping to other corporations — too high ambition and will for quick promotion, own interest bias

Finally, the management supporting systems need to be mentioned that were emphasised as elements influencing managerial roles. The introduction of a system, such as for example *ERP (electronic resource planning)* causes quicker and more precise information flow on innovativeness and productivity. They can be managed better. Middle managers benefit from this, as on the arrival of more precise data they can take more precise decisions. That enhances the abilities to introduce process improvements (they need to come from within, and the managers have the greatest knowledge on where to improve a process), i.e., positively influences the change initiator role in an organisation.

External antecedents

The way in which middle managers fulfil their role is also under the influence of external factors. They have been established in the expert research both the stimulating and hindering factors. Experts pinpointed three main groups of antecedents related to:

- the system of education,
- national culture,
- economic/trend factors.

The level of education has an impact on managerial competencies in a positive and negative way. Good specialist education and a developed system of training in the tertiary level help companies in the search for suitable candidates. Popularisation of managerial competencies that have been developed in multinational corporations, as well as comprehensive EU programmes, have a beneficial impact on the managerial market. And the reverse – the shortage of well qualified staff, lack of vocational preparation, lack of access to managerial education on the tertiary level or a poor system of education lower the level of managerial competencies.

The questions connected with a national culture may form foundations for a separate paper as the cultural features, “cultural programming of mind” of the people of a given nationality has a substantial impact on all the aspects connected with behaviour, attitudes and competencies. A national culture affects organisational culture, and all its elements translate into particular intricacies of a given organisation, as well as managerial attitudes and competencies. A national culture affects employee, supervisor and subordinate relationships (the power distance issue) [cf. Hofstede, 2003, 27], and such organisational phenomena as communication (power distance), motivation, perception of work environment, and finally on manager’s status in a given country (masculinity/femininity) or some managerial attitudes such as own interest bias and self-confidence (masculinity/femininity, collectivism/individualism). All this indicates the fact that a national culture impacts social behaviour and shapes managerial role models and competencies.

The experts, within the framework of positive cultural factors, indicated an increasing prestige of managerial jobs in Poland, but also noticed improving

behaviour models resulting from relatively high mobility of Poles, open borders and dissemination of foreign partner's experience. In turn, the negative aspects mentioned by the experts were demanding attitudes of some employees, as well as the division between employees and their supervisors. High power distance is a feature of the Polish culture, and that has an adverse impact on the openness of communication between the employees and their supervisors. High uncertainty avoidance can also have a negative impact, which in turn can support the tendency to create sophisticated procedures and bureaucracy.

The third group of internal factors influencing managerial competencies is connected with the economic development and periodic upswings or downturns of the economy. The companies under the study indicate the role of the current global crisis and the growing necessity of quick reaction to changes as the cause of the change in the expectations towards middle managers and the subsequent change in the managerial attitudes. This mechanism was best exemplified by a representative of one of the companies interviewed in our studies. The crisis communicated in the media influences the feeling of being threatened and fear of the employees. That, in turn, makes some of the employees take up the initiative and action. If a company took similar activities when there was no crisis as they do today (e.g. aiming at the increase of productivity) employee engagement and the will for changes would be visibly lower (Visscher Caravelle Poland Sp. z o.o.). "Decisions are taken very quickly these days" (Zelmer S.A.).

4.5. The influence of competencies of middle managers on organisational development and performance

Theories and results provided in Sections 4.1 and 4.2 give an evidence for the important role of middle manager behaviours and skills in enhancing employee job performance, job satisfaction, commitment and well-being. Taking this into consideration, the impact of middle managers on organisational development and performance was studied on the basis of company questionnaire survey. The analysis concentrated on the correlations between middle manager roles and the aggregate indicators describing the development and outcomes of the surveyed companies (Table 4.8).

Table 4.8. Pearson correlation coefficients (*r*) between middle manager roles and company development manifestations, ** *p* < 0,01; * *p* < 0,05

	Middle manager roles						
	1	2	3	4	5	6	7
Organisational performance	.355**	.383**	.351**	.323**	.360**	.315**	.384**
Organisational development	.469**	.516**	.390**	.435**	.489**	.429**	.552**
We had a considerable increase in work efficiency between 2009 and 2011	.366**	.371**	.240*	.286*	.393**	.325**	.452**
We had a considerable increase in innovativeness between 2009 and 2011	.339**	.400**	.296*	.349**	.360**	.338**	.434**
We had a considerable increase in the quality of applied business processes between 2009 and 2011	.406**	.497**	.359**	.457**	.481**	.469**	.590**
We had a considerable increase in our products quality between 2009 and 2011	.428**	.521**	.381**	.463**	.452**	.366**	.427**
We had a considerable increase in employee satisfaction between 2009 and 2011	.426**	.473**	.374**	.385**	.454**	.422**	.578**
We had a considerable increase in customer satisfaction between 2009 and 2011	.536**	.512**	.421**	.447**	.504**	.414**	.506**
We had a considerable development of company reputation between 2009 and 2011	.370**	.384**	.281*	.312**	.371**	.327**	.436**

Middle managers roles: 1 – Managers perform leadership roles in their teams, 2 – Managers coordinate their teams and foster relations, 3 – Managers perform coaching roles in their teams, 4 – Managers capture and disseminate information on business goals and objectives, 5 – Managers initiate changes in a company, 6 – Through their behaviours, managers set a good example of positive relations within a team and outside it, 7 – Managers are oriented to self-development and increasing their skills and competencies

As might be expected, the analysed relations between middle manager roles and organisational performance (financial performance, market share) are not obvious due to a wider range of variables that affect the performance. However, the managerial roles proved their significant relation with company development variables, in particular with:

- the growth in employee satisfaction,
- the growth in customer satisfaction,
- the growth in the quality of applied business processes and,
- the growth in the quality of products.

Weaker correlations were observed between middle manager roles and company productivity, innovativeness and reputation.

Analysing individual middle manager roles, it should be highlighted that highly competent in coordination and relationship creation managers and also

those who are developing their own skills are significant for organisational development. That shows the direction the companies should follow, the companies which want to apply the middle manager level opportunities. The research results showed little relation between the analysed development variables and the role of a coach. The results are understandable as this competency is more important for team management, relationship building, conflict prevention and empowerment.

4.6. Recommendations for the positive middle managers

This chapter has already elaborated on the middle manager competencies that have a positive impact on positive employee behaviours, improvement of work climate and organisational development indicators. The internal antecedents that support positive middle manager roles in an organisation have also been determined. The internal perspective was adopted in the study, i.e. what can be done from the internal standpoint to shape the most desired middle manager competencies. Now the key question would be how to manage the area to develop the positive potential. According to Kaplan and Norton ‘you cannot manage what you cannot measure’ [Kaplan and Norton, 1996, 21]. According to this statement, objectives must be set in the fields of particular importance to a given area and must be measured – not only by outcome measures (showing the past), but also by forecast measures that would predict the future and enable the company to learn and develop in this scope.

Such measures were sought out in the Delphi session. The experts asked about the possible evaluation measures of middle manager competencies mostly indicated the outcome measures covering two main fields connected with:

- employees in a team and
- operation processes being the responsibility of a given manager.

According to the expert opinion, managerial competencies are best exemplified by employee engagement in a team, their satisfaction and the lack of conflicts, as well as low employee turnover. The process measures may refer to (depending on the managerial responsibility) the degree of task realisation, quality of applied processes, failure-free machinery or production

costs. Such expert opinions are in compliance with the discussion presented above referring to the contemporary middle manager roles. Their responsibility refers mostly to strategy implementation (realisation of given tasks) and shaping the work environment for their teams – shaping appropriate employee attitudes, their behaviour and relationships. However, it needs to be stated that outcome measures reflect the state that results from previous activities. It is necessary to seek the forecast measures in order to manage the area with respect to its future and give the company the ability to shape positively middle manager competencies and the forecast measurements result from the antecedents determining the competencies. The previous Section showed that the internal antecedents of managerial roles and competencies cover the questions connected with:

- organisational communication,
- leadership and organisational culture,
- HRM practices,
- strategy and
- structure.

There, the forecast measures of middle manager competencies need to be sought out, the targets must be set and monitored. The recommended objectives and initiatives that can be undertaken in the individual areas are proposed in Table 4.9. The activities can help middle managers to develop their managerial roles, as well as help the company to monitor the internal antecedents of those competencies. Regular feedback will enhance managerial efficiency and positive intention of supporting positive changes.

Table 4.9. Objectives and initiatives that can be undertaken in managing competencies of middle managers

Area	Objectives	Initiatives	Effects
Organisational communication	Effective top-down and down-top communication	Regular meetings of top management with middle managers Open door policy Promoting organisational dialogue	Middle manager responsibility and participation and their roles are encouraged in the leadership system of the company
	Regular meetings with other middle managers	Meetings once a week	Managers discuss current company challenges, the culture of dialogue is created in the company
	Effective solutions in information policy	After a meeting with top management middle managers are given a fixed time to transfer the information to their subordinates, next the information should be emailed to all the employees.	Managers who conveyed information to their subordinates become more reliable in the eyes of their employees

Area	Objectives	Initiatives	Effects
Leadership and organisational culture	Positive leadership of top management	Top people in an organisation are reliable, have the transformational style of leadership, are authentic	Good example for lower level managers
	Positive organisational culture	The list of positive behaviours accepted in an organisation (code of behaviours)	Promotion of positive behaviours in a company
	Participative leadership		Middle manager responsibility and roles and encouraged in the leadership system of the company
Human Resource Management practices	Effective solutions in recruitment policy and selection for managerial positions	Social competencies of the candidates (appearance, ability to mix with people, ability to speak, ability to work in a team) are taken into account in recruitment and selection for managerial posts	Middle manager competencies are encouraged
		Emotional competencies of the candidates (empathy, self-awareness, self-control, self-motivation) are taken into account in recruitment and selection for managerial posts	Middle manager competencies are encouraged
		Personal efficiency of the candidates (ability to work under stress, concentration) are taken into account in recruitment and selection for managerial posts	Middle manager competencies are encouraged
	Effectiveness of manager appraisals	Personnel decisions should be consistently connected with employee appraisal results	Employee morale is strengthened Organisational trust is increased
		Transparent and consistent procedures connected with manager appraisal and promotion system	Middle manager satisfaction and engagement is increased
	Effective training policy	Middle manager training on social, emotional and personal efficiency	Middle manager personal effectiveness and efficiency is improved Positive impact on the immediate work environment
		Transparent and consistent procedures connected with managerial development programmes	Middle manager satisfaction and engagement is increased
Effective solutions for stress management in an organisation	Training on how to deal with stress	Middle manager personal effectiveness and efficiency is improved Employee personal effectiveness and efficiency is improved Employee job satisfaction is increased	
Strategy	Middle manager participation in creation of the organisational strategy	System solutions for strategy creation, e.g. introduction of the Balanced Scorecard	Increased middle manager engagement in the realisation of a strategy More consensus about strategic issues
	Strategy communicated to employees	System solutions for strategy creation, e.g. introduction of the Balanced Scorecard	Employee satisfaction is increased Trust is increased in an organisation
	Regular review of organisational objectives	System solutions for strategy creation, e.g. introduction of the Balanced Scorecard, giving up the unrealistic objectives	Middle managers can focus on priorities and problems relevant to the organisation

Area	Objectives	Initiatives	Effects
Structure	Matrix structure	Transformation of teams from functional specialist into cross-functional, problem-solving teams	Increases manager (employee) awareness of how other functions work
		Emphasis on teamwork	People are prone to accept a given solution if they took part in its design
		Ability to select a project team independently	Employee potential can be released
	Transparent organisational structure	Well designed and adjusted tasks to be executed by a given unit	Employee potential can be released Lowers the stress and pressure levels
		Allocation of resources according to tasks assigned	Increases the employee flexibility engagement Lowers the stress and pressure levels
		Transparent division of tasks between units	Prevents overlapping of duties Prevents conflicts between the organisation units caused by the overlapping of duties Lowers the stress and pressure levels

There is one more question to solve: how can one develop individual competencies of positive middle manager roles? Even if the managers know which behaviours are proper from the point of view of positive management, they do not always behave in this way. It is necessary to have managers' willingness, training and organisational support in order to change the habits. Many examples presented in this chapter indicated the intra-organisational barriers that made the positive middle manager behaviour impossible. It is thus more important to suggest an intervention in the work environment that will support changes in middle manager behaviours. This, in turn, will improve employee satisfaction and feelings towards their work environment. The recommended interventions are presented in Table 4.10.

Table 4.10. Interventions on the organisational level supporting positive middle manager behaviours

Middle manager competencies	Manager behaviour manifestations	Recommended interventions on the organisational level
Managers coordinate their teams and foster relations	<ul style="list-style-type: none"> — solve team member problems, — solve the problems as quickly as they can, — respect subordinate opinions, do not assume they know all the answers and know everything better than others, — do not avoid real problems and challenges, — monitor their subordinate work load and can manage it, — delegate a proper range of responsibilities to their subordinates. 	<p>Planning organisational activities Regular team meetings with open discussion on pending problems Allowing some time in the agenda for unexpected events Face-to-face meetings with individual team members Taking action on identified problems Encouraging subordinates to solve problems independently Communication and other soft-skill training Effective organisational communication Assuming realistic deadline</p>
Managers capture and disseminate information on business goals and objectives	<ul style="list-style-type: none"> — communicate openly and authentically the objectives of their organisation, do not conceal information, do not manipulate the facts, — in strategy formulation they refer to employee opinions. 	<p>Effective organisational communication Communication and other soft-skill training Team discussion on organisational objectives</p>
Managers initiate changes in a company	<ul style="list-style-type: none"> — consistently aim at the realisation of organisational objectives, — create the atmosphere of accepting justified risk and mistakes. 	<p>Organisational culture excluding the search for scapegoats Management support systems helping to obtain more precise information</p>
Managers perform leadership roles in their teams	<ul style="list-style-type: none"> — inspire their subordinates to new challenges, — stimulate employee engagement, — assess their employees justly, — value the work load of individual employees, — are able to show recognition, — give more positive than negative feedback, — can admit to making mistakes, — are frank, — convey objective information about their team to top managers 	<p>Setting objectives and leaving their execution to the team and its direct manager Managers get much independence in choosing means of communication Managers get much independence in work organisation and goal attainment</p>
Managers perform coaching roles in their teams	<ul style="list-style-type: none"> — listen carefully to understand subordinates and their way of thinking, — ask questions and encourage to individual solutions, — show support, — encourage development, — show new possibilities. 	<p>Valuing work invested in reaching organisational goals Flexibility in the situation of employee personal problems Valuing personal lives of employees and their work-life balance</p>
Through their behaviours, managers set a good example of positive relations within a team and outside it	<ul style="list-style-type: none"> — do not hide their own mistakes, they fix them and can apologise for them, — keep their promises and commitments, — value the input of others into mutual achievements, respect various roles in organisation, — respect subordinate opinions, do not assume they know all the answers and know everything better than others. 	<p>Good example that comes from the top management level Organisational culture that value ethical behaviour Personal development training, especially in positive behaviours and emotional intelligence Coaching on personal and professional matters In recruitment for managerial posts considering emotional, social and personal efficiency competencies in the candidates</p>

Middle manager competencies	Manager behaviour manifestations	Recommended interventions on the organisational level
Managers are oriented to self-development and increasing their skills and competencies		Looking for people with passion and curiosity of the world and other people, with an open attitude, willing to develop themselves

Managers play a special role in an organisation by their impact on strategy execution, through impact on communication, organisational climate, employee relationships and their satisfaction. These are the managers who deliver examples of behaviour that are then repeated in employee teams, and are mostly responsible for trust in an organisation. The selection of the candidates with high emotional and social competencies for such positions and assisting in the development of the competencies seems to be the most important recommendation for a company. Those competencies, together with organisational solutions recommended in Tables 4.9 and 4.10, will improve organisational communication, will develop trust and interpersonal relationships within organisation.

Chapter 5

EMPLOYEE INTERPERSONAL RELATIONSHIPS*Aldona Glińska-Noweś***5.1. Characteristics
of positive employee interpersonal relationships
as a key Positive Organisational Potential area**

An organisation can be and has been characterised with the use of many similes, metaphors or analogies. So, an organisation can be a system, organism, theatre, political arena, culture... It can also be perceived as a network of relationships among the people who make up the organisation.

It seems that, so far, the main efforts of researchers focused primarily on the analysis of formal ties and relationships within the organisation. According to a Polish management classic, Zieleniewski, relationships (ties) can be divided into business, functional, technical, and informational [Zieleniewski, 1969, 382–384]. Behavioural trend and a contemporary focus on the positive perspective of organisational phenomena analysis, described in Chapter 1, draws our attention to employee interpersonal relationships, no matter whether they are formally recognised or an informal element in an organisation.

Interpersonal relationship notion is hard to define, as it seems to be a primal notion. Everyone understands what a relationship is, but defining it seems to be quite a challenge. Certainly, it is a relationship between two or

more partners that determines their mutual attitudes which refer to positive or negative connections between them. Thus, interpersonal relationships can be expressed by trust, friendliness, respect, tolerance, but also by aggression, hostility, manipulation, disrespect, etc. An interpersonal relationship usually causes a certain level of interdependence between partners. People remaining in interpersonal relationships have impact on each other, share their thoughts and feelings, and engage in joint activities.

From the POS standpoint that seeks the 'positive deviation', the notion of *connection* was forged to show the positive interpersonal relationships among employees. It is a dynamic, living tissue that occurs between people, if their contacts include mutual awareness and social interaction [Dutton and Heaphy, 2003, 264]. Some authors define connections as inherently positive and growth-fostering [Miller and Stiver, 1997; Kaplan et al., 1991].

If the relationship is a link between interacting partners, affect may be the defining element of the relationship [Reis et al., 2000]. Such an approach is presented by the social exchange theory [Emerson, 1976; Blau, 1964]. According to it, the relationship is a series of tangible and intangible goods exchange, strongly associated with the need for mutuality [Gouldner, 1960]. The nature of these exchange acts determines the nature of the relationship, i.e. whether it is personal or professional, what is the extent of intimacy, etc. [Spector, 2012, 158]. Relationships are built on the basis of individual episodes (interactions) of exchange acts. This exchange should be based on mutuality, which determines many elements and consequences of the connections, especially trust, affection, respect, etc. It is particularly concerned with mutuality of benefits, mutuality of influence, mutuality of expectations and mutual understanding [Roberts, 2007].

Exchange is not the only element of relationships. Some form of social support should also exist there, namely, processes through which associates provide each other assistance in the implementation of the tasks, provide information or emotional support [Halbesleben, 2012, 113]. This support can be emotional, such as assistance in coping with negative feelings in the face of the challenging situation and instrumental, for example, the supply of tangible help to assist in specific tasks [Halbesleben, 2006].

Interpersonal relationships are formed on the basis of three main components/ mechanisms [Kase et al., 2009; Stephens et al., 2012, 387–391]. The first of these has a cognitive character and is the degree to which the

partners know each other, each other's knowledge, capabilities and motivation. It is also the drive to reach joint objectives or to use common language and the ability for other person's perspective-taking. The second component is affective/emotional and refers to the emotions felt by the partners in their relationship. Positive emotions, emotional contagion and empathy are crucial in the case of positive relationships. The third mechanism is more physical in nature and is associated with the behaviour of relationship partners. To a large extent, it is concerned with communication behaviour, the intensity of direct contacts also reflecting the structural ties between the partners. Exchange relationships dominate in contemporary literature [Ferris et al., 2009]. They are mostly categorised in the following way [Mills et al., 2004]:

- communal relationships – partners feel responsible for one another, they want to meet their expectations and needs, without expecting reciprocity for what they offer partners; examples of such relationships may be relationships in the family or a group of friends;
- exchange relationships – partners offer each other benefits in return for the benefits received in the past or expected in the future; relationships include the chain of interactions that create mutual obligations, based on economic (exchange of certain goods) or social exchange (trust, emotions, etc.); relations based on social exchange are perceived as having higher quality;
- exploitive relationships – one of the partners in the relationship is motivated by their own benefits, regardless of the other partner's benefit; this could be best exemplified by abusive supervision in companies [Tepper, 2000].

In fact, there are many nuances in interpersonal relationships, each relationship can contain the elements of each of these categories. Accordingly, the enumerated categories should refer to the individual interactions rather than the whole relationship [Allen and Turner de Tormes Eby, 2012]. Moreover, the relationships keep evolving, so that the exchange relationship may become communal over time (it can happen among employees), and then an exploitive relationship. Therefore, it is important to separate the nature of the relationship from its consequences [Ferris et al., 2009].

It is no exaggeration to say that interpersonal relationships are the essence of the organisation functioning. Organisations operate through human cooperation, which is the basis of the relationship formation [Cropanzano and

Mitchell, 2005]. Organisations depend on the individuals that come together to interact in order to perform the work that is to be performed. [Dutton and Heaphy, 2003]. On the other hand, interpersonal relationships, both inside and outside the organisation, give a meaning to human activity, are the prism through which a person perceives, assesses and experiences their work [Blustein, 2011]. Not only outside work, but also at work, interpersonal relationships are the foundation and the meaning of life [Reis et al., 2000, 844]. Our experience is still strongly influenced by relationships with other people who are, at the same time, the critical condition for the execution of the assigned tasks. Co-workers shape what a given employee thinks, how they feel, what they do [Kahn, 2007, 189]. Behaviours of each of the partners have an impact on the future behaviours of others, both within a single episode, as well as in their series [Hinde, 1999, 321]. People in their interpersonal relationships are trying to understand and give meaning to each other, they need to be guided by their own actions and interactions on the road to achieving the objectives [Makin et al., 1996]. Employees asked why they continue their work, even if they do not have to, often respond that it was due to the relationships that have developed with their colleagues. [Halbesleben, 2012, 107]. The decision-making system, information flow, as well as instrumental and emotional support, are among the aspects that have an impact on interpersonal relationships [Kram and Isabella, 1985; Rawlins, 1992]. Even a five-minute conversation can give people a lot of positive, reciprocated energy, as long as they focus attention on each other, putting aside everything they are doing at that moment [Hallowell, 1999, 126].

Researchers of interpersonal relationships focus both on dyads, as well as the team relationships. In the latter case, the social network theory perspective is useful in the analysis. Social behaviour of network members, that is, for example team members, is then interpreted through the analysis of relations across the network [LePine et al., 2012, 175]. Thus, ties and their structure in a team are analyzed, in place of the individual attitude analysis as determinants of behaviour. These ties represent a particular type of relationship, either task-oriented associated with the transmission of information, decisions and advice, or expressions of friendship, affection and trust. A network of social relationships has a strong link with the organisation social capital [Oh et al., 2004].

Relationships have a significant impact on employee behaviours therefore their quality is important. Positive interpersonal relationships foster a positive attitude towards their work, employees feel less overloaded and burdened with work, their well-being grows [Ragins and Dutton, 2007; Grant and Parker, 2009]. Negative relationships have the opposite effect [Grant and Parker, 2009]. The team relationships have an impact not only on individuals but also on the functioning of the whole organisation.

The definition of what constitutes the positivity or the relationship quality is very difficult, especially by its subjectivity. In addition, the relationships that are generally positive and healthy can contain both positive and negative interactions and episodes. No relationship is always entirely positive or entirely negative. If we assume that the relationship is based mainly on the exchange, its positivity will refer to the extent to which it provides partners with the resources [Halbesleben, 2012, 107].

The assessment of relationship positivity on that ground, however, is complicated by the fact that the exchange is not necessarily equivalent. It would seem that if in a given relationship one party gains more than the other, then it is not a positive relationship. But on the other hand, if the relationship partners try to keep the equivalence of the exchange at all costs (for example, if I stood in for you for two hours, now you absolutely need to stand in me for 2 hours sharp), it does not appear to be positive as well. Consequently, we should take on the perspective of a relationship partner. So the positive relationship is the one where an individual has a real sense of connection and reciprocity [Roberts, 2007, 31] and that positively reinforces the identity of the individual. The positive relationship in the workplace is the one that supports the employee ability to engage in work [Kahn, 1992; Kahn, 2007].

Within the POS research the notion of high-quality connections was forged. The quality of connections, in Dutton and Heaphy's view, refers to whether the connective tissue among the individuals is life-giving or life-depleting. High-quality connections that are flexible, strong and resilient enable the transfer of vital nutrients. Corrosive connections mean that it is true that people communicate, interact, may even be involved in interdependent tasks, but the actual relationship tissue is destroyed [Dutton and Heaphy, 2003, 263]. Such relationships cause destruction and deteriorate [Frost,

2003]. They cause emotional damage to individuals and even physiological suffering [Williams and Dutton, 1999].

Literature studies provide various examples of relationship positivity index: the relationship strength [Mills and Clark, 1982], emotional attachment [Kahn, 1998], emotional balance, reciprocity and frequency of communication [Granovetter, 1973]. Stephens, Heaphy and Dutton propose to rely on subjective experience, such as a feeling of vitality and aliveness, positive regard, mutuality and positive physiological responses (lower allostatic load, vitality, better health, stronger the immune system, lower blood pressure, better coping with stress) [Stephens et al., 2012, 386].

Friendship is a particular positive relationship. The fact that we spend most of the day at work is the case for friendship at work. Friendship enhances the effects of positive relationships [Berman et al., 2002]. It is more than a friendly relation. Friendship has a voluntary and unconstrained by anything (e.g. a task) character, while the friendly relations mean cordiality extended to acquaintances [LePine et al. 2012, 177]. Friendship implies making an emotional investment in the relationship and longer duration of the interaction. Friendly relations may occur suddenly, without any history behind. The benefits of friendship at work depend on the gender of the partners. High-quality friendship with men supports job satisfaction and an individual career development. It is usually associated with the power distribution (political access) in organisations where women have less influence [Markiewicz et al., 2000]. Despite their generally positive impact on the organisational life, many managers still perceive them as a threat, as a source of gossip, favouritism and distraction [Berman et. al., 2002].

In the course of the research conducted by our team with the use of the Delphi session method, the definition of the desired state of interpersonal relationships as a key area of Positive Organisational Potential (KA POP) was coined. Namely: the desired (positive) state of interpersonal relationships means that relationships among employees are based on positive attitudes and emotions such as kindness, friendliness, respect, acceptance and trust. Table 5.1 presents the manifestations of positive interpersonal relationships determined by the experts.

According to the characteristics shown in Table 5.1, the experts defined the interpersonal relations in a very broad way. The KA POP model covers only those which refer to their affective aspect. The remaining manifestations

presented in the table, despite the fact that they refer to the interpersonal relationships, are exhibited by the other key areas of Positive Organisational Potential.

Table 5.1. Manifestations of the ideal state of positive interpersonal relationships

- | |
|--|
| <ol style="list-style-type: none">1. Showing respect for each other, non-discrimination and the respect for the diversity of employees.2. Openness to interactions with people.3. Staff expressing open opinions on their work in the company, assessment of facilities equipment or the quality management.4. Friendly relations.5. Cooperation, willingness to cooperate and mutual friendliness.6. The employees feel as a team.7. Employee engagement in the implementation of corporate strategy.8. Understanding and the acceptance of the company objectives resulting from the belief that they lead to the organisational development, as well as to the development of self and others.9. Partnership in personal relationships at all levels of the organisation.10. Avoiding hidden relationships and interpersonal relationships of a negative character, private-benefit links.11. Mutual empathy.12. Building the organisational culture for the continuous development of the company, regardless of external or internal changes.13. Striking the right balance between the expectation of achieving the target work results and a good working atmosphere (e.g. employees have the right to make mistakes, learning from failures).14. Predicting and preventing conflicts. |
|--|

5.2. Elements of positive interpersonal relationships and their place in the Positive Organisational Potential system

Treating interpersonal relationships as a key area of POP had its source in the results of an earlier research project carried out by our team. It should be made clear that the focus of our research is the level of relationships in employee teams, not just the dyadic relationships. The enumeration of elementary components of positive interpersonal relationships for the survey in companies was based on the creative adaptation of the existing literature models. The starting point of the discussion was the general categorization of the relationship dimensions into the instrumental and friendship ties [LePine et al. 2012, 176]:

- instrumental ties – appear as a result of the work role performance and include the exchange of the job-related resources, also information, tangible resources and political access [Ibarra 1993, 59]; in this case information and communication play the vital part [LePine et al. 2012];

- friendship ties – are less connected with the formal structure and task-related roles, they include interpersonal affect, friendliness and emotional support exchange [Ibarra, 1993; Lazega and Pattison, 1999]; these relationships are based on preferences for certain people, and the people involved in the relationship communicate more often, more openly, honestly with each other [Sias, 2005]; the ties help to challenge the difficulties, and include emotional support, which is not always directly related to the tasks.

The most beneficial to the organisation are the relationships between employees based on both dimensions (multiplex ties). It is not a rare situation, because the friendship ties often develop in employee teams, which reflect the formal structure based on instrumental ties [Krackhardt and Hanson, 1993]. On the other hand, friendship ties turn also into decision-making systems, mobilization of resources, information transfer and carrying out other functions closely related to work [Lincoln and Miller, 1979, 196]. These multiplex ties can be manifested [LePine, 2012] in three ways: accession (to information, network members have access to valuable information and know who else can benefit from it [Nahapiet and Ghoshal, 1998], timing (faster information flows), referrals (providing information about the options available, such as development).

The ties described, especially the friendship ties, can be analyzed in more detail with the use of the following dimensions [Allen and Turner de Tormes Eby, 2012], which became the direct basis for identifying the elements of interpersonal relationships by our team:

1. Affective tone – is the degree of positive and negative emotions that accompany relationships, the dimension is similar to a mutual sympathy [Allen and Turner de Tormes Eby, 2012] and is analyzed both in the dyad, as well as in a group [George, 1990]. Groups with more positive character have greater enthusiasm, excitement and passion. Groups with a stronger negative affect express more fear, worry and contempt. For our research purposes, this dimension has been identified as the variable “employees like each other.”
2. Emotional carrying capacity – is the extent to which the relationship comprises (and can survive) expressing the whole range of different positive and negative emotions [Ragins and Dutton, 2007]. Positive relationships have the ability to survive a greater number of emotional

expressions and their increased diversity. This dimension is reflected in the variable “employees show their acceptance and respect to each other.”

3. Tensility – the extent to which the relationship can survive emerging tensions, challenges and problems that persist in different circumstances [Dutton and Heaphy, 2003]. Tensility provides a peace of mind. People are not afraid to express real emotions, are not afraid of interpersonal consequences (e.g. employees may disagree about some task without worrying about their social relationship). Behavioural manifestations of this dimension are expressed, as well as the emotional carrying capacity, in the variable “employees are frank with each other”.
4. Interdependence – refers to the frequency, strength and extent of mutual influence and impact among employees. In this research project, the dimension was described by the variable “employees can count on each other”.
5. Intimacy – primarily involves openness of partners to disclosing information about themselves, their thoughts and feelings (self-disclosure), and their response, i.e. the extent to which partners are trying to understand each other and show each other mutual concern. The variables in the model of the key POP areas representing two aspects of this dimension are “employees show interest in each other”.
6. Permanence – the extent to which the relationship is strong, but also effective in the sense of being rooted in organisational habits. In the POP model, this dimension is expressed in the variable “condition of IR in employee teams translates into relationships among the teams in a company”.

Trust and power are also mentioned as dimensions of relationships but, due to their specific nature, they are treated as separate areas of POP. Power, in this case, the scope of hierarchical relations and their impact on the relationships between employees was included primarily in the competencies of middle managers, but also in leadership and corporate governance. Trust, however, as an important value in an organisational culture which determines many aspects of the organisation, not only interpersonal relationships, has been treated entirely as a separate KA POP.

Each of the aforementioned variables used in the study was the aggregate/synthesis of the elementary forms of employee behaviour. The summary is presented in Table 5.2.

Table 5.2. Basic dimensions of interpersonal relationships used in company survey

Relationship dimension	Variable used in the study	Elementary forms of employee behaviour
Affective tone	Employees like each other	<ul style="list-style-type: none"> — Employees smile at each other, — Employees want to spend time together even outside work, — Employees are happy to talk to each other, even on topics unrelated to the on-going tasks, — Employees are happy to please each other, for example, by saying nice things to each other, — Employees share their joys with colleagues.
Emotional carrying capacity	Employees show acceptance and respect each other	<ul style="list-style-type: none"> — Employees act freely (do not pretend anything) in their own company — Employees do not feel offended when one of colleagues criticizes their ideas, — Employees genuinely enjoy the success of other team members, — Employees when they see the need to criticize colleague's behaviour, they do so with tact and moderation
Tensility	Employees are frank with each other	<ul style="list-style-type: none"> — Employees act freely (do not pretend anything) in their own company — Employees do not feel offended when one of colleagues criticizes their ideas, — Employees genuinely enjoy the success of other team members, — Employees when they see the need to criticize colleague's behaviour, they do so with tact and moderation
Interdependence	Employees can count on each other	<ul style="list-style-type: none"> — Employees try not to disappoint each other fulfilling their tasks, — Employees help spontaneously when one of the team members has difficulty in carrying out their tasks, — Employees do not hesitate to ask others for help, — Employees also help each other in personal difficulties, — Employees share information that can benefit other members of the team, — Employees knowing that one of the colleagues may have troubles try to prevent it in advance.
Intimacy	Employees show interest in each other	<ul style="list-style-type: none"> — Employees are happy to talk to each other, even on topics unrelated with the ongoing tasks, — Employees are interested in what others are saying, — Employees show interest when one of the team members looks worried, — Employees enjoy genuinely the success of other team members, — Employees express their opinions honestly, — In the discussion employees listen to each other, trying to understand the other point of view, — Employees are not afraid to admit to ignorance or the mistakes made, — Employees do not feel offended when one of colleagues criticizes their ideas.
Permanence	Condition of IR in employee teams translates into relationships among the teams in a company	No elements were specified

The intensity of the enumerated variables, as well as other variables describing the remaining KA POP in companies, allowed us to determine their mutual relationships. This problem will be described in more detail in Chapter 11. The next section will present the mutual relations between individual variables/manifestations of positive interpersonal relationships, preceded by an assessment of these symptoms in the studied companies.

5.3. State of interpersonal relationships in surveyed companies

Respondents evaluated the state of particular key areas POP in their companies with the use of the scale of 0–100%. Table 5.3 presents the assessment of mean and standard deviations.

Table 5.3. State of interpersonal relationships in the surveyed companies

	Min.	Max.	μ	s.d.
Key POP area – interpersonal relationships – mean	27	100	72.99	15.723
Employees can count on each other	20	100	72.60	19.223
Employees show interest in each other	20	100	73.70	17.678
Employees are frank with each other	10	100	66.99	20.323
Employees like each other	30	100	72.88	16.200
Employees show acceptance and respect each other	40	100	76.30	14.954
Condition of IR in employee teams translates into relationships among the teams in a company	0	100	75.69	21.018

The analysis of the respondent assessments indicates a relatively high concentration of positive employee interpersonal relationships in the surveyed companies. Showing the employee acceptance and respect turned to be the highest rated dimension. Additionally, this variable has the lowest standard deviation. The lowest-rated variable was ‘employees are honest with each other’ with the highest standard deviation. The lowest score may be due to the intricacy of the Polish culture of relatively high-context communication. It means, among others, that in the name of maintaining harmonious relations employees avoid saying unpleasant things, and therefore reduce mutual sincerity [Gesteland, 2005; Ferraro, 2006]. The intricacy of the Polish culture may also explain the generally high level of assessments of interpersonal relationships in employee teams. Another feature of the Polish culture is

a relationship-focused attitude, i.e. building interpersonal relationships is significant in cooperation [Gesteland, 2005].

It is interesting that together with the high assessment of interpersonal relationships in Polish companies, the evaluation of transferring IR in employee teams into relationships among the teams in a company is equally important. In the view of the previously described beneficial impact of positive relationships on organisational efficiency such a result is inspiring.

The assessment of interpersonal relationships in figures does not give a full insight into their nature and characteristics in the surveyed companies. Therefore, to complement the questionnaire survey interviews with top management were conducted in selected companies. The content of the interviews were, among others, specific and characteristic manifestations of individual KA POP. Table 5.4 presents the most characteristic manifestations of positive interpersonal relations in the studied companies.

Table 5.4. Manifestations of positive interpersonal relationships in the surveyed companies

In Apator SA there is no unnecessary paperwork in interpersonal relationships, employees openly discuss the problems of the company, but also about their own difficulties. The staff are friendly to each other, happy to talk to each other, not only about professional issues. Professional relationships often turn into social, based on common interests, mutual friendliness.
In Cukiernia Sowa Sp. J. although it is difficult to assess clearly the whole of interpersonal relationships (the interview is based on two departments, sales and marketing) the general atmosphere and relationships between employees can be assessed positively. If you enter the marketing department you can see smiling, happy people. People want to work in such a team. A good working atmosphere and good working relationships have a huge impact on the final success, and the board is trying to take care of the relationships to be positive. Thanks to a positive spirit you can see a greater employee engagement, they are more likely to work longer hours, if necessary, willing to submit their ideas and suggestions, they are not afraid to take initiative.
Frauenthal Automotive Toruń Sp. z o.o. The company management declared that interpersonal relationships are significant. According to the President, good interpersonal relationships are an important factor in attracting employees, they affect the climate of the enterprise. In the Polish large power distance culture managers and administrative staff mostly call each other by their first names, which is quite unusual in Polish formal structures.
In Golpasz SA kindness and good relationships are within their organisational culture based on trust, commitment and responsibility. Controversial behaviour is avoided such as exposing yourself and your own personal achievements, seeking arguments in your defence in place of the search of how to solve problems. The result is a current and immediate exchange of knowledge between employees and organisational units. At the same time competition, both between individuals and teams can be observed.
In Hydro-Vacuum SA the most important manifestation of positive interpersonal relations is employee mutual support workers in problem solving.
In Marwit Sp. z o.o. interpersonal relationships and the atmosphere at work are good, the best relationships are maintained with people with whom you work closely. In departments the atmosphere varies. Director is struggling to improve relationships among the teams, the least favourite is the sales department.
Netia SA pays special attention to sincerity, showing acceptance and respect. The attitude of taking the most positive interpretation of someone's words is shaped within the company, accepting differences in the perception of reality.

In Nova Trading SA you can observe friendship ties. Almost everyone is on the first name terms with everyone. People treat other co-workers as members of a big team. Employees help each other.
In PESA Bydgoszcz SA relationships between supervisors and employees are direct, usually everyone calls each other by their first name. Most managers are internally promoted. They know the staff and despite their promotion they still retain their existing relationships. In formal relationships (e.g. business cards, magazines) they do not use professional and academic titles (e.g. engineer). The person is more important, their competence and skill, rather than the formal title. However, in the formal meetings, formal relations are maintained especially with the participation of outside people. The internal meetings have more informal relationships and language. The nature of the relationship is conducive to an open presentation of the problems, employees do not avoid difficult topics. Difficult situations or challenges are openly presented to managers and employees. Managers often talk about issues directly with employees at work.
In Remondis Bydgoszcz Sp. z o.o. the group of closest associates are a group of friends. Most employees have known each other for several years. Employees like to spend time with each other. For example, everyone goes fishing. Collegial relationships are part of the organisational culture. Every employee should build positive interpersonal relationships with co-workers. If they cannot, or will not do it, it destroys working relations and will not be able to stay in the company, they will be excluded.
In TZMO SA interpersonal relationships are different in diverse teams. Most of them are formal, hierarchical, but the superior has a decisive role in shaping the nature of human relationships. People who often work together tend to like each other and set the suitable distance between each other. According to the President more task-oriented (less friendly) relationships favour concentration on work and delivery of targets. In Visscher Caravelle Poland Sp z o.o. interpersonal relations cover three main elements: a family nature of the company, multiculturalism among the administrative staff and finally the perception of "us and them" relationship between the administration and production department.
In Zelmer Market Sp. z o.o. relationships between employees are very emotional. Although there are "frictions" from time to time during the execution of the plans, they are taken positively as a part of work. We can say that relationships there are like family relationships. Workers meet each other in private, they have joint interests such as scuba diving. It also happens that employees come to the office with their children. Clearly there is a sense of link between employee and company interest.

The picture of the interpersonal relationships state in the surveyed companies is complemented by the relations that exist among the variables. A measure of the strength of this relation is the Pearson correlation coefficient. The data are presented in Table 5.5.

Table 5.5. Correlations of positive IR manifestations in examined companies, $p < 0.01$

No.	Variables	1	2	3	4	5
1	Employees can count on each other					
2	Employees show interest in each other	.86				
3	Employees are frank with each other	.76	.80			
4	Employees like each other	.58	.71	.79		
5	Employees show acceptance and respect each other	.66	.79	.79	.84	
6	Condition of IR in employee teams translates into relationships among the teams in a company	.68	.58	.55	.53	.56

The correlations of variables making up the positive IR area show quite clearly the relations in the affective symptoms group (strong correlation of friendliness, acceptance and respect), and in the group of symptoms

resulting from, and thus, in part, instrumental ties (strong correlation of showing interest to each other, the possibility of counting on each other, frankness). The relatively lower correlation coefficients are shown in the case of translating IR within the teams into relationships among the teams. This is correlated the most strongly with employees counting on each other. Based on this, we can say that this behaviour is the most 'contagious' and triggers the development of positive relationships within the organisation. If the members of a given team help each other and know that they can count on each other, it supports the transmission of positive ties to the rest of the individuals and teams within the organisation. The study does not allow us to determine whether this attitude can be transferred within the organisation.

5.4. Antecedents and mechanisms of shaping positive employee interpersonal relationships

The literature on interpersonal relationships tends to focus on conditions that are associated with individual characteristics and feelings of partners in relationships. And so, it is pointed out that the positive relationships depend on [Halbesleben, 2012]:

- affect – especially the feeling of friendliness;
- personality of the partners, within the so-called, "Big Five" personality traits [Nosal, 1997] the most important seem to be conscientiousness and agreeableness, and these features make the employee engage into a social exchange with others [Hough, 1992; van Scotter and Motowidlo, 1996], the similarity of partners personality is also important [Brehm, 1985; Duck, 1994; Sias and Cahill, 1998],
- gender – generally, more frequent relations occur among the people of the same gender, however, the organisational context creates situations in which the relationships of the opposite genders are easier to build, due to sharing the experience and organisational space [Elsesser and Peplau, 2006], these relationships are not transferred to the environment outside work, mainly for fear of the wrong interpretation of this friendship;
- similarities – such as age, family, hobbies, etc. [Chattopadhyay, 1999].

LePine et al. proposes two main factors shaping the relationships in teams:

- interdependence of tasks that primarily stimulates instrumental relationships, we can say that although it is easy to put together teams of employees in the organisational structure, they can still see their independence, however, the awareness that the execution of tasks and success depend on others, helps the emergence of actual instrumental ties;
- perceived similarity – we create bonds of friendship, perceive attractiveness, we build relationships with people that we think are similar to us [Bowers et al., 2000], although the organisation presents a limited choice of friends (organisational structure determines the potential cluster), still the crucial mechanism is a positive attitude towards people with similar characteristics [McPherson and Smith-Lovin, 2001].

Among the conditions mentioned in the literature on interpersonal relationships, in organisations we need to indicate the following: management practices [Stephens et al., 2012], the frequency of meetings and the number of breaks for socialization [Hays, 1989], the perceived coherence, joint work, common space, a shared problem or enemy [Odden and Sias, 1997].

Managerial behaviours and existing communication systems hold a special place among the antecedents of interpersonal relationships. Immediate supervisors are particularly important in relationships with their employees (usually it will be a middle manager). The KA POP model middle managers comprise a separate key area. The managerial role in developing employee relationships is pointed out by many authors [Choi et al. 2003; Tse et al. 2008]. Also, effective communication is a prerequisite for fulfilling relationships [Alexander, 1973; Cushman and Cahn, 1985; Murstein, 1972, 1977]. On the other hand, ineffective communication can lead to problems of individuals within their social relations [Collins, 2003; Erven, 2012; Burtis and Turman, 2005; Hogan and Stubbs, 2003; Brounstein, 2001; Small, 2009; Weaver and Hybels, 2008].

In our research project, the internal antecedents were verified in two stages: in the Delphi session and questionnaire survey in companies. 89 elementary antecedents were assessed by both methods. Due to the perspective adopted within the resource-based theory, these antecedents are some defined organisational resources. The results analysis obtained in the company survey allows us to identify those that have the strongest relation to particular KA POP areas.

According to the Pareto, rule 20% of the strongest correlations with the aggregate positive employee relationships were identified. They are presented in Table 5.6.

Table 5.6. Most significant antecedents of employee positive interpersonal relationships: Pearson correlation coefficient (r), $p < 0.01$

Antecedents	r
1. Working teams are characterised by a high level of cohesion	.72
2. Supervisors are able to influence and inspire others	.71
3. Managerial staff as well as employees have effective communication skills	.69
4. Supervisors behave empathically	.69
5. The middle management provides a positive model of relations with employees	.69
6. Supervisors strengthen trust and the climate of justice	.68
7. Employees are satisfied with their jobs	.66
8. Employees experience the feeling of justice in their workplace	.65
9. A company increases the employee autonomy and responsibility	.64
10. A company openly communicates pending problems	.63
11. Organisational culture is clear and understandable	.62
12. Organisational culture fosters seeking excellence	.61
13. The top management provides a positive model of relations with employees	.61
14. The systems and procedures for effective internal communication (both vertical and horizontal) are established	.61
15. The language of communication used in a company is understandable to all employees	.60
16. Supervisors treat others with respect	.59
17. Recruitment criteria for managerial positions include emotional competencies (empathy, self-consciousness, self-control, self-motivation)	.59
18. The progress and effects of the strategy implementation process are honestly and openly communicated	.59

The data shown in Table 5.6 indicate that the antecedents of positive employee relationships can be generally divided into three categories: resources that build integration and identification within the company, the authority and managers (leadership related determinants), as well as internal communication. This finding is therefore fully consistent with the antecedents mentioned before in the presented literature. Table 5.7 presents the detailed correlations of the elements forming these antecedent groups with interpersonal relationships manifestations.

Table 5.7. Antecedents of interpersonal relationship elements connected with integration, leadership and communication in an organisation, Pearson correlation coefficient, ** p < 0.01; * p < 0.05

Area	Antecedents	Interpersonal relationship manifestations					
		1	2	3	4	5	6
Integration and identification with a company	Organisational culture is clear and understandable	.57**	.57**	.55**	.47**	.51**	.52**
	A company has an attractive mission statement	.33**	.21	.41**	.37**	.26*	.54**
	Employees are satisfied with their jobs	.63**	.55**	.61**	.47*	.53**	.58**
	Working teams are characterised by a high level of cohesion	.68**	.64**	.60**	.51**	.58**	.69**
	Employees show high level of identification with their company	.57**	.53**	.57**	.44**	.47**	.44**
	Employees experience the feeling of justice in their workplace	.57**	.60**	.65*	.55**	.60**	.42**
	Organisational culture fosters seeking excellence	.56**	.44**	.57**	.47**	.51**	.64**
Leadership related determinants	A company increases the employee autonomy and responsibility	.58**	.58**	.62**	.53**	.60**	.44**
	There is a low power distance among the members of an organisation (structural, psychological, functional distance)	.37**	.48**	.52**	.48**	.56**	.40**
	The top management provides a positive model of relations with employees	.61**	.53**	.53**	.38**	.51**	.58**
	The middle management provides a positive model of relations with employees	.69**	.66**	.54**	.44**	.53**	.66**
	Supervisors are able to influence and inspire others	.57**	.75**	.64**	.64**	.72**	.40**
	Supervisors behave empathically	.65**	.63**	.62**	.50**	.59**	.55**
	Supervisors treat others with respect	.41**	.54**	.54**	.57**	.71**	.30*
	Supervisors strengthen trust and the climate of justice	.58**	.59**	.58**	.55**	.70**	.53**
Internal communication	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.53**	.55**	.57**	.54**	.54**	.43**
	Managerial staff as well as employees have effective communication skills	.64**	.61**	.64**	.52**	.56**	.57**
	The language of communication used in a company is understandable to all employees	.55**	.48**	.58**	.42**	.45**	.58**
	A company openly communicates pending problems	.53**	.49**	.59**	.54**	.57**	.52**
Legend:							
The variables describing interpersonal relationships:							
1. Employees can count on each other							
2. Employees show interest in each other							
3. Employees are frank with each other							
4. Employees like each other							
5. Employees show acceptance and respect each other							
6. Condition of IRs in employee teams translates into relationships among the teams in a company							

The variables used in the study and associated with the creation of employee integration and identification with the company, can be regarded as the antecedents of employee relationships, but also as their effects. Again,

the dependencies involving the positive behaviour of employees are arranged in a spiral of mutual interactions. This applies to each of the enumerated elements. For example, employee job satisfaction can contribute to their positive attitude to colleagues and build positive relationships with them. On the other hand, positive relationships with co-workers contribute to further improvement of job satisfaction. Clarity of organisational culture can foster positive employee relationships due to the transparency and understanding of applicable values and patterns of behaviour. Simultaneously, interpersonal relationships can help improve the clarity of the organisational culture, because they can have a perceptive role helping to understand the organisational reality. However, one element seems to be rather a determinant than an effect of interpersonal relationships – ‘employees have a sense of justice in the workplace’. This is due to the fact that the sense of justice is mainly related to the nature of the procedures and practices used in the organisation. The sense of justice promotes frankness, as well as employee acceptance and respect.

Among the antecedents associated with the exercise of power in an organisation, the strongest correlation with employee interpersonal relationships is connected with the fact of having the right skills by managers. The most noticeable are the skills of exerting influence and inspiring employees, as well as communication skills. Managers should behave empathically and respect staff. In this case, the more significant correlation is a good example given by the middle, rather than top management.

The fact of having the right skills by managers and employees is an element supporting interpersonal relationships of internal communication. Moreover, other significant antecedents cover the increase in the efficiency of communication channels, as well as communicating pending problems. This is important, as both depend not only on the managerial attitudes, but also on organisational procedures. The latter are subject to the management will and control to a larger extent. This is noteworthy in the light of the fact that the most strongly correlated groups of internal antecedents, enumerated in table 5.4, are the ‘soft’ resources, as much as interpersonal relationships themselves. Consequently, the conscious shaping of such resources is difficult. Hence, it is worthwhile to look at the next group of antecedents, i.e., the antecedents connected with procedures and material resources of an organisation. They are presented in table 5.8.

Table 5.8. The remaining antecedents of positive interpersonal relationships, Pearson correlation coefficient, ** p < 0.01; * p < 0.05

Area	Antecedents	Interpersonal relationship manifestations					
		1	2	3	4	5	6
Human Resources Management	HRM procedures are transparent and consistently applied	.53**	.44**	.48**	.39**	.42**	.63**
	A company sets high requirements for candidates to be employed (elitist employment)	.46**	.37**	.36**	.34**	.36**	.51**
	A company has the necessary tools for recruitment and selection of the key employees	.51**	.44**	.50**	.45**	.44**	.57**
	Employees of relevant qualifications, skills and personal competencies are appointed to perform the tasks	.57**	.42**	.43**	.33**	.36**	.64**
	The recruitment process takes into account the conformance between the values of an organisation and individual values of employees	.61**	.48**	.45**	.45**	.42**	.57**
	Personal and social competencies are important criteria when recruiting a CEO	.55**	.46**	.44**	.36**	.39**	.65**
	Recruitment criteria for managerial positions include necessary knowledge and skills (resulting from the work position)	.46**	.35**	.34**	.20*	.31**	.51**
	Recruitment criteria for managerial positions include social competencies (appearance, establishing relations, communication skills, teamwork)	.54**	.50**	.47**	.35**	.47**	.56**
	Recruitment criteria for managerial positions include emotional competencies (empathy, self-consciousness, self-control, self-motivation)	.55**	.51**	.46**	.44**	.51**	.58**
	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.54**	.50**	.46**	.38**	.47**	.56**
	Control	Controlling is aimed at capturing information for the improvement of areas under evaluation	.44**	.48**	.61**	.51**	.51**
A company has the standards enabling the validation of the honesty, justice and transparency of the rules for all employees (regardless of their position)		.35**	.35**	.50**	.38**	.42**	.23
Achievements are the main criteria for evaluating employees		.38**	.51**	.45**	.47**	.53**	.36**
Tangible resources	Workplaces are designed in accordance with the requirements of ergonomics	.49**	.56**	.58**	.50**	.55**	.33**
	Workplaces are equipped with attractive amenities	.53**	.57**	.50**	.40**	.52**	.44**
Strategy	The progress and effects of the strategy implementation process are honestly and openly communicated	.45**	.42**	.56**	.59**	.52**	.52**
	The criteria for contracting suppliers are not limited to an economic dimension	.52**	.50**	.49**	.34**	.33**	.47**
	A company set ambitious aims and objectives for its employees	.47**	.48**	.56**	.52**	.51**	.38**
Structure	An optimum formalisation is in place combining both precise and clear procedures (when needed) and informal activities	.39**	.49**	.43**	.45**	.53**	.36**
	Organisational structures are transparent	.42**	.50**	.43**	.40**	.51**	.35**
	The responsibilities of employees are clear and complete	.49**	.48**	.56**	.47**	.49**	.39**
	A company emphasizes teamwork	.54**	.46**	.46**	.34**	.44**	.48**

Legend: Variables describing interpersonal relationships: 1. Employees can count on each other; 2. Employees show interest in each other; 3. Employees are frank with each other; 4. Employees like each other; 5. Employees show acceptance and respect each other; 6. Condition of IRs in employee teams translates into relationships among the teams in a company

Most important antecedents are related to the management of human resources. These elements interact with the previously discussed forms of organisational culture and attitudes of managers. HRM procedures should be clear and consistently applied, which enhances the perception of justice by employees. The mentioned earlier skills and abilities of managers should be taken into account in their selection process, which were, i.e. their social and emotional competences.

A study on the correlation of company material resources with interpersonal relationships is very interesting. Their importance has been indicated in our previous research project [Stankiewicz, 2010a]. In this regard, the most important is ergonomic and attractive workplace equipment. Interestingly, they are mostly associated with the show of interest by employees and mutual frankness.

Among the resources associated with control of the strongest correlation with positive interpersonal relationships is a positive attitude to control, i.e. treating it as a tool for improving the workplace. This is undoubtedly related to shaping organisational climate, as described above – the climate of justice and clarity of conduct. This antecedent supports employee frankness.

In the resource group associated with the company strategy, there are two particularly important issues. Firstly, it is a sincere communication about the progress and effects of the strategy. This practice not only promotes employee frankness, but is also related to their mutual friendliness. Another important aspect is setting ambitious goals for employees.

In organisational structure, in addition to its transparency, teamwork turned to be significant. As indicated in previously cited sources, that is not a guarantee of building good relationships, as individualistic attitude to work can still dominate within a team. However, without the proper place for teamwork in an organisational structure, the creation of relationships will have a much lower chance.

The opinions gathered during interviews in selected companies confirm the discussed antecedents. They are presented in table 5.9., which includes some of the most characteristic examples from the surveyed companies.

Table 5.9. Best practice in shaping employee interpersonal relationships

<p>In the company Apator SA friendly relationships among employees support a good work climate and have a positive impact on productivity and innovation, without which the success of the company would not be possible. In order to maintain positive employee relationships in the company there are organized integration meetings where employees can participate with their families. In case of serious employee problems the CEO and the board members take up additional activities to show a good example of positive relationships.</p>
<p>In Cukiernia Sowa Sp. J. positive relationships in teams are formed mainly along two lines. First, these are the activities related to human resources management. Social competences of employees are verified both in recruitment and selection. It appears that the overall working atmosphere is affected by the incentive system, but it is not essential. The second path is to organize different activities for employees such as cycling, trips abroad and carnival balls – so that employees identify with the company. The company created a social fund, which helps to cover all kinds of entertainment for employees.</p>
<p>Frauenthal Automotive Torun Sp z o.o. declares great importance to interpersonal relationships. They are considered to be an important intangible motivating factor. As part of strengthening relationships it is common to celebrate important events for the company. The initiative supporting good relationships is the football team, where the CEO plays together with production workers. Unfortunately, despite the efforts to build the best relationships and improve communication, the company still operates between “the office” and “production”.</p>
<p>The Golpasz SA company is aware that these are workers who determine the company market and financial position. Positive interpersonal relationships are part of their organisational culture. Employees and managers who are not able to adapt and change attitudes and behaviours leave the company. The element that supports relationship creation are a series of meetings about current knowledge in the field of technology or quality and marketing problems. Current issues of cooperation and assessment of the work of individual units and employees are discussed there. Employees suggest training that would be helpful to them. Often the issue of training is reported by employees. An important tool to promote relationships are also team building events, where an element of improving knowledge is introduced. Team building events are often held outside the workplace. These are a two-day training with expert lectures, discussions on current problems and challenges of the next period.</p>
<p>HydroVaccum SA creates the conditions for a sense of the employee interdependence – interest in the problems of other departments and look for common solutions to existing problems</p>
<p>Marwit Sp. z .o. organizes meetings for employees (sleigh ride or Christmas party) 2–3 times a year. They introduced the idea of the so-called “common breakfast”, but because of the limited space only some employees take part in it. Every day, one of the manager buys components, each of which prepares ingredients for everyone to use for breakfast. The company also provides their employees company products such as juices and salads at prices much lower than the regular sales prices. The director seeks to improve relationships between the teams (usually the least popular is the sales department), for example through the creation of a common space (room sales), where the sales staff, who are on the premises they can sit back, plug in a laptop ... Field trips are used to enhance the relationships among employees.</p>
<p>Netia SA builds relationships between employees on the grounds of mutual understanding among them. This is done through e.g. training which brings employee attention to their aptitudes and weaknesses, especially in soft skills area. The key event in the creation of positive interpersonal relationships was the arrival of the new CEO who believes in building relationships and trust. Financial means followed the change of attitudes in the company. A lot of time was spent to convince the employees that the investment in soft skills will result in the company development.</p>
<p>In Nova Trading SA the creation of interpersonal relations is done though direct contacts – short communication paths both vertical and horizontal. Managerial staff tries to convince the employees that they are important, they create the company. The company organizes short trips and team building – canoeing, barbecues, going to the pub. They celebrate birthdays, Christmas Eve and traineeships together. Discussing and solving problems is done in short meetings and events. The sense of coherence is built also by engaging and cooperation of “difficult people” in joint projects.</p>

The PESA SA management is aware of the importance of the effectiveness of the instruments used for interpersonal communication, if possible they try to improve communication processes from the organisational and time perspective. In addition to formal vertical channels of communication, an employee can communicate directly with other employees and direct supervisors without any formal organisational hierarchy. Lateral informal communication of managers and employees from various backgrounds is of vital importance in solving joint challenges. Communication training is introduced within the managerial competences development programme. Managers are available to employees, the door is open, you can enter the rooms without knocking. Talks are at the table, rather than at the desk. In the communication process power distance attitudes are actively avoided. An important tool used by management teams are various forms activities outside working hours (such as bowling, etc.). An important form of integration is managerial training with the participation of directors and board members, all kinds of business events, product presentations, participation in trade fairs.

In Remondis Bydgoszcz Sp. z o.o. the President tries to support friendly employee relationships by showing that the company is a shared place of work with shared values so that all employees have better lives. "We make the company for us." There are many informal meetings after work. In addition, bigger meetings are held in a restaurant 3 – 4 times a year, for example, a meeting that summarises a working year. The company also organizes events such as Children's Day in the form of a family picnic. 95–100 % of workers come to the event, which signifies its importance to the employees. They do not have the obligation to do so they just want to spend their free time with their families and with colleagues. The company takes care about the material resources supporting relationships – space for interpersonal meetings in each office, manual workers also have their own place, for example, to eat. In addition, all the workers are equipped with mobile phones, which they can communicate with each other without any limits for free.

TZMO SA has a policy of putting together teams of people that like each other. Employee preferences are taken into account, thus the cooperation is smooth. Sometimes the initial lack of friendliness is overcome by shared project. Interdependence but not the subordination of employees results in the improvement of relations and good work. Company Olympics for company employees and their families was an event that positively influenced personal relationships in the company. Some employees had a chance of seeing each other in person, as they had talked only on the phone before. That greatly changed employee attitudes. The company received a massively positive feedback and is going to continue doing so on a larger scale.

KA POP antecedents were also assessed in the Delphi session. The expert opinions were not different from the company survey on the discussed issues, however, there were some aspects in the Delphi session worth mentioning that were not surveyed in companies. That was the identification of the antecedents hindering KA POP development. The survey in companies was carried in the light of positive theory focusing on the company strengths rather than on the weaknesses. But the positive approach, as mentioned in Chapter 1, does not mean the disregard for negative phenomena, which would be a naïve point of view.

Table 5.10 presents the barriers of positive relationships shown by experts categorised into groups concerning managers and corporate governance, organisational culture, HRM, organisational structure, communication and individual factors.

Table 5.10. Barriers hindering employee interpersonal relationships

Categories	Barriers
Managers Corporate governance	<ul style="list-style-type: none"> — low managerial qualifications, lack of social competence (including empathy) — directive managerial style focused on tasks not on people, — lack of supervisor trust in subordinates, — conflicts with supervisors, low conflict resolution culture, — lack of empathy in supervisor-subordinate relationships, — lack of the problem recognition in a company, — disregarding the issue of interpersonal relationships by the board, — trade unions with too many claims, — lack of cooperation with trade unions or other employee organisations
Organisational culture	<ul style="list-style-type: none"> — organisational culture polarising employees, — organisational culture promoting “I’m a humble servant” or “I have power I am right” attitudes, — lack of understanding of organisational objectives, — lack of clear (e.g. ethical) rules, — lack of respect for different attitudes to a given problem (imposing solutions), — lack of integration between individual, group and organisational objectives, — widespread “rat race”, race to get promotion and awards, — strong pressure on results regardless of situation, — lack of real teamwork (sometimes teamwork means forcing some individuals to do the work for the group)
HRM	<ul style="list-style-type: none"> — lack of effective HR policies supporting mutual relationships, supporting informers, — lack of simulation for good relationships, e.g. off-work training or trips, — lack of clear rules and assessment, promotion, remuneration criteria, lack of clear selection criteria, — sense of injustice due to lack of promotion or raise, — lack of a good system of work and behaviour, i.e. 360° feedback
Organisational structure	<ul style="list-style-type: none"> — strong centralisation and formalisation, — mistakes in work division and decision-making competences, — bureaucracy, — lack of indirect contact (in the case of a multi-departmental company)
Communication	<ul style="list-style-type: none"> — to high barriers between corporate organs and the organisation as a whole, — lack of good communication every day
Individual factors	<ul style="list-style-type: none"> — burn-out — individual personality qualities — employee cliques

The surveyed stimulating antecedents are the opposite of the barriers indicated by the experts. In the category related to managers, the barriers are connected with the lack of adequate social skills or managerial attitudes to employees, in particular the lack of trust, or management style oriented solely on tasks resulting in the lack of interest in employee relationships. The experts also drew their attention to the importance of the relations with the trade unions. These are the problems of corporate governance, which

again may hinder employee relationships. The expert opinions pinpointed the fact that the trade unions can also be blamed for the creation of such barriers with their multitude of claims towards the company that may have an adverse impact on the employees.

The barriers of interpersonal relationships related to organisational culture are due mostly to the lack of general cohesion. The cohesion, as shown in the earlier discussion, is one of the basic antecedents of positive interpersonal relationships in and organisation. The manifestations of this lack of cohesion are the lack of teamwork and relationship-related attitude, as well as the lack of understanding for the shared objectives and values, “rat race” and polarisation of the employees.

The HRM barriers indicated by the experts are also the opposite of the stimulating antecedents discussed above. Most of all, these are the lack of transparent and clear rules and criteria applied in various stages of HR management. This results in the sense of injustice among employees, the feeling which is deeply rooted with positive interpersonal relationships. The experts also enumerated the lack of off-work training and trips that support employee integration. However, this correlation was not supported by the company survey. Thus, off-work training and trips may be assumed to be a necessary but insufficient antecedent of positive interpersonal relationships.

One of the organisational structure-related antecedents of positive interpersonal relationships is a proper formalisation and task division. Consequently, experts indicated strong formalisation and mistakes in task and responsibilities division as barriers to relationships. Additionally, another barrier they demonstrated was too strong centralisation, which is the opposite of employee self-reliance. The next problem related to organisational structure is the lack of direct contacts among the employees, which has an obvious impact on the possibilities of forming relationships. This barrier seems to be related with the next one, i.e. the lack of the good everyday communication in an organisation, but also with the barriers in communication between organisational organs and the rest of the organisation.

The last group of barriers are individual factors, such as personality qualities, but also the creation of employee cliques or professional burn-out. Employee cliques can be the reflection of employee attitude aiming at the realisation of their own objectives, however, it can be a result of mistakes in management leading to the low cohesion of employee teams. Professional

burn-out resulting in health and emotional problems could be a result of an improper design of individual work and again mistakes in management.

Experts also indicated external antecedents of shaping individual KA POP in companies. The answers concerning the formation of positive interpersonal relationships are set in Table 5.11.

Table 5.11. External antecedents of forming positive interpersonal relationships according to experts

Environment areas	External stimulating antecedents	External hindering antecedents
Economic environment	<ul style="list-style-type: none"> — National wealth, quality of life — Cultural, sport and recreational offer — Availability of “soft skills” training for employees and managers, “fashion” to take part in those — Possibilities to take part in integrating programmes 	<ul style="list-style-type: none"> — Low level of national wealth and unemployment — Supply of work lower than demand for work – competition at work
Social environment	<ul style="list-style-type: none"> — External pressure to form positive attitudes and behaviours, respect for and adherence to human rights, positive examples of behaviours coming from e.g. religious beliefs — Introduction of corporate standards, necessity to create corporate culture — Employee participation in various organisations, traineeships, sport and tourism — Open social culture, internationalisation 	<ul style="list-style-type: none"> — Competitiveness and “rat race” — Discrimination: gender, age, pay — Closed social culture — Promoting the attitude of minding only own business — Low level of trust
Political and legal environment	<ul style="list-style-type: none"> — Trade unions and employee organisations as business partners — Legal solutions preventing employee harassment 	<ul style="list-style-type: none"> — Employment law regulations, e.g. concerning dismissals — Ossified trade unions — Industrial tribunal judgements regardless of employee guilt — Trade unions closed for company environment.

The factors identified by the experts are very general, as the impact of external antecedents on forming positive relationships in a company is also very general. The relationships depend foremost on what is going on within an organisation. Nonetheless, the expert opinions are valuable and require a short commentary.

For the sake of the analysis, the external antecedents were divided into three categories: economic, social as well as political, and legal environment.

According to experts, a factor important for employee relationships is the condition of the economy. Higher quality of life and the level of national wealth have a stimulating effect on positive relationships. In turn, the inequality of demand/supply on the labour market and the low level of wealth have the adverse effect. Such dependencies are not obvious and require deeper

research. Other stimulating antecedent is the market availability of training and integrating programmes, which is actually connected with the level of economic development.

Among the social and cultural antecedents, the experts highlighted various forms and sources of models of proper behaviour. Should it be religion or competitor's codes of ethics, more or less formal requirement of creating own company code of ethics, or even internationalisation that raises tolerance and social sensitivity – they all may have a positive impact on positive interpersonal relationships. The adversity of such openness, namely, the deepening lack of trust and discrimination of various social groups are, thus, the hindering factors of interpersonal relationships. They are joined by national culture elements connected with the promotion of “rat race” attitudes and minding only one's own business.

The last group of antecedents are phenomena connected with the political and legal environment. However, it is difficult to indicate law or regulations that would have a direct impact on such a delicate matter, the experts suggested some issues that can have stimulating or impeding effect. Thus, the existence of regulations preventing pathologies in organisations, such as employee harassment, as well as the partner attitude of trade unions, will not form the positive relationships as such, but will remove some of the barriers. On the other hand, analogically, the hostile attitude of trade unions, or the regulations triggering employee-employer conflicts will create a more difficult ground for shaping good interpersonal relations.

5.5. Impact of interpersonal relationships on organisational development

Positive relationships are beneficial not only to an individual, their physical and mental state or sense of identity. According to Kahn theory [Kahn, 1990], people in relationships have a greater sense of meaningfulness, safety and availability of people they trust. Employees creating both instrumental and emotional connections with other employees are more inclined to invest in their physical, emotional and cognitive energy in helping others. Besides the arising positive cycle of helping behaviour [Chiaburu and Harrison, 2008], the enumerated in literature positive effects of interpersonal relations for an organisation cover among others:

- effective knowledge management: positive relations enhance the will to learn and experiment [Davidson and James, 2007], as well as knowledge sharing [Ibarra, 1992; Gersick et al., 2000];
- creativity [Atwater and Carmeli, 2009];
- higher employee performance, satisfaction and engagement [Halbesleben, 2012],
- lower employee absence and turnover rates [Chiaburu and Harrison, 2008].

Our research in companies supplied the data necessary to determine the correlations among the dimensions of interpersonal relationships and manifestations of organisational development. The correlation coefficients are presented in Table 5.12.

Table 5.12. Correlation coefficients between the dimensions of positive interpersonal relationships and company development antecedents, Pearson correlation coefficient, ** $p < 0.01$; * $p < 0.05$

Variables	Interpersonal relationship manifestations					
	1	2	3	4	5	6
We had a considerable increase in work efficiency between 2009 and 2011	.38**	.29*	.27*	.22*	.28*	.40**
We had a considerable increase in innovativeness between 2009 and 2011	.43**	.30**	.26*	.33**	.28*	.35**
We had a considerable increase in the quality of applied business processes between 2009 and 2011	.46**	.35**	.29*	.35**	.38**	.51**
We had a considerable increase in our products quality between 2009 and 2011	.39**	.29*	.26*	.32**	.29*	.44**
We had a considerable increase in employee satisfaction between 2009 and 2011	.50**	.43**	.35**	.35**	.38**	.44**
We had a considerable increase in customer satisfaction between 2009 and 2011	.44**	.33**	.37**	.35**	.34**	.60**
We had a considerable development of company reputation between 2009 and 2011	.35**	.21*	.25*	.25*	.26*	.50**
The mean of organisational development manifestations	.49**	.36**	.34**	.35**	.36**	.51**
The mean of organisational performance	.39**	.34**	.29*	.29*	.28*	.35**
Legend:						
Variables describing interpersonal relationships:						
1. Employees can count on each other						
2. Employees show interest in each other						
3. Employees are frank with each other						
4. Employees like each other						
5. Employees show acceptance and respect each other						
6. Condition of IRs in employee teams translates into relationships among the teams in a company						

Positive interpersonal relationships are more strongly correlated with organisational development manifestations, correlation coefficient of $r = 0.47$, than with organisational performance where the coefficient amounts to $r = 0.38$.

It corresponds with the early described literature sources, where the impact of interpersonal relationships is confirmed for employee satisfaction or engagement. Our research results show a positive correlation of employee satisfaction with positive interpersonal relationships. The strongest relation with employee satisfaction has been found not only for employees counting on each other and showing interest in each other, but also for transferring in-team relationships into between-teams relationships. An interesting result comes from the correlation between the interpersonal relationships and the growth in customer satisfaction. The strongest correlation is calculated for transferring in-team relationships into between-teams relationships. It can be explained by a particular contagiousness of positive relationships which makes them a fixed element of interpersonal contacts including contacts with customers who feel more satisfied due to nicer service. Moreover, transferring in-team relationships into between-teams relationships is also strongly connected with the growth in the company renown, which may be an effective element of positive relationships between employees and company customers. Transferring in-team relationships into between-teams relationships is, in addition, related to the growth of work efficiency. It could be justified by the fact that the overall work efficiency will result from, among others, coordination of all teams, which is supported by positive relationships among them.

The second element of relationships that is also more strongly than others related to organisational development is the ability of employees to count on each other. As described above, positive employee relationships can enhance the efficiency of information and knowledge exchange, decision-making and the distribution of resources. The ability of employees to count on each other is the factor that supports the mentioned processes. According to our research, showing the correlation between positive relationships and the growth in innovativeness, product and business processes quality may prove that the employee cooperation stimulated through positive relationships brings beneficial effects for the company.

5.6. Recommendations on shaping positive interpersonal relationships in companies

The approach presented in the book is based, among others, on the resource-based theory, which focuses our interest on the resource-based antecedents

of the analysed key areas of Positive Organisational Potential. Due to the same reasons, including the practical standpoint, the presented recommendations will refer to internal organisational environment. Interference in external factors, in most cases, is outside the company's reach.

Literature analysis and the survey research results backed by expert opinions support the fact that one of the interpersonal relationships antecedents is the creation of conditions where the employees feel mutually interdependent. Such feeling to become real and consistent in time needs to become an element of the organisational culture – transparent, promoting self-reliance, realisation of ambitious objectives and real teamwork.

That should be accompanied by the climate of justice and mutual respect. Conscious shaping of organisational culture is a difficult task. However, as our research shows, those elements may be supported by the adequate management practice. Part of the practice is related to human resources management. Clarity, openness, and consistency of applying recruitment and selection procedures, employee appraisals or promotions will be used to build the feeling of justice and predictability of managing employee teams. A proper design of the HRM system is even more important in the light of its strong correlation with transferring in-team relationships into between-teams relationships. As described above, this is one of the most important elements for organisational development.

The perceived clarity of the rules of conduct will also be constructed through effective communication which will be concerned with the implementation and results of the introduced strategy, which will have a motivating effect on further shared work. Setting and communication of ambitious objectives will enhance the processes in company. The perceived interdependence and strong responsibility for the work done as antecedents of positive interpersonal relationships can be also stimulated by the delegation of decision-making power to employees as well as giving them a fuller range of self-reliance.

Next to the interdependence, the second factor of positive interpersonal relationships is shaping the preferred examples of behaviour in an organisation. Managerial staff, especially middle managers, plays a vital role in this extent. The managers show a good example that is reflected in employee teams. And although a supervisor who treats their employees badly can integrate them, such a direction of building positive organisational potential seems

to be dubious. If managers are to create the examples of positive relations, they need to have an aptitude for social skills. In order to attain this in an organisation, on one hand, such criteria need to be taken into consideration in managerial staff selection, and on the other hand, social skills need to be developed through training.

The factor that is a background to the described above mechanisms and, at the same time, it is in itself connected with enhancing positive relationships are material conditions of work. The attractiveness and ergonomics of work, i.e. the comfort of work, helps in creating positive attitude to co-workers. Good material conditions of work fulfil basic employee needs, helping to fulfil, according to Maslow's theory, further needs, including the social ones. The importance of material conditions of work need to be highlighted and contrasted with the resource-based theory viewpoint where the most important resources are intangible.

The objective of the chapter was to describe the characteristics, significance and antecedents of positive employee relationships. The next chapter will deal with the same aspect in relation to trust. Trust can be treated as one of the dimensions of interpersonal relations but in an organisation its scope is much wider. Therefore it has been treated as a separate key area of Positive Organisational Potential.

Chapter 6

TRUST IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES

Barbara Józefowicz

6.1. The nature of trust as a key area of POP

Trust plays a very important role in everybody's life. We often realise that only when we have problems with trust. Economic crises show it clearly on a large scale. Recognized world economists, political scientists and sociologists, such as Joseph E. Stiglitz, Benjamin Barber or Piotr Sztompka, during their public speeches and interviews explain that the decline in trust is the essence of the latest financial crisis. This has been proved by C. Sapienza and L. Zingales in the paper entitled „A Trust Crisis” [Sapienza and Zingales, 2012, 123–131]. More and more often, the term of the crisis of trust is used in different contexts: social, political, economic, organisational, and even interpersonal.

It seems that the value of trust has been depreciated, particularly in business. Although recently the idea of trust has been refreshed again, this is more like a slogan than the real activity conducted in companies. Apparently, the need and importance of trust must be constantly recalled. Hence, it should be valuable to provide empirical evidence of the relation between trust and specific positive organisational outcomes, which is the aim of this chapter.

Scholars representing various disciplines agree about the importance of trust in socio-economic life (e.g. an economist K. Arrow 1974, psychologist J. Rotter 1967, economist and political scientist F. Fukuyama 1997, political scientist R. Hardin 2006, and sociologist P. Sztompka 2007). The problem of trust appears relatively often in management literature, however credible research concerning the advantages of trust in an organisation is still limited. The reason for this is the lack of mutual understanding regarding the trust meaning, which is often interpreted in entirely different ways [Hardin, 2006, 40–41; McAllister, 1995, 79]. The lack of theoretical cohesion implies severe research difficulties, causes danger of false inference and restricts the knowledge advancement. It is hard to compare results of different trust studies as they may concern completely distinct subjects [McKnight and Chervany, 1996, 4; Castaldo et al., 2010, 666].

The most common theoretical approaches treat trust as [Grudzewski et al., 2009, 17]:

- a disposition, i.e. a mental subjective attitude to the other party (assessment, prediction, expectation);
- a decision, i.e. an intention to rely on the other party; as the result the trusting person becomes dependent on him or her;
- a behaviour which comes from an act of entrusting to the other party.

Discussions in the literature that concern these divergences remain unresolved. In the behavioural approach, trust is a belief plus activity based on it, as an active taking the initiative in future anticipation [Sztompka, 2007, 70–71], in opposition to a passive hope. Trust is important when trust expectations are significant from the decision-making point of view [Luhmann, 1979, 24]. When we trust somebody we behave as if we were sure about the future, although in fact there is a risk of failure [Serva et al., 2005, 631].

Although there are still logical arguments that trust is neither a decision nor a behaviour, people still make decisions and act, or refrain from acting, on the basis of trust. At that time trusting behaviours are reflected. In this approach, trust is the disposition which is expressed through the trustful behaviours [Nootboom, 2002, 41]. On the other hand, trusting behaviour does not always have to mean real trust.

Trust is not a decision either, because when facing a dilemma to trust or not to trust in a given situation, one cannot consciously choose to trust,

without feeling it really. However, if, theoretically, this happened and we made a decision to trust, it would be a contradiction to our own beliefs expressed in actions manifesting trust not only pretending trust. A feeling of anxiety, suspiciousness and desire to control could still accompany us. It is impossible to coerce anyone to trust people. It is possible only to provide evidence leading to trust. It is reflected by the assumption that trust is a cognitive concept – it is grounded in an appropriate knowledge about people whom we trust and about the motives that are driving them [Hardin, 2006, 17–18].

If in a real situation we still force ourselves to a behaviour expressing trust to somebody and it becomes a fact, then due to the cognitive dissonance it may come to confirm the conviction of the right decision in the purpose of the balance restoration and the attitude changing, namely the real trust.

In practice, it is difficult, however, to separate a disposition from a decision and behaviours, particularly in a survey context. It should be remembered though that a possibility of displaying trust with one's actions does not always exist. Similarly, a confidant does not always have the opportunity to demonstrate their credibility. Trust comes down then to the psychological category, called a trust willingness [Hacker and Willard, 2002; Mc Allister, 1995, 25] or a trust propensity [Colquitt et al. 2007, 909–911], which all in all is necessary to create a trustful relationship but does not guarantee it.

Misperceptions referred to as by R. Hardin [2006, 32–33] are due to the fact that trust may arise as a consequence of the described situations. This, among others, signifies the positivity of trust, as it has the ability to reciprocate and disseminate [Covey and Merrill, 2009, 67]. Starting with trusting oneself each person can set off the wave reaching wider and wider circles of social relationships.

It can happen due not only to being trustworthy that creates strong foundations of knowledge based trust, but also to the rule of reciprocity. R. K. Sprenger refers to it as binding power of trust [Sprenger, 2009, 117], triggering a strong need to reciprocate the trust obtained in a high risk situation. That results in a taking a commitment towards a “donor” as we want to reciprocate the gift of trust manifestations. Quick initial trust, without earlier experience resorting to reasoning, is fruitful. Through such gestures it is transferred onto the whole organisation, later to the relations between the organisation and the market, and finally to the whole society.

Trust is the most widespread and everyday phenomenon in a social life [Sztompka, 2007, 13]. We do not realise nowadays how much of the current civilisation development is the result of trust [Schneier, 2012, 1]. Using products and services delivered by other people, we express our trust in them. Paying through the modern technologies we express our trust in banks and other institutions. Trusting their reliability, we entrust important aspects of our life to their hands and do not expect them to let us down. Despite some degree of risk, trust enhances our limited abilities of an individual person. It enables us to fulfil our needs better or to increase their number. Trust conditions the fulfilment of the needs requiring cooperation. This is the art of reducing mistrust, resignation from the full control over everything and the approval of dependence on others, but with the sense of relative safety.

The sense of safety is based on various, more or less rational premises: sometimes on the previous experience, sometimes on the basis of the mutual benefits, and sometimes under the impact of emotions [McAllister, 1995, 54]. Behaviour in companies is similar, people engage in voluntary relationships with others expecting positive effects.

The subject of trust, not only in the context of company management but also in a private life, arouses controversies or strong emotions. It is caused by a variety of trust interpretations in everyday life and associating it with gullibility. That is why the rule of trust coherence is noteworthy, it says that it is functional to trust people who are trustworthy and do not trust the untrustworthy [Sztompka, 2007, 315]. Trust is not about the blind trust, i.e. the rejection of all the arguments against trusting someone [Grudzewski et al., 2009, 25]. The manifestations of such dysfunctional trust is non-negotiability, over-familiarity, the limited scope of keeping one's word and cordial hypocrisy, i.e. a superficial benevolence hiding cynicism and distrust [Solomon, 2003, 65–66]. Such attitudes in the long run cause decay in relationships, lead to abuse, pathologies, manipulation and destruction. Real trust assumes frankness: you cannot pretend to be frank as trust ceases to exist.

A multitude of literature definitions on trust in business relations was analysed by S. Castaldo, K. Premazzi and F. Zerbini [2010]. Using computer-aided content analysis and network analysis methods, they summarised a 50-year literature output on the subject. Thus, they identified

the key and recurring dimensions and put in order the variety of meaning in conceptualization of trust in past research. The differences in defining trust can refer to the following areas [Castaldo et al., 2010, 663]:

- The „conceptual nature” of trust. Trust has been predominantly conceived in different ways: as a reliance, a belief, a willingness, an expectation, a confidence, and an attitude.
- The „subjects” (trustor and trustee) involved in the business relational context in which trust is important. These subjects are individuals, groups, firms, and organisations, and they can be more or less generically described. They can be characterised in various ways: their competence, expertise, honesty, integrity, benevolence, etc. These characteristics are fundamental trust antecedents.
- The „object” of trust. This may take the form of actions by the trustor, who will behave in a way that is consistent with his decision to trust, and actions by the trustee, who will act in a way that is assumed to be consistent with the achievement of the trustor’s objectives. This is the behavioural dimension of trust.
- The „consequences” of trust (e.g., positive or non-negative outcomes) for the trustor. The actions of the counterpart who is trusted are presumed to be predictable or, At least, positive by the person who trusts. The predictability of the other person’s behaviour and the fact that behaviour produces outcomes that are favourable to the trustor’s objectives are two typical results of trust.
- The „characteristics of the relational context” (e.g., uncertainty, risk, vulnerability). Trust is only bestowed where there is an uncertain or risky situation. In this case, the trustor, by trusting the counterpart, voluntarily puts himself in a vulnerable situation.

An extensive review of definitions and concepts of trust can be found in many publications [e.g. McKnight and Chervany, 2001; Pirson, 2008; Lewicki and Bunker, 1996, 115–117; Sankowska, 2011, 31–33]. All of them express an assumption that trust conveys optimism of the future, positive attitude and goodwill etc. To put it bluntly: „to say we trust you means we believe you have the right intentions toward us and that you are competent to do what we trust to do” [Hardin, 2006, 17].

Various kinds and types of trust are defined in relation to the context of the analysis. This can be defined from the external and internal points

of view. The external view covers all the inter-organisational relations as well as between an organisation and its external stakeholders. Whereas the internal point of view covers trust among employees, employees and supervisors as well as a general atmosphere of trust. Our research concentrated on the latter perspective, called the organisational trust.

Again, literature provides us with a variety of organisational trust interpretations. Those relate to the interpersonal level [Dirks, 1999, 446], individual [Darrough, 2008, 22], group [Lazaric and Lorenz, 1998, 2], institutional [Ellonen et al., 2008, 162], general credibility of an organisation [Pirson, 2008, 60], and, finally, the trust climate [Huff and Kelley, 2003, 82]. The trust climate signifies a positive expectation of individuals referring to the intentions and behaviours of organisation members based on organisational roles, relationships and interdependence.

The trust within an organisation is characterised by its complexity and can be viewed from several approaches depending on the subjects taking part in that relation between the trusted and trusting and the direction of the relation. There are the following:

- mutual trust among co-workers;
- trust of employees to their supervisors;
- trust of supervisors to their subordinates;
- trust of the organisation itself, represented by the Board, to its employees;
- trust of the employees to their organisation (the Board).

More and more often organisational trust is not seen as the trust to immediate supervisors, co-workers or leaders [Tan and Tan, 2000, 241]. It can be „trust is a reflective action to become vulnerable to a person, a group, or an organisation based on expectations of trustworthiness along the dimensions of competence, benevolence, reliability, openness, and integrity.” [Pirson, 2008, 60]. In turn, the authors of *Organizational Trust Index (OTI)*, define organisational trust as „overarching belief that an organisation in its communication and behaviours is competent, open and honest, concerned, reliable, and worthy of identification with its goals, norms, and values” [Shockley-Zalabak et al., 2010, 12]. But one of the most influential literature definitions of organisational trust is connected with the Integrative Model of Organizational Trust by R.C. Mayer, J.H. Davis and F.D. Schoorman [1995]. It explains the notion as „the willingness of a party to be vulnerable

to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” [Mayer et al., 1995, 712].

As mentioned above, our research assumed that the desired state of trust is a strong and common belief of the credibility and mutual friendliness among employees and management. In effect, attitudes, decisions and behaviours are accepted.

The problems with trust definition are the beginning of challenges posed in front of the trust researcher. However, the importance of trust encourages undertaking the search for the knowledge on trust in organisations.

The meaning of trust for businesses is invaluable, and is shown by the multiplicity of research and publications on the subject. For example, up to 2005 there had been 249 articles on the relations between trust and other variables [Colquitt et al. 2007, 913]. Trust is described to have many beneficial effects, though it is not always based on hard evidence. The benefits of high trust are, among others, the following: increase in organisational flexibility, enabling reorganisation, customer loyalty, increase in the speed of operations, enabling the transfer of knowledge and entrepreneurship, enabling creativity and innovation, lowering costs, employee loyalty and increase in internal motivation and efficient management [Sprenger, 2007, 29–61].

Trust plays the role of a strategic resource, helping in gaining competitive advantage and conditioning the implementation of every strategy [Covey and Merrill, 2006, 30–41]. If the company wants to meet its targets, they need to have trust to empower individual employees and teams to act on behalf of the company to implement a wide range of strategic objectives [Shaw, 1997, xiii].

Researchers claim that the high level of trust directly encourages positive employee attitudes, high level of cooperation and other forms of positive employee behaviours that lead to the higher level of organisational performance [Dirks and Ferrin, 2001, 452–455]. The moderating effect of trust is also mentioned, that is, the indirect impact on the abovementioned results through the creation of the environment enabling the existence of other factors such as motivation and commitment [Dirks and Ferrin, 2001, 455]. For example, in order to start cooperation a motivation of both parties is needed, whereas high level of trust triggers cooperative behaviours as one party believes in the will to cooperate of the other party. Though the trust

alone is not sufficient, without trust no relationship will succeed [Shaw, 1997, xii]. The high trust culture make the people concentrate on problem solving, rather than on hiding them.

Trust as a value deeply-rooted in organisational culture causes more and more long-lasting and authentic behaviours resulting from what employees believe in and what they think is right [Glińska-Neweś, 2010b, 47]. The atmosphere of trust supports positive employee reactions who in such an atmosphere engage in citizenship behaviours. Previous research prove the dependence between citizenship behaviours and trust to co-workers [McAlister, 1995], trust to the leader [Dirks and Ferrin, 2002, 618], as well as general organisational trust [Robinson, 1996, 592].

Trust in an organisation has considerable meaning as it supports management as well as it ties an employee to the company more efficiently than the best-thought over contracts [Sprenger, 2007, 55]. Trusting results in responsibility for the tasks assigned and engagement in the decision-making process [Spreitzer and Mishra, 1999]. It also supports and maintains internal motivation to work and increases the range of activities for nonconformist attitudes, and thus, enables creation of original ideas. That is why trust plays a crucial role in innovation.

According to experts taking part in our Delphi session, trust is a condition for efficient operations in a digital civilisation. It is an opportunity to limit the scope of control and inspection. It is an opportunity to decentralise management, increase the empowerment. It is generally an opportunity to increase the efficiency of the organisation.

The notion of trust pictures the idea of Positive Organisational Potential (POP) that signifies a specific combination of resources that triggers positive employee behaviours, characterised by significant and positive impact on organisational development. Trust was selected as one of the key areas of the POP on the basis of our first research on POP. Strong correlations between trust and pro-developmental employee behaviours and organisational development indicators [Glińska-Neweś, 2010a, 87–88] were studied. Bearing in mind the fact that the sole elimination of the problems does not induce the existence of the desired positive phenomena it is worth concentrating on such management that leads to excellence. Hence further exploration was carried out in the quest for efficient methods of strategic trust creation in an organisation.

6.2. Trust in surveyed companies

The trust literature analysis indicated a considerable variety of concepts, definitions, types and means of researching trust. It shows undoubtedly that trust is a very significant aspect, which is difficult to classify explicitly and study objectively. Simultaneously, it is a very capacious, multi-layer and interdisciplinary construct.

Trust itself is a non-observable phenomenon. However, it can be described on the basis of other variables. In the management science, component variables are used that can be diverse in accordance with the accepted interpretation and analysis context. The lack of the generally acknowledged trust measurement tool encouraged the author to try and create a trust measurement tool on the basis of its manifestations [Józefowicz, 2012, 101–103]. Our team's previous research has become the starting point for the enumeration of the trust manifestations. On the basis of the empirically proven relations and literature studies on trust, as well as a result of discussions in our research team, the most characteristic manifestations of trust have been established. The experts in the Delphi session have also taken part in the enumeration of trust manifestations. Their suggestions are presented in Table 6.1.

Table 6.1. The manifestations of ideal state of trust in an organisation

1. Employees accept the decisions taken by the management.
2. Employees can tell their supervisor about mistakes that they have committed.
3. Superiors are able to accept criticism.
4. Employees can report on issues that are difficult and resolve them.
5. Employees have a sense of freedom of expression (I say what I think, not what my boss expects of me).
6. Employees are aware they can get support in crisis situations from both their co-workers and superiors.
7. Employees (e.g. sales or procurement staff) are ready to inform their superiors of adverse situations in the company.
8. Positive interpersonal relationships.
9. Clear rules, acceptance of mistakes and errors, talking about them.
10. Organisational dynamics.
11. The separation of tasks and resources (including information).
12. Close cooperation.
13. Striking the right balance between risk management and the possibility of the company 's rapid growth generated by employees.
14. The belief that the co-workers are governed in their actions by company interest.
15. The sense of belonging to the company.
16. The sense of appreciation.
17. Low staff turnover.

Finally, the questionnaire survey concerning the key POP areas covered 7 following trust manifestations:

- employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences;
- there is the climate of friendliness within a company;
- employees willingly share knowledge;
- employees play fair even when they compete with each other;
- the superiors are not anxious to delegate their responsibilities and powers;
- employees do not resist to managerial decisions;
- employees are committed to their jobs, even when a company faces difficulties (crisis periods).

The factors connected with trust, as a particular aspect of interpersonal relationships have also been discussed in the previous chapter. The aspects were subject to empirical studies, together with the manifestations of other key POP areas, desired from the organisational development point of view. Table 6.2 presents the relations between the examined variables and the literature trust dimensions.

Table 6.2. Trust dimensions and their notions

Examined variables	Trust dimension
Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences	Transparency, honesty, psychological safety
Employees are committed to their jobs, even when a company faces difficulties (crisis periods).	Loyalty, commitment
Employees willingly share knowledge	Openness, concern, identification
Employees play fair even when they compete each other	Integrity
There is the climate of friendliness within a company	Benevolence, goodwill
The superiors are not anxious to delegate their responsibilities and powers	Credibility, competence, ability
Employees do not resist to managerial decisions	Employee openness

The first manifestation reflects psychological safety [Edmondson, 2007, 248]. This is the sense of freedom in activities that is indispensable in creation of innovative ideas and experimenting, the processes, that are not always successful. That is why it is essential to ensure psychological safety to your employees by having confidence in them.

Commitment and loyalty are strongly connected with trust [Urban and Siemieniako, 2008, 87–95]. Commitment may be the source of trust and the reverse can also be true. These are values strongly correlated with each other. If an employee trusts their supervisor, they engage in work, as they believe that the supervisor cares about them properly and will not use their power against them.

A strong relation between trust and sharing knowledge has also been proved many times [e.g. Glińska-Noweś 2007, 223; Davenport and Prusak 2010, 34; Dirks and Ferrin 2001, 452], and as such has been accepted as one of the trust manifestations in this study.

The research to date shows the relations between trust and fair behaviours, manifested by observing *fair play* even during competition [Glińska-Noweś, 2010a, 87]. Trust is also significantly correlated with benevolence [Colquitt et al., 2007, 914]. This results from the definition of trust itself as a conviction of someone's benevolence.

Furthermore, task delegation is based on trust of supervisors towards subordinates. The boss believes that employees will manage to do their duties. Thus, the division of labour is impossible without trust. The act of employment is the expression of an initial trust, belief in candidate's qualifications and reliability. Whereas the trust of employees towards supervisors is expressed by a positive attitude to changes, i.e. the lack of resistance. If the supervisor explains the need to implement new solutions and the subordinates trust the supervisor, they believe it is a good solution for the company, i.e. a good solution for them, and will not resist changes. Though, it does not exclude the doubts or anxieties in relation to the new situation. But accepting some risk and engaging in uncertain issues helps to convince employees that the supervisor is competent and has good intentions.

The questionnaire survey carried out in the most successful companies in Poland showed the state of individual trust dimensions. Individual statistics are presented in Table 6.3.

Table 6.3. The assessment of the state of trust dimensions in the surveyed companies

Trust dimension	Min.	Max.	μ	s.d.
Key POP area – Trust – mean	26	100	74.97	16.653
Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences	0	100	77.12	20.849
Employees are committed to their jobs, even when a company faces difficulties (crisis periods).	20	100	80.00	16.245
Employees willingly share knowledge	0	100	73.01	20.662
Employees play fair even when they compete each other	0	100	69.86	23.950
There is the climate of friendliness within a company	30	100	77.81	17.420
The superiors are not anxious to delegate their responsibilities and powers	20	100	75.48	17.954
Employees do not resist to managerial decisions	0	100	71.51	21.581

The average assessment of trust dimensions in the companies surveyed shown in Table 6.3 turned to be quite high. The lowest score amounts to nearly $\mu = 70$ and refers to the fair play of the employees. At the same time, the highest assessment refers to loyalty, i.e., the employee commitment to work even in situations difficult to company and amounts to $\mu = 80$. The results seem to be quite optimistic, however they may turn to be lower in the case of assessment made by the employees. However, in comparison with the social trust results, carried out in 2012 by the Public Opinion Research Centre in Poland (CBOS), the results are quite similar.

In that survey, 17% of Poles agreed entirely and 67% of Poles agreed tentatively with the statement whether they trust the people they work with [Zaufanie społeczne, 2012, 7]. Thus, we can assume this is a simplified verification of managerial opinion on trust in companies. In that social survey, the notion of trust was not defined, the interpretation was left to the respondent, our research, in turn, surveyed the defined manifestations reflecting the core of trust. Therefore, those results cannot be considered satisfactory. Though the Polish society applies the rule of the large extent of caution towards others (accepted by 74%) full trust should be applied, based on reliability, in an organisation geared At the development and competition on the global market.

From the point of view of the benefits of trust, it is worth while working on its improvement. Table 6.4 consists of the examples of good practices in that extent.

Table 6.4. Trust manifestations in the interviewed companies

<p>In the APATOR Capital Group companies have independent decision-making, but their cooperation is based on trust as to act in accordance with the established rules. The executives are convinced of the necessity to take every employee seriously. Friendliness or the lack of it therefore should not affect the assessment of employees. Workers should be given another chance in case of mistakes, and there is a sense responsibility for their own mistakes. There is a widespread belief that everyone is responsible for the results of the organisation and that you can rely on others. Employees are positive and kind to each other. They rely on mutual support and assistance from management.</p>
<p>In the Frauenthal Automotive Toruń sp o.o. there is a high level of trust, reflected in mutual benevolence, honesty and sincerity. An example of the employee involvement, even in difficult business situations, are the events of 2010: the huge increase in employment (per one worker there was one new employee in production), the employees of the administration, including the managers, provided two-hour shifts in production between 3 p.m. and 7 a.m. ready to help, answer questions and record problems and then solve them. It was an action that had its effect.</p>
<p>In Hydro-Vacuum characteristic manifestations of trust is the honesty of employees towards each other, the appropriate management of assigned duties and sharing their knowledge. Workers have the possibility to admit to their mistakes and learn from bad decisions.</p>
<p>In Netia SA trust is a core value. Workers can make mistakes and undertake the reasonable degree of risk. Of course, mistakes can happen, but the conclusions are drawn, employees are not punished. When the employee goes on parental leave, the company does not fill the position with someone else: it's waiting for the person to come back to work.</p>
<p>Nova Trading Sp. z o.o. is referred to in the industry as „ a white lady”. The company can be proud of its high personal culture, board members and employees maintain high standards of behaviour in spite of some maybe apparent conflicts of personality and interests. It has led to the almost total disappearance of the company pathological behaviours (backbiting, etc.). Independent tasks and the lack of direct control of their implementation are widespread.</p>
<p>In the PESA Bydgoszcz SA there is an evident mutual trust between board of the organisation and managers. This is accompanied by the delegation of responsibilities and tasks, and At the same time, systematic evaluation of the effects. In practice, the opinions and knowledge of specialists are not questioned, and their suggestions and evaluations are taken into account in decision-making. Employees can count on co-workers and superiors. In the organisation everyone has the right to make a mistake, but more important is the ability to admit to mistakes, seek improvement and draw conclusions.</p>
<p>In the TZMO trust is a very important value, people trust each other, they can rely on each other. There is a high level of trust in employee competencies. Company is dedicated to maintain high levels of reliability, friendliness and lack of fear. If any concerns arise, the management is trying to explain and overcome them.</p>

The experts taking part in the Delphi session indicated certain features of the desired company trust. Table 6.5 shows those characteristics.

Table 6.5. Characteristic features of the ideal state of trust according to the experts

<ol style="list-style-type: none"> 1. Not only declarative. 2. Including co-workers and supervisors in any situation (a difficult too). 3. Gradually formed between people closely cooperating with each other and it cannot be imposed. 4. Limited (connected with control). 5. Difficult to build, but it is easy to lose. 6. Reaching out beyond the organisation itself and passing also to external relationships (to suppliers and customers).
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The opinions, expressed by the experts, on the ideal trust are diverse. Sometimes they seem to contradict each other. On one hand trust should be widespread and strong even in crisis situations; on the other hand, the

experts indicate the need to limit trust and to tie it with control. It is difficult to determine cohesive and exhaustive characteristics of the model trust in an organisation due to the differences in the interpretations discussed above. It could also be connected with the experience and an individual propensity to trust [Mayer et al., 1995, 716].

In order to complement the discussion on the studied dimension of trust in an organisation it is worth considering their mutual relations, visible in Table 6.6.

Table 6.6. Correlations of trust dimensions in the studied companies, $p < 0.01$

No.	Trust dimensions	1	2	3	4	5	6
1	Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences						
2	Employees are committed to their jobs, even when a company faces difficulties (crisis periods).	.48					
3	Employees willingly share knowledge	.56	.76				
4	Employees play fair even when they compete each other	.49	.79	.85			
5	There is the climate of friendliness within a company	.67	.64	.65	.72		
6	The superiors are not anxious to delegate their responsibilities and powers	.60	.61	.52	.52	.79	
7	Employees do not resist to managerial decisions	.51	.75	.76	.76	.62	.57

Correlation coefficients summed up in Table 6.6 show that all the trust dimensions are interrelated. The strongest relation can be noticed between an honest behaviour of employees in competition and knowledge sharing. The first dimension is also strongly correlated with employee engagement in crisis situations. The same correlation coefficient amounting to $r = 0.79$ was obtained for the atmosphere of friendliness in a company and delegation of competencies. Even the weakest correlation between trust dimensions is still pretty strong ($r = 0.49$) and refers to the 'fair play' behaviours with the openness atmosphere and allowing mistakes. It confirms the selection of the dimensions as the manifestations of trust.

6.3. Antecedents and mechanisms of creating trust in an organisation

The applied research methods allowed us to capture the strength of correlations between trust and the 89 intra-organisational antecedents. According to the

Pareto principle, 20% of the strongest correlations of trust were selected. They are set in Table 6.7 due to the value of the Pearson correlation coefficient.

Table 6.7. Most significant antecedents of trust in companies, Pearson correlation coefficient, $p < 0.01$

No	Internal antecedents	r
1.	The top management provides a positive model of relations with employees	.79
2.	The middle management provides a positive model of relations with employees	.78
3.	Supervisors strengthen trust and the climate of justice	.77
4.	A company openly communicates pending problems	.75
5.	Working teams are characterised by a high level of cohesion	.74
6.	Managerial staff as well as employees have effective communication skills	.74
7.	Organisational culture is clear and understandable	.73
8.	Employees are satisfied with their jobs	.72
9.	Supervisors behave empathically	.72
10.	A company increases the employee autonomy and responsibility	.71
11.	The language of communication used in a company is understandable to all employees	.70
12.	Supervisors are able to influence and inspire others	.70
13.	Employees experience the feeling of justice in their workplace	.69
14.	A company emphasizes teamwork	.69
15.	Workplaces are equipped with attractive amenities	.68
16.	Organisational culture fosters seeking excellence	.68
17.	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.67
18.	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.67

Three strongest antecedents refer to leader behaviour. It confirms the current views on the key role of managers in relationship creation, especially in shaping the climate of trust [Kalińska, 2013, 163-167]. An analysis showed that the most significant antecedents represent the following groups of factors:

- referring to top and middle managers;
- referring to HRM;
- referring to integration and identification with the organisation;
- referring to communication;
- referring to organisational structure.

Individual correlations of the enumerated groups with all the measured trust dimensions will be presented in the tables below. That apart, one of the strongest antecedents was one tangible antecedent ‘workplaces are equipped

with attractive amenities'. This is a very important aspect of employee everyday life, who spend a major part of their lives At work. That is why an attractively equipped place of work is a form of showing concern for people. Thanks to this, they can feel the company cares about them, that they are important to the company and worth of trust as the company provided them with something more than a compulsory minimum. The strongest correlation on the individual level refers to 'Employees do not resist to managerial decisions' ($r = 0.63$). It is an interesting result showing the dissemination of trust and its advantageous results. Showing trust in subordinates results in a reciprocated reaction, among others, in a quicker acceptance of supervisors decisions.

Table 6.8 shows dependencies of individual trust dimensions with top and middle manager behaviours.

Table 6.8. Antecedents of elementary trust dimensions connected with top and middle managers, Pearson correlation coefficient, $p < 0.01$

	Antecedent	Trust dimension						
		1	2	3	4	5	6	7
Top and middle managers	The top management provides a positive model of relations with employees	.61	.66	.75	.70	.58	.50	.76
	The middle management provides a positive model of relations with employees	.50	.73	.74	.75	.60	.50	.72
	Supervisors are able to influence and inspire others	.59	.60	.52	.55	.75	.65	.50
	Supervisors behave empathically	.52	.59	.61	.59	.61	.62	.64
	Supervisors treat others with respect	.62	.46	.45	.45	.66	.59	.48
	Supervisors strengthen trust and the climate of justice	.58	.65	.66	.66	.68	.62	.63

Legend:

- 1 – Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences.
- 2 – Employees are committed to their jobs, even when a company faces difficulties (crisis periods).
- 3 – Employees willingly share knowledge.
- 4 – Employees play fair even when they compete with each other.
- 5 – There is the climate of friendliness within a company.
- 6 – The superiors are not anxious to delegate their responsibilities and powers.
- 7 – Employees do not resist to managerial decisions.

The research results confirm that the supervisors have significant influence on trust in a company. The role model of positive relationships starts on the top management level and through the middle management it shapes employee behaviours. It has a particularly strong impact on knowledge sharing, fair

behaviour even in competition, and the lack of resistance to the decisions made. The ability of supervisors to exert influence and inspire others is strongly tied with the atmosphere of benevolence in an organisation. Although the direction of the relation can be reverse, the decisive role in shaping the organisational atmosphere is played by managers. The behaviours that assist in that are empathic behaviours, expression of real respect and fair treatment of others.

The set of trust antecedents, referring to company integration and identification is the same as the described in the previous chapter interpersonal relationships. However, the strength of correlation is bigger. It is presented in Table 6.9.

Table 6.9. Antecedents of basic trust dimensions related to company integration and identification, Pearson correlation coefficient, $p < 0.01$

	Antecedents	Trust dimensions						
		1	2	3	4	5	6	7
integration and identification	Organisational culture is clear and understandable	.53	.59	.63	.63	.64	.57	.64
	Employees are satisfied with their jobs	.36	.69	.67	.73	.57	.46	.71
	Working teams are characterised by a high level of cohesion	.43	.69	.71	.73	.61	.49	.66
	Employees show high level of identification with their company	.33	.72	.56	.59	.51	.43	.65
	Employees experience the feeling of justice in their workplace	.56	.58	.59	.56	.66	.52	.59
	Organisational culture fosters seeking excellence	.42	.65	.62	.64	.50	.38	.71

Legend:

- 1 – Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences.
- 2 – Employees are committed to their jobs, even when a company faces difficulties (crisis periods).
- 3 – Employees willingly share knowledge.
- 4 – Employees play fair even when they compete with each other.
- 5 – There is the climate of friendliness within a company.
- 6 – The superiors are not anxious to delegate their responsibilities and powers.
- 7 – Employees do not resist to managerial decisions.

The strongest correlations are between integrity and two integration and identification factors, i.e. job satisfaction and group or team cohesion. Together with the increase in the job satisfaction, the employee integrity grows. In turn, fair play means trust, improves atmosphere and can increase the growth of satisfaction. Satisfaction is strongly tied with the lack of resistance to the decisions made. This dimension is equally conditioned by the ‘seeking excellence’ organisational culture.

The data also confirm the fact that the group cohesion is strongly determined by knowledge sharing among co-workers. It seems to be quite natural when people want to get together; they enjoy cooperation and are close to each other then trust grows followed by intensive and voluntary exchange of information. Strong identification with a company is closely connected with employee engagement in their work even in situations difficult for an organisation. That signifies loyalty to the company even in a crisis situation, as the employees believe that the company they identify with can cope with the problems.

The strength of the correlations between the trust dimensions and the remaining groups of the most important antecedents is presented in Table 6.10. It is apparent that the three latter groups are less numerous than the ones discussed above, and their correlations are not that strong.

Table 6.10. Antecedents of basic trust dimensions related to company communication, structure and HRM, Pearson correlation coefficient, $p < 0.01$

Area	Antecedents	Trust dimensions						
		1	2	3	4	5	6	7
Internal communication	Managerial staff as well as employees have effective communication skills	.54	.61	.70	.69	.59	.58	.63
	The language of communication used in a company is understandable to all employees	.54	.56	.67	.65	.50	.43	.65
	A company openly communicates pending problems	.50	.66	.63	.67	.65	.52	.68
Organisational structure	The responsibilities of employees are clear and complete	.54	.49	.53	.56	.60	.64	.49
	A company emphasizes teamwork	.56	.63	.61	.59	.51	.47	.66
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.53	.61	.60	.64	.55	.51	.47
Human Resources Management	HRM procedures are transparent and consistently applied	.39	.57	.62	.67	.48	.43	.60
	The recruitment process takes into account the conformance between the values of an organisation and individual values of employees	.34	.56	.57	.68	.53	.41	.58
	Recruitment criteria for managerial positions include social competencies (appearance, establishing relations, communication skills, teamwork)	.46	.62	.61	.66	.50	.42	.64
	A company increases the employee autonomy and responsibility	.60	.58	.58	.60	.70	.58	.53

Legend:

- 1 – Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences.
- 2 – Employees are committed to their jobs, even when a company faces difficulties (crisis periods).
- 3 – Employees willingly share knowledge.
- 4 – Employees play fair even when they compete with each other.
- 5 – There is the climate of friendliness within a company.
- 6 – The superiors are not anxious to delegate their responsibilities and powers.
- 7 – Employees do not resist to managerial decisions.

Among the antecedents presented in Table 6.10 communication has the strongest correlations. Communication skills play an important role in knowledge sharing and also in fair treatment of others. Problems with communication lead to misunderstanding and may deter employees from work. The reverse situation happens in the case of unambiguous and understandable messages that do not leave any space for unclear situations or the search for hidden intentions. This is important from the point of view of creating trust. Hence a clear message, which is at least neutral, helps to understand the sender's good intentions. As we can see, the use of understandable language of communication has a strong impact on trust. Additionally, trust is enhanced by unveiling pending problems in a company. That signifies the positive reception of open policy of information, when the organisational problems are not concealed. This reflects the company democratic attitude to employees and showing the belief that employees are able to solve the problem. The in-depth interviews in companies confirmed the fact that managers prefer the situation when they are informed about the existing problems, thus it gives them more time to solve them. This behaviour proves the existence of trust in a company.

Organisational structure has also got a significant impact on trust dimensions. This is well exemplified by the impact of clearly determined expectations towards employees, as well as the range of their responsibilities, thus the employees have no doubt and that supports the atmosphere of benevolence.

Moreover, the data presented in Table 6.10 show the HRM elements that are strong determinants of trust. Most of all, employee independence plays a significant role here, together with the responsibility for assigned tasks. That again, proves the existence of trust closely connected with the atmosphere of benevolence. Moreover, the procedures connected with hiring, rewards, promotions and dismissal should be transparent for the company employees. They should be consistently applied proving the reliability of company and its authorities. In the process of recruitment, the company should focus not only on qualifications but also on other aspects. The candidates should have personal values in line with the company values, and in recruiting for managerial posts personal effectiveness of candidates should be taken into account. As mentioned above, managers have the strongest impact on organisational trust hence their personal characteristics, attitudes and behaviour should be consistent and evoke trust in employees.

Table 6.11 confirms the correlations discussed by the examples of good practices applied in companies surveyed.

Table 6.11. Good practices of trust creation

<p>In Apator SA trust is created by informing employees about future ventures and challenges. Company Board tries to support the employees in a comprehensive way. This could be exemplified by recent training on how to deal with non-banking institutions. Trade unions are active in the company, there are partner relationships between them and the Board. Controversial questions are settled through explanation and negotiation, accepting the honest attitude of both parties.</p>
<p>In Frauenthal Automotive Toruń sp. z o.o. the strategy and main objectives are communicated regularly through a Townhall Meeting, meetings with staff, corporate and company newsletter as well as weekly meetings in departments. The company applies the 'leadership rule' on delegation of authority by managers. According to managerial opinions, decisions are consulted, well communicated and do not cause any resistance. The concept of '5S' supports trust creation. Shop-floor workers need to rotate their posts. The company arranges private space At the place of work, e.g. a locker for personal belongings. Employees share their knowledge willingly. This can be exemplified by the 'Sharing Knowledge' project which promotes additional meetings (outside the normal training schedule), open to everyone (even the shop-floor workers). The project was well received and the company is planning to continue it.</p>
<p>R&D activities improve trust in Hydro-Vacuum. Changes in manufacturing technology increased productivity and competitiveness. The development of products improved company image. The external innovative image of the company increased the employee trust to the Board or managerial decisions. Employees notice the positive changes of the last years. The development of products increases the HR potential and motivates to work.</p>
<p>In Marwit the employee trust to the company is maintained thanks to the stable working conditions and certainty of regular remuneration, but the trust is mutual. Company President explained the changes in the company as the road to improvement. The made decisions were communicated in a clear way and the employees introduced to the issue. Meetings with employees enhances trust and helps in change implementation. Middle manager meetings also increase trust where the results and challenges are discussed. Although the decisions are taken by a narrow group of people, the arguments are heard. The company has built the culture of admitting to mistakes made. Delegation of responsibilities is introduced as a way of increasing employee independence. The company has introduced certain limits up to which the decisions can be taken individually.</p> <p>In Netia SA the creation of trust reflects many years of work and the consistency of supporting the words by the action. Honest feedback is given and convincing employees to do so was one of the major changes building trust (and relationships). The key issue was the arrival of a new President who believes in relationship and trust creation, and allocation of financial resources for training in that field. Much time and effort were spent to convince the employees that the investment in soft skills will eventually be transferred into company development. Investment in soft skills shows the maturity of the company management, the company itself, and, most of all, of the company leader. Employees have been given more freedom, can make mistakes and undertake the reasonable degree of risk. Before the changes the system was focused on catching someone making a mistake. That was best exemplified by the budget – employees preferred holding financial buffers, not to exceed the assumed limits. Budget discipline has been loosened, and people can make mistakes. Now, if the financial limits are exceeded and it has a good explanation, such a situation is accepted.</p>
<p>In Nova Trading Sp. z o.o. trust is created by the supervisor openness, encouraging discussion and listening – discussing and implementation of employee solutions. It results in greater employee openness; they express their opinions more willingly and propose points for discussion. This is one of the methods of creating employee feedback.</p>
<p>In PESA trust is supported by the open discussions on the mistakes made. In the problems solutions the emphasis is put on the positive reinforcement, without negative sanctions. However, if an employee cannot admit to making a mistake, deliberately hides the mistakes, such attitudes destroy trust both to a given employee but also a mutual trust among employees and supervisors.</p> <p>Similar mechanism is applied At the lowest positions. A small qualitative mistake can lead to serious negative consequences and the quality of the whole product and financial losses as a result. Thus shop-floor workers due to their mistakes, can generate huge losses. Hence, the attitudes of mutual trust At this level are especially important in the light of admitting to mistakes. The mistakes are analysed in detail, the causes are discussed whether it's the human mistake or faulty procedures or it is a system error.</p>

Employees are empowered, very often they have access to some instruments and rights, e.g. in budget construction. PESA sustains the mutual support culture. Mutual relationships and employee and supervisor trust are assessed. If the results of the assessment are not satisfactory training, communication or discussion is used to eliminate the problems and improve the relationships.

In TZMO SA top management informs and encourages to sincere information on the work realisation. Employees are encouraged to come and talk about the encountered problems, then the mutual solutions can be found. The company does not tolerate the hiding of information as it hinders the possibility of improvement. The company encourages using more means of communication than only an email. This helps in better understanding of sender intentions and helps to prevent misunderstanding and conflicts. Clear communication supports trust.

Experts in the Delphi session indicated factors that may hinder the creation of trust in a company. Those embrace poor flow of communication, overt control, frequent changes in managerial posts and unfavourable organisational culture, as well as improper selection of co-operating employees. Improper supervisor communication and their negative attitudes are always a challenge for an organisation. A good example must be shown At the top of the company.

6.4. Impact of trust on company development

Interviews with company managers show that trust can have pejorative meaning and be associated with gullibility. This may result from a misconception that one should trust people who do not deserve trust. That, in turn, may be due to experiencing unethical behaviours shown by some actors of capitalist market scene that undermined trust in people. It can refer to dishonest entrepreneurs who cheat employees and do not pay their wages or do not sign employment contracts. On the other hand, managers keep complaining about the dishonesty of their subordinates, especially the unskilled labour and, the leftover of the previous system, the social acceptance for using company premises for employee own benefit, or even pilfering or theft.

Research results show why it is worth while taking care of trust in a company. Table 6.12 presents the calculated Pearson correlation coefficients between the individual trust dimensions and company development.

The analysis of Table 6.12 indicates that the correlation of trust dimensions and company development is strong. The strongest aspect with the most significant impact on company development is employee engagement in their work even in hard times. Such an employee loyalty is the expression of trust in the abilities of an organisation particularly influencing the quality

of processes and products, as well as employee satisfaction. That correlation can have a reverse direction, as trust plays the role of the cause and effect. At the same time, the manifestation of trust is the factor with the strongest impact on all organisational development indicators. Only in the case of the increase in the customer satisfaction the equally strong relation ($r = 0.60$) refers to 'employees play fair even when they compete with each other' and 'employees do not resist to managerial decisions'. Thus, it can be seen as a partial proof of disseminating trust from the company to its environment.

Table 6.12. Impact of trust dimensions on company development indicators, Pearson correlation coefficient, ** $p < 0.01$, * $p < 0.05$

Company development manifestations	μ	1	2	3	4	5	6	7
Organisational development	.59**	.26*	.68**	.51**	.54**	.42**	.43**	.60**
We had a considerable increase in work efficiency between 2009 and 2011	.41**	.13	.51**	.36**	.36**	.24*	.31**	.49**
We had a considerable increase in innovativeness between 2009 and 2011	.46**	.27*	.56**	.43**	.37**	.37**	.32**	.42**
We had a considerable increase in the quality of applied business processes between 2009 and 2011	.51**	.19	.63**	.45**	.47**	.35**	.41**	.52**
We had a considerable increase in our products quality between 2009 and 2011	.52**	.21	.60**	.43**	.51**	.40**	.37**	.55**
We had a considerable increase in employee satisfaction between 2009 and 2011	.57**	.31**	.65**	.48**	.52**	.41**	.43**	.55**
We had a considerable increase in customer satisfaction between 2009 and 2011	.58**	.23	.60**	.54**	.60**	.38**	.37**	.60**
We had a considerable development of company reputation between 2009 and 2011	.51**	.16	.59**	.45**	.49**	.36**	.40**	.53**

Legend:

- 1 – Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences.
- 2 – Employees are committed to their jobs, even when a company faces difficulties (crisis periods).
- 3 – Employees willingly share knowledge.
- 4 – Employees play fair even when they compete with each other.
- 5 – There is the climate of friendliness within a company.
- 6 – The superiors are not anxious to delegate their responsibilities and powers.
- 7 – Employees do not resist to managerial decisions.

However, not all the dependencies are statistically significant. Among the enumerated trust manifestations employee openness and sincerity as well as sharing information on the mistakes they have made without

being afraid of negative and unjust consequences have the weakest impact on organisational development. Literature on the subject emphasises the role of such an atmosphere that enables safe communication, of even bad news [Bennis, et al. 2009, 101–104], as it enables constructive criticism, which in turn, increases the efficiency of operations and counteracts crises arising from a group think syndrome. The lack of significant correlations of this variable with the majority of development indicators may indicate the indirect impact on company development. This can be achieved by other pro-developmental employee behaviour resulting from positive organisational culture and climate [Glińska-Neweś, 2010b, 47].

Contemporary conditions of company functioning are characterised by a large dynamics of change, close to chaos that companies must deal with in order not to transform it into organisational disorder but into the source of innovation [Kowalczyk and Nogalski, 2007, 35]. The skill of creating, acquiring and transferring knowledge is needed as well as the skill of modifying your own behaviours in such a way that they would reflect a new knowledge and understanding [Garvin, 1993, 80].

In the conditions of uncertainty and constant changes, the only way enabling the full process efficiency is trust. Without trust, the voluntary employee behaviours will not take place, the behaviours that are desired by the company. The organisation cannot force an employee to, e.g. share information with others, in particular in a situation when nobody knows that employee possesses such knowledge.

“Without trust, risk is avoided, innovative activities dry up, only routine actions are available for retrospective sensemaking, and uncertainty remains unresolved” [Meyerson et al., 1996, 179]. Our data confirm that.

Table 6.13. Strength of trust impact on productivity, innovativeness and competitiveness, according to experts

	Productivity	Innovativeness	Competitiveness
I iteration	3.4	3.1	2.8
II iteration	3.4	3.2	2.4

The experts assessed the strength of trust impact on three presented in the Table 6.13 indicators of company development (on the 0–5 scale). The strongest impact of trust was on productivity, then innovativeness and finally competitiveness. However, the questionnaire survey in companies

showed stronger correlation of trust with innovativeness rather than productivity. It seems that the experts underestimated the impact on trust on competitiveness, manifested by e.g. good company renown or high customer satisfaction, whereas this correlation was highlighted in the questionnaire survey in companies.

5.6. Recommendations on trust creation in companies

The discussion above showed strong impact of trust on company development. In order to benefit from the high level of trust, the company must be able to create it. One of the simplest ways is – trusting others. This is at odds with the general tendency of intensifying inspection in companies, due to new IT technologies. Constant supervision has a dispiriting effect on employees, as it manifests the lack of trust in them.

Moreover, one of the characteristics of trust is its ability to disseminate. Thus, an example of supervisor trust has an immense power. Employees quickly follow such behaviour, and thus the culture of trust is created.

Managers shape corporate climate through their behaviours and individual features; that is why they should represent a positive attitude towards their subordinates. They should provide a good example of respect and fair treatment of others. They should also have good communication skills and consistently apply company rules. Transparent HRM procedures and clearly defined responsibilities and duties would be helpful.

Company interviews show the significance of the following examples:

- talks with subordinates At every organisational level, frequent and not necessarily formalised, asking questions such as, ‘how is your work, what do you need, what can be improved’, At the same time, expressing your expectations;
- encouraging to active participation in discussions and changes;
- reprimanding ‘black sheep’ and non-tolerance of destructive behaviours; final dismissal of employees who do not identify with the company;
- the policy of non-criticism of employee ideas and suggestions.

Moreover, companies should take proper care of their employees, e.g. through attractive equipment of their places of work.

All the discussed trust antecedents and mechanisms are a road sign for its development.

Chapter 7

THE ROLE OF TALENT MANAGEMENT IN CREATING PRO-DEVELOPMENTAL OUTCOMES OF POSITIVE ORGANISATIONAL POTENTIAL

Monika Chodorek

7.1. Talent management as a key area of Positive Organisational Potential

Talent! This word has a positive connotation for everybody. In the times when a talent was a measurement unit of precious metals, having an abundance of talents was a reason to rejoice. In reference to a person, the word “talent” denotes someone who is outstanding and extraordinary in their area of activity [Tokarski (Ed.), 1971, 742]. As regards to managing organisation, the term “talent” has become one of the key and most often used words. Numerous interpretations of its sense have been produced both in the theory and practice of management. The reason is the role played by talents (talented people) in developing organisations and building their competitive advantages [Lewis and Heckman, 2006, 145; Tarique and Schuler, 2010, 128] owing to the fact that a talent “may have a significant influence on current and future competitive position of a firm on the market” [Bieniok, 2008, 412]. Nowadays, the ability to benefit from talents of their employees is one of challenges for companies [Ingham, 2006; Ashton and Morton, 2005;

McCauley and Wakefield, 2006; Heinman and O'Neill, 2004; Berger and Berger, 2010, 3].

Talents are the force driving the success of contemporary companies. This is an axiom and all managers know this truth. Effective organisations undertake activities in order to ensure they have skilful and knowledgeable human resources enabling to compete on current and future markets. Talent management is a key mechanism to achieve this aim [Berger and Berger, 2010, 3]. First of all, in order to manage talents in an effective way, an organisation should define precisely what a “talent” means – as the practice of management confirms it is a real challenge.

In a general meaning, talent relates to intellectual capabilities, natural predispositions, skills, natural competencies or specific gifts [Elegbe, 2010, 4]. Talent is an innate feature and a talented person stands out from others. Talent seems to be a prerequisite for success. Nevertheless, talent itself is not sufficient to achieve extraordinary performance. Talent which is manifested by human behaviours should be developed [Elegbe, 2010, 5]. The combination of both the favourable environment and the character features of a person are necessary to activate talent. In unfavourable environmental conditions or when directed to inappropriate activity, talented people are not effective [Elegbe, 2010, 5].

The management literature is abundant in definitions of “talent”. Bieniok [2008, 410] defines it as a “natural potential of values and features embedded in any person which enables to achieve extraordinary performance in various activities”. The Renzulli’s three-ring conception of giftedness is a more advanced approach to defining a “talent”. Listwan who is an advocate of this conception describes a “talent” as a person of extraordinary potential comprising [Listwan, 2005, 20; Renzulli, 2005, 246–279]:

- above average abilities including: general abilities – high intellectual potential and specific abilities related to particular domains of activity;
- creativity including: originality, the quality of being new, fluency and flexibility of thought, willingness to confront new unconventional challenges, openness for ambiguity and uncertainty, willingness to take risks, sensitivity and ability to feel emotions;
- task commitment including: self-discipline, perseverance, hard work, endurance, fascination with a job, willingness to sacrifice and self-confidence.

Certainly, organisations need talented people. However, they need talented people ready to engage, to work hard and to use their talents for the sake of their employers. Therefore, the majority of contemporary “talent” definitions highlights the features of a character which enable organisations to make use of and to benefit from talents of their employees. According to such an approach, **talents are people characterised by creativity, high developmental potential, extraordinary intelligence, core skills, competencies and gifts who engage in their work and show determination to attain aims and objectives which enable them to achieve extraordinary performance** [Tansley, 2011, 271; Michaels et al., 2001, xii; Ulrich and Smallwood, 2012, 60; Poczowski, 2008, 36–47]. Extraordinary performance achieved by talented employees is something what managers are mostly interested in. Therefore, first and foremost talents are expected to generate outstanding results both at the present time and in the future [Robertson and Abbey, 2010, 34]. In order to maximise these benefits for an organisation, talents should be managed properly.

Nowadays, emotional efficiency becomes a key to understand the nature of talent and high performance of talented workers. Emotional efficiency means the knowledge of own emotions and the ability to control them as well as the competence to properly understand the emotions of other people and to react to them adequately. People who are emotionally efficient achieve the advantage over others in all areas of activity. Owing to intellectual habits making them more canny such people usually are more satisfied with their lives and more efficient [Goleman, 1997, 70]. The aforesaid ability, called emotional intelligence, consists of five components: knowing one’s emotions (self-awareness), controlling emotions (self-regulation), having the ability of self-motivation, considering the feelings of others (empathy), and establishing and maintaining relations with others (social skills) [Goleman, 2006, 11]. It is claimed that emotional intelligence is twice as much important as branch knowledge and other aspects of intelligence which applies to all kinds of jobs and all types of organisations [Goleman, 1999, 55]. The more complex work the more important emotional intelligence is to achieve high performance.

The complexity of talent’s nature sets high requirements for managers responsible for engaging talented employees in the development of an organisation. An adequate approach to talented workers is needed in

order to maximise their contribution to the prosperity of an organisation. Therefore, talents should be effectively managed [Thorne and Pellant, 2007].

As Capelli [2008, 74] claims planning the needs of a company for workforce and supplying these needs are the two key elements of talent management. The process-oriented approach is the most widespread way to describe the nature of talent management. Listwan, [2005, 21] defines talent management as „the set of activities related to highly talented people in order to develop them and to achieve the aims and objectives of an organisation”. Within the process of talent management, Listwan [2005, 24] enumerates the activities including the acquisition of talents, managing their careers within an organisation and dealing with talents leaving their jobs. Talent management focuses on attracting, identifying, developing and retaining people of high potential and directing their efforts to the success of an organisation [Turner et al., 2007, xi]. Morawski and Mikuła [2009, 52–55] supplement the aforementioned talent management activities with the stage of “casting net”. Each of the stages has its unique features and it requires of an organisation to undertake specific activities. Developing relations with the environment in order to find out talents is typical of the “casting net” stage. Attracting talents requires the improvement of the company reputation and its image as an attractive employer. The variety of methods and tools to assess the features, skills and capabilities of candidates are necessary to identify, recruit and select the most talented people best suited to the needs of a company. In the opinion of managers, retaining talents is the most challenging part of talent management. In order to retain talented employees, leaders should focus their attention on talents and ensure the dynamic fit between talents and a company. Simultaneously, managers should create conditions for the continuous self-development of talented workers and using their high potentials. When talented employees decide to leave a company, managers should monitor this activity. Talents should be interviewed in order to identify the reasons why they are leaving a company. Such knowledge is indispensable to improve the talent management system and to react to unwanted derecruitment [Morawski and Mikuła, 2009, 52–55].

Lewis and Heckman [2006, 140–141] distinguish various levels of talent management in a company. Their classification ranges from the practices and functions typical of HR departments to the focus on high-achievers and high-potential employees. Defining global talent management in a contemporary

highly competitive environment, Tarique and Schuler provide some additional features of the process. Defined most broadly, global talent management is about systematically utilizing international HRM activities (complementary HRM policies) to attract, develop, and retain individuals with high levels of human capital (i.e. competency, personality, motivation) consistent with the strategic directions of the multinational enterprise in a dynamic, highly competitive, and global environment (Tarique and Schuler, 2010, 124).

In order to create a comprehensive picture, one more aspect of talent management should be considered. Collings and Mallahi claim some of job positions are crucial for an organisation and its development. What is more, key positions which are traditionally associated with the board of management may be located at lower levels of the organisational hierarchy. Sometimes the role and significance of particular positions in an organisation changes [Collings and Mallahi, 2009, 304]. Therefore, the systematic identification of positions which have paramount importance for a company and contribute to the company competitive advantage should be the first step of talent management process. Then, a company should develop the talent pool including employees of high potential and high-achievers ready to take the responsibility for key positions and engage for the sake of an organisation [Colling and Mallahi, 2009, 304]. It should be noticed that the needs of a company for talents depend on its strategic priorities [Ashton and Morton, 2005, 30]. Other talents are necessary in an organisation diversifying geographically into new markets than in a company launching innovative products and services to strengthen its advantage on the existing market.

Talents and talent management are the issues studied by the Gallup Institute. The studies derive from positive psychology movement initiated by Seligman who focused the attention of researchers on human strengths [Seligman 2000, reprinted in Czapiński (Ed.), 2004, 20–21]. The key principle of positive approach is the assumption that focusing on human strengths and talents is more effective than improving failures and weaknesses [Clifton and Harter, 2003, 112]. In effect, talent management and organisational development based on human strength were included in Positive Organisational Scholarship [Cameron et al., 2003a]. Buckingham and Clifton define strength as extraordinary performance near to the ideal state. Strength is built of talent, knowledge and skills. All three elements

are important for developing strengths. Nevertheless, while knowledge and skills may be acquired by learning or practicing them, inborn talents seem to be an element of paramount importance [Buckingham and Clifton, 2003, 35, 40–41].

To enable measuring and forecasting some patterns of human behaviours the Gallup Institute produced StrengthsFinder in 1998. It is a tool recommended to identify high potential areas offering people the greatest opportunities to develop strengths [cf. Hodges and Clifton, nd, 7].

Hence, a great (intelligent, developing) organisation should discover natural talents of every employee, enable them to develop personal abilities in the workplace and transform talents into strengths. Changing its approach to identify, assess and develop employees, and to shape their careers, a company should focus on strengths of every single member of an organisation. Such an approach will enable a company to overcome its market rivals [Buckingham and Clifton, 2003, 15].

The aim of talent management should be to cast appropriate candidates to particular positions at the right time [Jackson and Schuler, 1990, 235]. As highlighted by Ashton and Morton [2005, 28] such an approach is not new for HRM personnel. Matching people to their roles in an organisation increases their efficiency and gives them the chance to do what they like doing and they are good at. In such circumstances employees make use of their potentials. As a result, the positive upward spiral begins. Positive effects follow positive emotions of employees who are happy with their jobs. Employee motivation increases which contributes to employee engagement and better performance. In effect, the higher level of customer satisfaction is achieved while the fluctuation of personnel decreases [Clifton and Harter, 2003, 119].

7.2. Manifestations of talent management and their position in Positive Organisational Potential

In order to operationalise the construct of talent management, the literature studies have been conducted to enumerate the key features of talent management. The catalogue includes the following manifestations of talent management considered as a key area of Positive Organisational Potential:

- a company makes talent management an element of its strategy;
- a company knows what talents are required;

- a company has relevant methods to identify and select talents;
- a company makes an effort to attract the best employees;
- a company establishes individual paths of career and methods of development for talents;
- a company creates opportunities for talents to meet ambitious projects and challenges;
- a company creates conditions for learning and knowledge sharing.

Giving strategic priority is the outset of the talent management process. Talent management should be an element of the company strategy which governs the functional strategy of human resources management. As a strategic business process, talent management helps to influence human resources in order to change their behaviours and increase their effectiveness. The strategic approach to talent management results in the long-term perspective which facilitates the identification of the key company activities and the requirements employees are expected to meet to achieve strategic goals [Minbaeva and Collings, 2013, 1764]. While crafting the company strategy, it is a prerequisite to identify the key positions of decisive impact on the development of an organisation [Collings and Mellahi, 2009].

The strategic approach to talent management allows managers to define the requirements of a company for particular talents. The long-term perspective facilitates identification of who is (or will be) needed for an organisation (the qualities of candidates) and confront the needs of an organisation with available human resources [Ashton and Morton, 2005, 31]. As a result, an organisation knows what talents are required, which is a key element of planning its requirements for talents. Moreover, detailed job descriptions should be produced to clearly define what competencies are required, who can be appointed to the key positions and what qualities are required of potential candidates [Pilbeam and Corbridge, 2010, 102–104].

Applying the toolbox of methods enabling the identification of talented employees and their selection for particular workplaces is another manifestation of model talent management. Screening applications, psychometric tests, assessment centres, interviews, or selection skills are requisite tools for effective identification, recruitment and selection of talents [Elegbe, 2010, 46–51].

Building the market reputation of a good employer to attract the best candidates is another important aspect of talent management. Such efforts to create the image of an organisation to be the best possible place to work

both for current and prospective employees are called employer branding [Surmacz, Bociąga, 2011, 50]. There is the variety of employer branding activities ranging from meetings with labour market organisations, mass media, economic and social experts, through funding scholarships, sponsoring conferences or co-organising postgraduate studies to providing potential talents with information on distinctive working conditions a company offers them [Morawski and Mięka, nd, 53]. All the aforementioned techniques creating the image of an employer brand are to highlight the distinctive features of an organisation which may be attractive for potential talented employees [Yaqub and Khan, 2011, 58]. At this stage of the talent management process corporate social responsibility (CSR) becomes an important factor. There is evidence that socially responsible organisations (i.e. supporting local communities, making efforts for the natural environment protection or sponsoring charity) are more attractive from the perspective of talented employees [Vaiman et al., 2012, 930–931].

Retaining talented employees in a company and maintaining the high level of their engagement are very challenging aspects of talent management. Talented people require an individual approach. Companies establish individual paths of career and methods of continuous development for talents [Ahmadi et al., 2012, 217]. Talented employees need continuous stimuli, new challenges and ambitious project to test their abilities and skills [Pilbeam and Corbridge, 2010, 105; Kaye and Jordan-Evans, 2012, 168]. The most popular methods of talent development include: participation in company projects, participation in training programmes and courses, mentoring, coaching, job rotation, participation in international projects and internships abroad [Jarosławska, 2011, 33].

The process of talent management is to support achieving extraordinary performance. Such results are not possible without effective teamwork which facilitates knowledge sharing and socialisation. The freedom to establish working teams makes knowledge sharing more effective. The fact that employees share their knowledge and have an access to the knowledge of others has a positive impact on their mood. Therefore, companies should create conditions for learning and sharing knowledge enabling their employees to cooperate and motivate each other to achieve high performance.

In order to describe the ideal (desired) state of talent management considered as a key area of Positive Organisational Potential we deliberated the

opinions of experts expressed during a Delphi session. Moreover, our experts identified the catalogue of positive talent management manifestations (Table 7.1).

Table 7.1. Manifestations of the ideal state of model talent management

1.	Identifying (discovering) talents effectively
2.	Searching continuously for talented employees
3.	Developing extraordinary personalities in connection with the needs of an organisation
4.	Searching and developing talents among employees at first and then conducting external recruitment
5.	Leaving employees the freedom how to accomplish their tasks and recognizing their achievements
6.	Taking care of continuous development, building integrated and consistent teams, and inspiring them to achieve success
7.	Engaging talents in increasing the effectiveness of a company
8.	Motivating employees by setting the models of behaviours
9.	Applying individual approach to talented employees
10.	Setting ambitious goals and tasks
11.	Managing the development of talents in accordance with the needs of an organisation
12.	Establishing the freedom of creativity
13.	Retaining talented employees by motivating them properly
14.	Achieving balance between talent development programmes and the needs of an organisation in the areas of its key competencies
15.	Developing a positive climate for talent management
16.	Achieving the proper return on invest in high potential (HiPo) employees

The manifestations of positive talent management identified by the experts participating in the Delphi session and collected in Table 7.1 are convergent with definitions and manifestations analysed above. Combining both the outcomes of literature studies and expert opinions we coined the following definition of the ideal (desired) state of talent management: **The model talent management encompasses the processes of searching, identifying, attracting and recruiting people of above-average intellectual potential and skills as well as developing and applying their capabilities in order to contribute to the company aspirations and needs.**

7.3. Talent management in surveyed companies

The aforementioned manifestations of model talent management were assessed by the top managers of companies operating in Poland. The respondents were asked to describe the status of talent management in

their organisations using the scale from 0% (“I totally disagree” with positive statements expressing model talent management) to 100% (“I totally agree”). Talent management received the lowest assessment ($\mu = 68.65$) among all the nine key areas of Positive Organisational Potential. It may suggest that companies operating in Poland are not advanced enough in talent management processes. The detailed data on the status of talent management in the surveyed companies are presented in Table 7.2 and their graphical representation in Figure 7.1.

Table 7.2. Talent management in the surveyed companies

Talent management manifestations	μ	s.d.
A company makes talent management an element of its strategy	62.88	29.462
A company knows what talents are required	72.88	24.691
A company has relevant methods to identify and select talents	59.72	30.718
A company makes an effort to attract the best employees	73.42	26.834
A company establishes individual paths of career and methods of development for talents	59.86	29.368
A company creates opportunities for talents to meet ambitious projects and challenges	75.21	21.416
A company creates conditions for learning and knowledge sharing	76.57	20.913

Among the aforementioned manifestations of talent management in the surveyed companies, the formal aspect of talent management process received the lowest score. It may be presumed that talent management is underrepresented in strategic plans of the surveyed companies. Such an observation may indicate the lack of the long-term perspective in talent management and the low level of highly specialized solutions in this area integrated at the company level. In effect, the companies do not employ relevant methods to identify and select talents (the lowest score among all variables $\mu = 59.72$). Consequently, when talented employees are not identified or an identification procedure is applied from time to time, individual paths of career and methods of development for talents are not established. These three manifestations of talent management are characterized by high standard deviations, which means significant dispersion of self-assessments and the differences between the surveyed companies. The formal aspects of talent management in the surveyed companies either are of high level or they do not comply with the requirements. In effect, average assessment of talent management status and significant dispersion are observed.

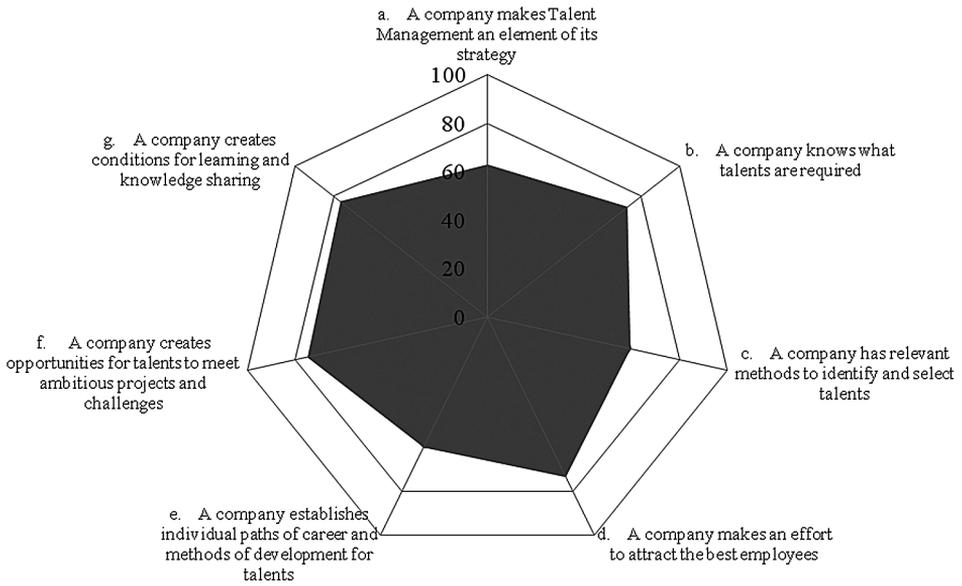


Figure 7.1. Talent management in the surveyed companies

On the other hand, the surveyed companies know what talents they require. They are able to define their needs concerning talented employees, which is a great advantage. Knowing who is needed for a particular position and what are the expected predispositions, skills and features of candidates provides a foundation for talent management process. The surveyed companies make efforts to attract high potential employees by developing their reputation of employer brands and good places to work. Such an image allows the company to lower the costs of recruitment procedures and hire good employees. Our findings confirm an important role of corporate social responsibility for the company image of an employer brand. CSR is particularly important for high potential employees. Moreover, the surveyed companies try to make attempts to create opportunities for talents to meet ambitious projects and challenges. Facing such challenges may be a chance for managers to identify a talented member of an organisation and the opportunity for talent development. Ambitious challenges are the enemies of boredom. Establishing conditions for learning and knowledge sharing was the top-ranked manifestation of talent management in the surveyed companies. It is an expected outcome of talent management related to the process

of organisational learning and contributing to extraordinary performance which seems to be the key objective of talent management.

The cases illustrating talent management initiatives and efforts in the interviewed companies are presented in Table 7.3.

Table 7.3. Talent management manifestations in the interviewed companies

<p>NEUCA SA has established a formal programme of talent management. The company has defined who a talent is and what talents are needed in the company. The company applies relevant methods and tool for managing talents. An individual approach to employees is a standard procedure. Individual paths of career for talents have been established.</p> <p>Frauenthal Automotive Toruń Sp. z o.o. has a formal programme of talent management for high potential employees. The replacement of key positions is planned in three time perspectives: forthwith, in 2 years and in 5 years. Training programmes are correlated with the replacement plan. The company pays a lot of attention to training its employees. The procedures of hiring employees, moving them and assessing are transparent. Talent management procedures and internal recruitment to fill attractive job vacancies are highly appreciated by employees. Frauenthal Automotive Toruń Sp. z o.o. develops its reputation as an employer brand in the region-scale. Employer branding is an officially declared strategic goal. The company supports the education of its employees by co-sponsoring their studies, courses and foreign language learning. The system of employee assessment provides the management with up-to-date information of the status of employees' development and their needs. Owing to various employee expectations and aspirations, Golpasz S.A. has applied individualised motivators to stimulate the professional development of its personnel. Direct superiors assess their subordinates, inspire them and suggest individual paths of career.</p> <p>PESA S.A. has implemented the formal assessment of its employees' competencies. The system combines the assessment by a direct superior with the employee self-assessment. The assessment makes a foundation to plan training and promotion of employees. It enables to adjust training curriculum and budget to the needs of the company and to identify the development potential of employees.</p> <p>Nova-Trading S.A. identifies talents and makes attempts to create the best conditions for their development. Employees are observed to identify their strengths and to delegate them new tasks adjusted to their competencies. Coaching is used to support outstanding managers. Nova-Trading S.A. co-sponsors post-graduate studies for employees declaring the long term relationship with the company. Employees are enhanced to cooperate with each other participate in common projects. In TZMO S.A. HR department interviews employees in order to identify high potential employees. Individual paths of career are established for such members of personnel. Their progress is monitored by mentors. TZMO S.A. cooperates with Nicolaus Copernicus University in order to identify talented graduates and recognise the needs of prospective employees. For instance, the company participates in various events such as student career days. The company undertakes employer branding initiatives such as open days, cooperation with higher education institutions, student internships and career fair events. According to the HR policy in Visscher-Caravelle Poland Sp. z o.o. the predispositions of candidates determine which job vacancies they are appointed to. The features of potential candidates are assessed at the stage of recruitment in order to select the right people who fit to the organisation. Employees develop their competencies. Then, talents are identified among the newly employed and they are assigned to suitable vacancies. Programmes and projects enable each member of the organisation to show off which facilitates talent identification.</p> <p>Zelmer S.A. has a formal talent management system which is correlated with the company strategy. The company knows how to identify talents. It has relevant methods to recruit and select talented employees. The succession of key positions is pre-planned. The company is considered to be an employer brand.</p>
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7.4. Antecedents of talent management in surveyed companies

The identification of intra-organisational antecedents which shape the key areas of Positive Organisational Potential, including talent management,

constituted an important part of the research project. 89 factors identified in the literature survey were assessed by interviewed experts and the companies participating in a questionnaire survey.

The Pareto principle was applied to identify the key antecedents of talent management. The catalogue includes 20% of all factors characterised by the strongest correlation with talent management considered as a key area of Positive Organisational Potential. Table 7.4 presents Pearson correlation coefficients between the key antecedents and talent management and its manifestations in the surveyed companies.

Table 7.4. The key intra-organisational antecedents of talent management in the surveyed companies, Pearson correlation coefficients, ** p < 0.01, * p < 0.05

Area	Antecedents	TM	Manifestations of talent management						
			1	2	3	4	5	6	7
HRM	A company has tools necessary for recruiting and selecting key employees	.775**	.665**	.624**	.735**	.695**	.677**	.575**	.595**
	The recruiting process takes into account the conformance between the values of an organisation and individual values of employees	.722**	.677**	.558**	.613**	.612**	.651**	.603**	.549**
	HRM procedures are transparent and consistently applied	.713**	.535**	.591**	.653	.724**	.605**	.551**	.565**
	Employees of relevant qualifications, skills and personal competencies are appointed to job vacancies	.705**	.588**	.591**	.677**	.687**	.602**	.479**	.525**
	A company sets high requirements for candidates to be employed (elitist employment)	.685**	.596**	.569**	.575**	.586**	.621**	.582**	.525**
	A company has systems and procedures for fair and honest appraisal and evaluation of its employees	.680**	.607**	.448**	.644**	.577**	.649**	.545**	.534**
	A company has a comprehensive training system enabling the development of its employees' knowledge, skills and competencies	.636**	.509**	.478**	.563**	.616**	.557**	.469**	.609**
	HRM decisions are combined with an appraisal and evaluation process	.607**	.536**	.379**	.566**	.547**	.578**	.503**	.465**
Internal communication	Managerial staff as well as employees have effective communication skills	.682**	.525**	.609**	.597**	.648**	.576**	.492**	.607**
	The language of communication used in a company is understandable to all employees	.650**	.511**	.599**	.544**	.541**	.586**	.462**	.622**
	A company openly communicates pending problems	.631**	.485**	.549**	.466**	.611**	.534**	.549**	.601**

Area	Antecedents	TM	Manifestations of talent management						
			1	2	3	4	5	6	7
Leadership	Supervisors strengthen trust and the climate of justice	.646**	.517**	.580**	.510**	.598**	.534**	.578**	.557**
	The middle management provides a positive model of relations with employees	.622**	.520**	.540**	.563**	.537**	.504**	.484**	.567**
	The top management provides a positive model of relations with employees	.618**	.517**	.504**	.492**	.451**	.595**	.519**	.630**
Innovations	Organisational culture fosters seeking the excellence	.681**	.587**	.508**	.617**	.562**	.630**	.548**	.608**
	Formal procedures and rules do not limit creativity	.601**	.463**	.527**	.446**	.574**	.548**	.504**	.561**
Integration and identification	Organisational culture is clear and understandable	.688**	.570**	.582**	.574**	.630**	.616**	.572**	.549**
	Working teams are characterized by the high level of cohesion	.615**	.513**	.558**	.534**	.536**	.474**	.509**	.549**
Strategy	The progress and effects of the strategy implementation process are honestly and openly communicated	.686**	.543**	.553**	.536**	.664**	.554**	.643**	.628**
Structure	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.648**	.522**	.630**	.552**	.659**	.513**	.446**	.530**
Control	A company has the procedures for monitoring the compliance of the suppliers with human rights	.609**	.483**	.475**	.560**	.628**	.534**	.431**	.480**
Manifestations of talent management 1 – a company makes talent management an element of its strategy 2 – a company knows what talents are required 3 – a company has relevant methods to identify and select talents 4 – a company makes an effort to attract the best employees 5 – a company establishes individual paths of career and methods of development for talents 6 – company creates opportunities for talents to meet ambitious projects and challenges 7 – company creates conditions for learning and knowledge sharing									

The findings in Table 7.4 prove that Human Resources Management policies constitute a key area of talent management antecedents in the surveyed companies. Besides, talent management is strongly determined by the intra-organisational factors related to internal communication, leadership, innovations, and integration and the identification of employees with a company. Finally, individual determinants related to strategy, structure and control are identified among the key antecedents of talent management.

First and foremost, talent management depends on relevant tools of human resources management which enable a company to identify, attract and select talented employees. Such mechanisms are the prerequisites for transparent HRM policies which strengthen a positive image of an organisation. HRM tools provide a foundation for the formalisation of talent management as an element of the organisation strategic plan. Moreover, they facilitate a company to identify its needs concerning talented employees.

The selection of employees is another group of antecedents important for talent management. Effective selection ensures the conformance between the values of an organisation and individual values of employees. Such coherence enables the formalisation of talent management and the identification of talented employees. It has a positive impact on the image of a company. It strengthens the employee identification with a company and their loyalty. It improves the organisational climate. Moreover, when employees are integrated with a company, it is easier to create the paths of career development for them.

Establishing transparent HRM procedures and applying them consistently provide a solid foundation for developing the talent management process. Clear and transparent procedures are the prerequisites for all HRM activities concerning both talents and other employees. Clear HRM procedures are always highly appreciated by the members of an organisation. Positive opinions they share with others strengthen the image of a company as a good employer which attracts potential talented employees. Transparent procedures facilitate the identification and selection of talented employees.

Transparent procedures familiar to all members of an organisation and relevant methods enable to avoid negative emotions among the personnel when identifying and selecting talented employees. Similarly, applying clear principles facilitates the process of establishing career paths for talented individuals. Moreover, the aforementioned effects may be strengthened by filling job vacancies with the employees of qualifications, skills and personal competencies well suited to their roles and responsibilities.

Setting high requirements for prospective candidates the company improves its attractiveness and market position as an employer. In result, high potential employees are attracted. High requirements for candidates develop the reputation of elitist employment and enable to establish the individual career paths for talented employees.

A comprehensive training system available for all members of an organisation increases the company attractiveness for any current or prospective employee. Everyone wants to work in an organisation which offers prospects for continuous development of its employees. Moreover, trainings are the prerequisites for learning and sharing knowledge which enhances both individual and team performance.

Among the antecedents of talent management related to HRM, an important role is played by systems and procedures enabling fair and honest appraisal and evaluation of employees. Their effects are strengthened when HRM decisions are transparently correlated with an appraisal and evaluation process. The implementation of such systems facilitates formalising talent management and it motivates employees to continuous development which leads to promotions, higher salaries or other benefits.

All HRM procedures and systems are the key factors to develop talent management processes considered as organisational competencies of higher level. They provide a foundation for talent management systems and they are indispensable to effectively manage high potential employees.

Internal communication competencies are necessary for learning processes and sharing knowledge among employees. Clear and understandable messages facilitate cooperation, enable employees to avoid ambiguity, gossips and conflicts. When internal communication is effective it is easier to cooperate in order to achieve organisational aims and objectives. Well developed communication skills facilitate the cooperation between managers and their subordinates which creates positive organisational climate and attracts talented employees.

Nevertheless, communication skills alone are not sufficient. They need to be supported by effective systems and procedures of horizontal and vertical intra-organisational communication. Thus, structural solutions combined with communication skills create excellent conditions for establishing and developing effective talent management procedures.

Talent management depends on attitudes and behaviours of managers. Building trust and the atmosphere of fairness increases loyalty and employee engagement. In effect, the reputation of an organisation as an employer brand is strengthened which attracts high potential employees. The atmosphere of trust and fairness improves an organisational climate, creates favourable conditions for cooperation and creativity and encourages employees in their efforts to

face new challenges and projects. Consequently, under such circumstances managers can easier identify prospective talents who have opportunities to show and develop their skills. Talent management is significantly supported by positive models of relationships with employees provided by both top and middle managers. The models set by managers can be multiplied among work mates which creates conditions for sharing knowledge and supporting each other in common projects. Thereby, outstanding results are achieved as a consequence of the synergy effect.

Using the creative potential of talented employees to increase company innovativeness is one of talent management goals. Therefore, an important question arises: how to encourage their creativity? Organisational culture which fosters seeking the excellence and formal procedures and rules which do not limit creativity should be mentioned among other determinants of talent management. Clear values and high standards motivate people to pursue continuous development, searching for challenges and striving for more. On the other hand a lower level of formalisation creates conditions for cooperation and knowledge sharing which attract talented employees.

Organisational culture is another determinant playing an important role for talent management. The clarity of organisational culture is its key feature conducive to talent management. Clear rules of behaviours, norms and values understood equally by all employees increase integration and their identification with a company, thereby facilitating talent management. In such circumstances, talented employees behave more naturally and individual careers paths can better adjusted to their features. The cohesion of working teams is important for enhancing cooperation and knowledge sharing, and for defining company needs concerning talented employees. The higher cohesion among the members of working teams the easier to develop talent management systems.

Company strategy and control supplement the aforementioned antecedents of talent management. If a company wants to attract talented employees, identify them and develop the progress in the strategy implementation process and its effects should be communicated to all employees. Employees should be informed about the current status and situation of their organisation. It enables them to assess the results of strategy implementation and to realise what a company expects from them.

The catalogue of the talent management antecedents discussed above is an open-ended list. It is difficult to enumerate all of them. Nevertheless, the identified factors may be considered as guidelines for establishing tangible and intangible foundations of talent management.

Besides intra-organisational antecedents which positively stimulate talent management, there are some factors which impede it. In order to identify such barriers we applied a Delphi technique. According to the opinions of the experts participating in a Delphi session, the majority of talent management barriers are the opposites of its stimulants presented above. It seems to be logical because fulfilling some conditions triggers and enhances talent management processes while neglecting these requirements hampers them. The catalogue of the intra-organisational barriers of talent management identified by experts is presented in Table 7.5.

Table 7.5. Intra-organisational barriers of talent management

Intra-organisational barriers
<ul style="list-style-type: none"> — lack of talent management procedures; — lack of understanding of benefits for an organisation from employing talented people; — lack of manager engagement in recruiting and coaching talents; — aversion of other personnel to talented employees (jealousy, envy, unwillingness to cooperate); — organisational culture promoting average achievements; — uncompetitive working conditions and salaries; — egalitarian wage policies; — unclear professional development policy; — lack of experienced employees to perform the roles of mentors; — inability to identify talents and discretion of HRM procedures; — lack of talent management communication strategy; — appointing talents to inappropriate jobs; — lack of the long term approach to the company development; — lack of carrier paths; — insufficient cooperation with research centres and higher education institutions dealing with the issues of talent management and development; — lack of trust to employees; — lack of budget to identify and develop talents; — lack of employer branding activities on the market and in prestigious universities; — limiting creativity and initiative of talented employees; — low level of employment security.

Analysing the factors enumerated above, it should be pointed out that the lack of support by the organisational hierarchy seems to be the main barrier to talent management. Managers either will not manage talents (because they find it useless or are afraid of talented employees) or cannot manage talents

effectively and make no efforts to learn how to do it. Such a situation may impede talent management implementation in an organisation or even make it impossible. The lack of procedures and unclear HRM policy are other problems. They hamper managing all human resources, and talented employees in particular. Talent management may be limited by the factors related to organisational culture such as values and norms of behaviour suppressing employees who stand out of the crowd. Additionally, talent management implementation and talented employee development are hampered by the lack of financial resources or effective communication systems.

During the Delphi session we asked the experts to identify external factors stimulating and suppressing talent management. Stimulants enumerated by the experts correspond to the factors presented in the literature [cf. Areiqat et al, 2010, 329; Vaiman et al., 2012, 929–933]. The catalogue includes the following elements:

- increasing global competition;
- increasing role of innovations as the source of competitiveness;
- decreasing birth rate in both in developed and developing countries;
- limited supply of highly skilled employees.

Moreover, according to the expert opinions, talent management is supported by: the wealth of the nation, the level of education, the cooperation between business and higher education institutions and the availability of external sources of funding for talent education and development (particularly EU funds). Similarly, professional magazines and training events should be mentioned owing to their role in promoting talent management and making it a fashionable issue.

Cultural barriers were identified by the experts as the most suppressing external factors from the talent management perspective. The lack of acceptance of “stars” by other employees or nepotism create real challenges for effective talent management. Low mobility of Polish employees is another barrier. It relates to their unwillingness to change the place of residence and change jobs. Moreover, Polish companies lack models and experience in talent management. Therefore, companies which are the subsidiaries of international corporations usually represent a higher level of talent management. As highlighted by the experts, some companies may restrain from establishing talent management systems under the pressure of trade unions.

Summing up, the findings of our study confirm that talent management is dependent on the variety of intra-organisational and external factors.

The complexity of talent management process is caused by the fact that human resources are the most challenging element of organisational potential. From the perspective of talent management, intra-organisational determinants seem to be more important than external factors which depend on global trends and processes and which are the same for all the companies.

7.5. Talent management impact on the development of a company

The outcomes of talent management are continually analysed and studied. Bieniok, [2008, 412] claims that talents particularly contribute to the increase in the company value and its current and future competitive position. Collings and Mellahi point out the relations between talent management and the increase in employee motivation, their engagement and extra role behaviours. As a result, the increase in organisation efficiency is observed [Collings and Mellahi, 306, 309–311].

The role of talent management for the development of a company was one of the areas of interest in our research. We asked the experts participating in the Delphi session and the companies contributing to the questionnaire survey what outcomes and benefits for companies were produced by talent management. The following indicators of development were analysed and correlated with talent management: productivity, innovativeness, the quality of applied business processes, product quality, employee satisfaction, customer satisfaction and company reputation. The correlations between talent management manifestations and company development indicators are presented in Table 7.6.

The analysis of data in Table 7.7 confirms that correlations between talent management manifestations and company development indicators are positive and significant. Simultaneously, they vary among variables. Establishing individual paths of career and creating the opportunities for continuous development of talents are identified as the factors of the highest impact on all company development indicators. Such manifestations are typical of formal talent management systems. Career paths lead to the growth of a company and its employee potential. They enable companies to select high potential employees. Individual career paths create opportunities to move talented employees to higher positions and increase their flexibility. They

facilitate acquiring knowledge from various areas which makes employees better prepared for market changes. High requirements stimulate the development of employees and protect them from weariness. Career paths enable optimisation of the employee potential by establishing a roadmap for their development. Attractive prospects for professional development are an effective motivation to retain talented employees and increase their engagement and loyalty [Szymańska and Wolski, 2013].

Table 7.6. Correlations between talent management manifestations and company development indicators, Pearson correlation coefficients, ** p < 0.01, * p < 0.05

Company development indicators	productivity	innovativeness	business processes quality	product quality	employee satisfaction	customer satisfaction	company reputation
Talent management manifestations							
A company makes talent management an element of its strategy	.467**	.439**	.522**	.358**	.362**	.357**	.239*
A company knows what talents are required	.373**	.296*	.391**	.320**	.322**	.273*	.161
A company has relevant methods to identify and select talents	.395**	.410**	.478**	.296*	.320**	.339**	.229
A company makes an effort to attract the best employees	.300**	.238*	.306**	.341**	.335**	.312**	.188
A company establishes individual paths of career and methods of development for talents	.515**	.369**	.457**	.405**	.401**	.467**	.395**
A company creates opportunities for talents to meet ambitious projects and challenges	.375**	.296*	.368**	.388**	.346**	.353**	.287*
A company creates conditions for learning and knowledge sharing	.387**	.294*	.359**	.316**	.345**	.375**	.277*

Becoming an element of the company strategy talent management matches other functional areas which has a significant influence on company development indicators. It strengthens the formal aspect of the talent management process. Consistent strategy is the most effective tool to optimise activities and processes, and to engage high potential employees in the areas of strategic importance for an organisation.

Relevant methods of identification and selection of talents are the most strongly correlated with company innovativeness, the quality of business processes and productivity. It may be assumed that selecting the most suitable candidates for particular positions means matching personal predispositions,

skills and competencies to particular tasks at a given job vacancy. Such fit results in higher creativity. In effect, innovative products, processes and services are generated. When talented employees are matched well to their roles (tasks) they work faster, more effectively and they achieve better results.

Strongly stimulating all the indicators of company development, the aforementioned manifestations of talent management are most significantly correlated with the increase in productivity, innovativeness and the quality of business processes. As regards to product quality, employee and customer satisfaction, and company reputation some other manifestations of talent management play an important role in their development. For instance, product quality is strongly influenced by opportunities for talents to meet ambitious projects and challenges, and company efforts attract the best employees. Setting ambitious goals for high potential employees motivates them to continuous development which results in new ideas, solutions and improvements in their areas of responsibility. Moreover, if a company creates conditions for learning and knowledge sharing, which supports achieving outstanding outcomes, the increase in the company reputation and the satisfaction of employees and customers may be observed. Such favourable conditions enable the development of employees which enhances their satisfaction. In result, the higher quality of customer service and consequently the higher level of their satisfaction may be achieved. Customer satisfaction is correlated with new knowledge generated by the process of organisational learning. Although all the employees should participate in organisational learning, talents play the leading role. Company reputation is shaped by the same manifestations of talent management which are the antecedents of employee and customer satisfaction. Certainly, satisfied employees providing services for satisfied customers make a solid foundation for the company reputation.

Besides surveying companies, in order to identify the role of talent management for the company development we interviewed the experts participating in the Delphi session. They assessed the influence of talent management on company's productivity, innovativeness and competitiveness. The six-grade scale between 0 and 5 was applied. The following levels denoted: 0 – lack of influence, 1– slight influence, 2 – little influence, 3 – medium influence, 4 – significant influence, 5 – very significant influence. The expert assessments are presented in Table 7.7.

Table 7.7. The impact factor of talent management influence on company productivity, innovativeness and competitiveness according to the experts' opinions

Manifestations of company development	Productivity	Innovativeness	Competitiveness
Talent management	2.8	4.8	4.5

According to the expert assessments, talent management has very significant influence on company innovativeness. Creative potential of talented employees, their knowledge, engagement and skills result in new ideas, solutions and products. Talents contribute to the development of competitive advantage and they have a significant impact on company competitiveness.

Talented employees are strategic and key resources for the company success. Simultaneously, they are rare resources. Therefore, companies fight their “wars for talents” [Michaels, Handfield-Jones, Axelrod, 2001]. Owing to their extremely high potential and the ambiguity of using it, competitive advantage created by talented employees is difficult to be imitated by market competitors. Moreover, it is difficult to substitute talents as no other resources are able to generate such results as creative high potential employees [Mackey and Barney, 2005, 165–168].

7.6. Recommendations for talent management improvements in companies

The analysis shows that the surveyed companies are not satisfactorily advanced in talent management. Such an assessment is confirmed by the status of talent management manifestations. Formal aspects of talent management received the lowest scores. It means that the surveyed companies lack the strategic approach to talent management process, methods enabling to identify and select talents, and individual career paths for talented employees. Other manifestations of less formal character received higher scores. It may be supposed that managers are aware of talent management role for company development and they undertake initiatives resembling talent management. What is particularly important, the manifestations of the lowest scores have the most significant impact on the development of a company. Therefore, those aspects of talent management of the most prominent influence on the development of a company should be strengthened first. First and foremost, employees need individual development plans and instruments such as

coaching, mentoring and training sessions supporting their development. The possibility of professional development is the strongest motivation to engage in work, to build relationships with customers and other employees. It is an incentive triggering creativity, openness, the willingness to cooperate with others and share knowledge. Talent management should be considered as a strategic initiative and should be an element of the company strategy. These conditions are the prerequisites for correlating talent management with other processes and functional areas. Occasional and short term programmes are not effective. Such an approach may result in conflicts between talents and other employees and it generates short term outcomes. Relevant methods of talent identification, recruitment and selection are needed for talent management processes. When properly applied they ensure that job vacancies are filled with appropriated candidates and make talent management procedures clear and transparent to all employees.

Therefore, companies should develop and strengthen these resources, systems and procedures which depend on their own decisions and play crucial roles for talent management systems. The surveyed companies should focus their attention on antecedents related to human resources management. Procedures and instruments to recruit and select high potential employees should be developed. Employees of relevant qualifications, personal features and competencies should be appointed to job vacancies. The conformance between the values of an organisation and individual values of employees should be taken into account in the process of selecting the most suitable candidates. Employees appreciate the systems and procedures enabling fair and honest appraisal and evaluation of their work. Therefore such mechanisms should be improved in the surveyed companies. Organisational culture plays an important role in talent management. The desired organisational culture should be understandable to all employees, it should promote values stimulating employee development and searching for excellence.

The aforementioned recommendations should be implemented as soon as possible and they should receive high priority. There is no need for expensive investments in order to implement them. On the contrary, more advanced management processes are the key prerequisite. However, unless talent management receives full support of managers and it becomes a priority for top leaders, methods and procedures alones will not be sufficient to manage effectively high potential employees.

Chapter 8

LANGUAGE OF INTERNAL COMMUNICATION IN CREATING PRO-DEVELOPMENTAL POP OUTCOMES

Joanna Wińska

8.1. Characteristics and indicators of positive internal communication language as one of key POP areas

An efficient system of internal communication is an indispensable element of company operations. Chapter 8 will first deal with characteristics and indicators of the desired state of the internal communication language as one of the POP key areas. The chapter will then describe the state of internal communication in companies operating in Poland, the impact of this key POP area on organisational development, its external and internal antecedents, as well as recommendations on how to reach the desired state of internal communication.

Internal communication is relatively young as a research subject. One of the first books on internal communication entitled *Sharing Information with Employees* [Heron] was written as early as in 1942, but that was an exception at that time. Research in that field expanded in 1970s but the major texts were written after 1990.

We cannot imagine an organisational functioning without its members communicating with each other. Internal communication works like a vascular

system delivering, transferring and processing information to the furthest ends of the organism. Communication is the foundation of the basic managerial functions such as control, motivation or information [Robbins, 2005, 299]. Communication triggers employee motivation [Rodney, 1982, 25–27; Amabile, 1993, 190], helps to express feelings and emotions [Bagozzi, 2003, 180–186; Kellett et al., 2006, 146–162] and fosters team work [Bono et al., 2006, 320–330; Hilgerman, 1998]. Internal communication builds trust among the employees as well as between employees and managers and an organisation [Pincus et al., 1990, 173–185; Zeffane, 2009, 163–176]. Communication reduces risk [Mintzberg, 1975, 49–61] and supports knowledge management [Glińska-Noweś, 2007, 100–108]. One major aspect of internal communication should be mentioned at this point. *Employees voice* is about organisational structures and procedures that help employees indentify with organisational objectives as well as influence the decision-taking process (e.g. creation of trade unions) [Corneliessen, 2010, 230]. *Organisational silence*, in turn, exists when employees hide important information [Morrison and Milliken, 2000, 706–725]. Employees remain silent when they know they have no impact on their organisation or the expression of their point of view is not welcome.

If it were to exist, the ideal communication would mean that the transfer of an idea would evoke the same image in the receiver's mind as it exists in the sender's mind [Robbins, 1998, 216]. Good communication means that the message was understood in the right way and reached its objectives, moreover, the sender and receiver maintain good relationships [Treece and Kleen, 1998, 9]. In theory it is obvious but in reality such an ideal situation is utterly impossible due to communication barriers.

For the sake of the survey questionnaire, internal communication was called the language of internal communication in order not to repeat the same content in the part concerning POP antecedents. Few of the antecedents of other POP key areas dealt with internal communication system.

Positive Organisational Potential refers to an ideal state of resources supporting its development [Stankiewicz, 2010a]. We can raise one question here: what would be the “ideal state of the positive language of internal communication” as a POP key area? What features should the positive communication have to be something more than just effective communication? The desired state and features of ideal internal communication as a POP key area were assessed by the experts in the Delphi session that will be described

in more detail in Chapter 11. The experts suggested a synthetic description of the ideal, desired states of the individual key POP areas.

The experts drew their attention to three dimensions of the ideal internal communication:

1. **The way it is created and delivered.** Internal communication should be understandable to the recipients (a message should be adequately composed and adjusted to the recipient's needs in terms of the communication channel and perception abilities), should be distributed in many directions, be proportionally formalised (i.e. use the adequate proportion of the formal and informal communication) and should be delivered on time. Summing up this short description, the experts indicated comprehensibility, multi-direction, optimal formalisation and on time delivery.
2. **Content of internal communication.** The content of communication should be explicit (i.e. fully and clearly expressed), concise (i.e. brief in form but comprehensive in scope), complete, true, sufficient and stable in the course of time (the senders cannot forget what they communicated before).
3. **Positive effects on employees.** In this dimension the experts concentrated on the motivation function ('does not limit employee potential', 'motivates'), empathetic function ('does not restrict emotion') and culture-creating function ('integrates', 'improves employee knowledge of an organisation').

According to the above opinions internal communication as one of the key POP areas covers more than the classic understanding of an *efficient* communication [Zieleniewski, 1969, 223–236]. It is clearly seen through the positive impact it has on the employees: motivational, empathic and culture-creating functions corresponding with the Motivational Language Theory managerial language functions [Sullivan, 1988; Mayfield et al., 1998; Madlock, 2008]. One of the experts summed the definition in the following words: 'ideal communication is the precision of thought and word sweetened with a bit of friendliness'.

On the basis of the expert opinions the following definition of the ideal state of the positive language of internal communication was composed:

The desired language of internal communication is as such form and content of internal organisation, which is understandable and adjusted to

the recipients, explicit, complete, prompt, and true. It has motivational and emphatic functions and as well as it explains and supports important organisational values.

Literature studies and the Delphi session results led to the formulation of the six following internal communication dimensions that were the research variables:

1. The system of internal communication provides necessary information to all employees and ensures the feedback. That variable is called internal communication **completeness and reciprocity**.
2. Internal communication is unambiguous and delivered on time. That variable is called internal communication **explicitness and promptness**.
3. Message senders analyse the emotions of their interlocutors and adjust the form of communication to them. That variable is called internal communication **sharing feelings** or **empathic** function.
4. Internal communication enhances employee motivation. That variable is called internal communication **motivation supporting** function.
5. Internal communication fosters integration among employees. That variable is called internal communication **integration supporting** function.
6. Internal communication consistently and coherently explains the organisational values to be respected. That variable is called internal communication **explaining and supporting culture** function.

The above mentioned variables describe internal communication as one of the key areas of Positive Organisational Potential. The variables were used in the questionnaire survey, the Delphi session and the correspondence Delphi to check the state of internal communication in companies operating in Poland as well as to analyse the relations between communication and other key areas and to find internal communication antecedents. The discussion will start with the state of the internal communication in companies to show what areas of internal communication in companies operating in Poland need more attention, next the relation between communication and company development will be shown, then the pertinent antecedents will be analysed to indicate the recommendations for companies who are willing to make their efforts in developing their positive potential.

8.2. The state and impact of internal communication on company development

On the basis of the questionnaire survey research results the state of internal communication in companies operating in Poland was evaluated at the level of 71.30 (the scale between 0 and 100). This evaluation is the average of individual six internal communication variables. Figure 8.1 presents the state of the individual internal communication variables in companies operating in Poland in 2009–2011.

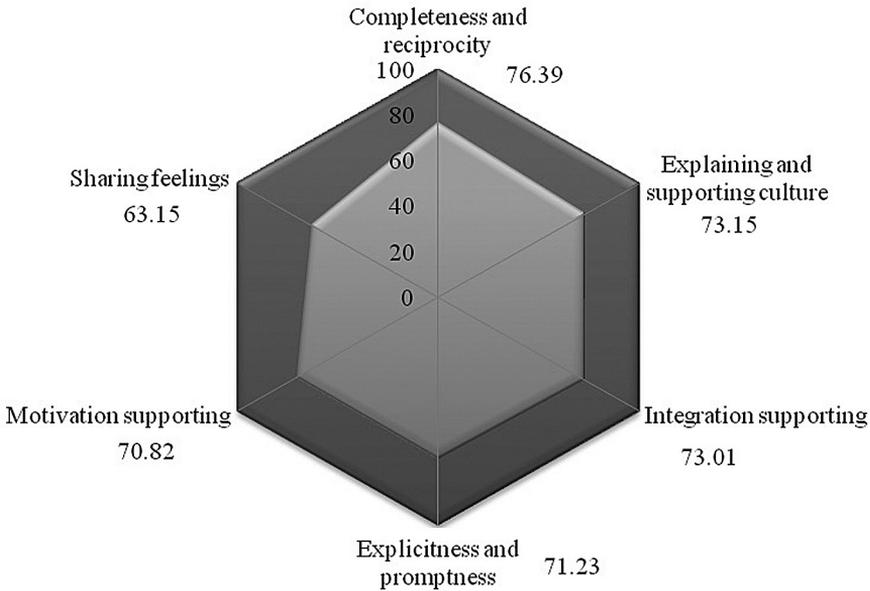


Figure 8.1. The state of internal communication variables in companies operating in Poland

According to Figure 8.1 the state of internal communication completeness and reciprocity was assessed at the highest level of 76.39. The second highest value was held by internal communication that consistently and coherently explains the organisational values to be respected ($\mu = 73.15$). Internal communication that fosters integration among employees ($\mu = 73.01$) took the third place. The further were the explicit and prompt internal communication ($\mu = 71.28$) and the motivational function of internal communication ($\mu = 70.82$). The lowest score in the surveyed companies was earned

by the empathic function of internal communication ($\mu = 63.15$). This function is the weakest element of the Polish internal communication as showing feelings at work may be seen as a weakness. This may, in turn, be connected with the masculinity of the Polish culture (64 as compared to e.g. 8 in Norway) with a preference for assertiveness, heroism, achievement and material reward for success. Its opposite, femininity, stands for a preference for modesty, cooperation, quality of life and caring for the weak. Society at large is more consensus-oriented [Hofstede, 2013]. Certainly, the question of sharing feelings in Polish companies is an interesting subject for further study. With reference to the obtained research results we can state that the internal communication in Polish companies undoubtedly has much room for improvement, especially the empathic and motivating functions. In the further part of the section we are going to answer the question whether internal communication influences company development.

The literature shows that the quality of internal communication has a significant impact on employee satisfaction [Muchinsky, 1977, 592–807; Downs and Hain, 1982, 435–471; Pincus, 1986, 395–419; Downs et al., 1988, 171–121; Ray and Miller, 1994, 357–373, Avtgis and Taber, 2006, 17]. Some researchers focused merely on the examination of the managerial communication and indicated the relations between its quality (i.e. the skills and behaviours of managers) and subordinate satisfaction [Kim, 2002, 231–241] and some focused only on managerial communication with the whole company [Beck, 1999]. In that field of interest, the Motivating Language Theory is particularly interesting, which shows the relations between three supervisor language aspects and employee satisfaction and behaviours. The theory based on Austin's *How to do things with words* developed by Sullivan [1988, 104–115] other American researchers [Mayfield et. al., 1998, 235–248; Madlock, 2008, 61–78] pinpoints the importance of all three aspects of the language in balance with each other. Most of the research in that field comes from the Anglo-Saxon countries; it would be interesting to examine the validity of the theory in Poland.

Company employees have always been and will be its flagship resource. A satisfied employee will promote their company and employer outside, creating a positive company image. The relationships between an organisation and their personnel are the manifestation of the business culture [Clark, 2011, 28]. And this, in turn, is the beginning of positive relationships with

the company environment. That is why managers should be particularly careful about the quality of communication with their employees [Pincus et al., 1991, 23]. Undoubtedly, the most effective employees feel connected with the company, identify their individual values with the values of the company and are included in the decision-making process [Proctor and Doukakis, 2003, 268–277]. A significant aspect of the process is the issue of the employees being listened to and their problems solved [Robbins, 2005, 310–311].

Moreover, effective communication is inseparably and bilaterally connected with organisational culture and climate. The strength of a given culture is clearly connected with the leadership style and charisma. The extent to which a given leadership style is able to exert its influence on the organisation levels is soundly connected with internal communication. Similarly, organisational climate is shaped by and reflects the effectiveness of internal communication [Chong, 2007, 201–212; Cameron and McCollum, 1993, 217–250].

What is more, a well-functioning communication system is particularly noteworthy during change in an organisation. Each company needs to introduce changes in order to keep up with the changing environment and competition. In order to adjust the organisation to the changing environment, first, it needs to prepare their employees to the changes. The employees need to be told why the changes are taking place. Good communication will also help to control the process and reduce the risk of making mistakes [Daly et al., 2003, 153–162]. At the same time, internal communication supports organisational learning [Goodman and Darr, 1998, 417–440]. Employees not only learn from their own mistakes, but also from other people's mistakes. The effective communication system disseminates good practices in a company and supports organisational learning [Goodman and Darr, 1996, 7–18]. Furthermore, Watson Wyatt Worldwide (now: Towers Watson) report proves that companies with effective employee communication have a better financial standing [Watson Wyatt Worldwide, Report 2009/2010]. The survey of 328 companies (over 5 million employees in total) on all the continents shows that the ROI of the companies with an effective system of internal communication was 47% higher (between 2004 and 2009) in comparison with the companies without such a system [Watson Wyatt Worldwide, Report 2009/2010, 3]. In conclusion, according to the Anglo-

Saxon literature an effective communication system has a direct impact on organisational performance.

One of our research objectives was to check whether such a significant relation between internal communication and company development (OD) can be confirmed in the companies in Poland. The questionnaire covered seven variables of company development (OD): the increase in work productivity, increase in innovativeness, increase in the quality of applied business processes, increase in their products quality, increase in employee satisfaction, increase in customer satisfaction, and a considerable development of company reputation.

The survey in companies carried out within the National Science Centre grant showed a strong relation between internal communication and organisational development ($r=0.59$). Such a strong correlation of communication and development may suggest that improvement in internal communication may result in organisational development.

A detailed analysis of the relation between internal communication and organisational development needs to be carried out. Table 8.1 presents the correlation coefficients (r) of six individual internal communication dimensions with organisational development variables.

Table 8.1. Pearson correlation coefficients (r) of six individual internal communication dimensions with organisational development (OD), $p < 0.01$

Variables	1	2	3	4	5	6
We had a considerable increase in work productivity between 2009 and 2011	.38	.36	.33	.49	.45	.43
We had a considerable increase in innovativeness between 2009 and 2011	.24	.25	.38	.50	.46	.33
We had a considerable increase in the quality of applied business processes between 2009 and 2011	.46	.40	.42	.60	.61	.47
We had a considerable increase in our products quality between 2009 and 2011	.40	.42	.41	.55	.59	.42
We had a considerable increase in employee satisfaction between 2009 and 2011	.44	.51	.45	.61	.64	.46
We had a considerable increase in customer satisfaction between 2009 and 2011	.44	.54	.44	.68	.64	.48
We had a considerable development of company reputation between 2009 and 2011	.37	.44	.38	.60	.54	.41
The average of all OD indicators	.44	.48	.46	.65	.64	.48
Legend:						
1. Completeness and reciprocity						
2. Explicitness and promptness						
3. Sharing feelings						
4. Motivation supporting						
5. Integration supporting						
6. Explaining and supporting culture						

The data confirm the high importance of motivating function of internal communication. In the case of the correlation between individual elements of communication and increase in the quality of business processes, the highest value, indicating a strong correlation, is reached by the motivational and integration functions of communication with the correlation coefficients of $r = 0.60$ and 0.61 respectively. Again, in the analysis of the correlations between internal communication elements and the growth in the quality of products the highest correlation is calculated for the integration supporting ($r = 0.59$) and motivational ($r = 0.55$) functions of communication. In the case of the correlations with the growth in the employee satisfaction besides the integration supporting ($r = 0.64$) and motivational ($r = 0.61$) functions of communication, the third strongest correlation is presented for the explicitness and promptness of communication ($r = 0.51$). The dependencies with the increase in customer satisfaction are similarly shaped, but even stronger, i.e. the motivational and integration supporting functions of communication, and the explicitness and promptness of communication amount to $r = 0.68$ $r = 0.64$ and $r = 0.54$ respectively. In the case of the company reputation once more the motivation supporting ($r = 0.60$) and integration ($r = 0.54$) functions turn to be most significant.

The data in Table 8.1 indicate a positive correlation between the elements of internal communication and organisational development. The integration and motivation supporting functions of communication play a vital role in stimulating organisational development as they show a strong and significant correlation with OD, higher than the remaining internal communication elements. Thus, the motivational function has a correlation coefficient of $r = 0.65$, while the integration supporting function is at the slightly lower level of $r = 0.64$. Finally, the correlations between the elements of internal communication and organisational development were determined in the detailed analysis. The motivational and integration supporting functions of communication are the essential dimensions of communication that affect the development of an organisation.

In conclusion, effective and positive internal communication affects two layers: the personal (employee) and organisational levels. At the individual level it increases work engagement, trust, job satisfaction, improves work performance, encourages development, increases motivation, a sense of loyalty and promotes employee empowerment. At the organisational level, effective

and positive internal communication supports the reputation of the company, its innovativeness, change, knowledge sharing, increases social capital, relationships, unifies corporate identity, reduces potential confusion and conflicts, increases the quality of services, supports learning and company competitiveness. Effective and positive internal communication should also be treated as one of the major indicators in measuring company development.

Still, the question arises how companies can stimulate their development through individual dimensions of internal communication. In order to look into it in more detail the next section will analyse the antecedents of individual internal communication dimensions with specific reference to the weakest dimensions in the surveyed companies, i.e. emphatic and motivating functions.

8.3. Antecedents of the positive language of internal communication

Internal communication has antecedents that originate from the three dimensions: individual, organisational and national. The three dimensions intermingle constantly, so it is difficult to establish whether a given antecedent is connected only with a given dimension.

The fundamental antecedents of effective communication would be the use of the same language, which would be significant for example in employing foreigners or offshoring the business, and the patency of the communication channels, for example, the IT or phone systems need to be up and running. Other antecedents cover individual employee features, attitudes and skills [e.g. Ruck, 2012, 43–44; Dunning, 2011, 7–14], organisational culture in a reciprocal relation with communication [e.g. Schein, 1990, 109–119; Brown, 1998, 16–17], organisational structure [e.g. Zieleniewski, 1969, 418] and leadership [e.g. Gray and Robertson, 2005, 26–28; Glińska-Noweś, 2007, 116].

Literature sources indicate leadership as the crucial antecedent of internal communication. Research carried out in the USA shows that the improvement of the top management communication (especially the CEO's communication) will be most cost-effective way of improving the employee communication satisfaction [Gray 2004; Quirke, 2008, 135; Gerstner, 2003, 14; D'Aprix, 1996, 28–30]. Reinertsen et al. [2008, 46] prove that the issue that draws

the leader's attention also draws the attention of the whole company. So if the leaders pay their attention to internal communication, the middle managers will follow their example. Young and Post [1993, 31–43] point out that top management support is indispensable in showing middle managers that effective communication is the most important managerial activity in an organisation. Argenti and Forman [2002, 128] state that communication skills should be included in the basic every manager's toolset, a habit that is shared with leaders and understood at every management level. Scholes [1997, 37] proves that employees trust their immediate supervisors, preferring them to any other organisational source due to the direct exchange of communication. Internal communication antecedents are interrelated, and they can be a source of barriers to effective communication.

Internal communication antecedents were examined with the use of the Delphi session method, questionnaire survey in companies and interviews with company managers. In the Delphi session the experts indicated external and internal antecedents of the ideal state of the internal communication language as one of key areas of Positive Organisational Potential (KA POP).

The experts indicated external antecedents of internal communication, which minimise or maximise the desired internal communication. According to the experts, the external antecedents stimulating positive internal communication are the following:

- good company practice (standards such as e.g. SAP, GAAP that require the adjustment of company standards, corporate governance regulations, development of the market, access to good practice examples in other sectors);
- development of new technologies.

The external antecedents hindering positive internal communication cover the following:

- bad examples (such as the attitude of taking too much for granted, politicians' or media communication style, corporate 'babble') and,
- lack of trust to official messages (as a feature of the Polish national culture).

The same type of antecedents (good/bad company practice) may be a stimulating or hindering factor of internal communication. However, a company usually does not have any influence on the external antecedents, e.g. it would be quite a challenge for one company to try and change the

language of politics. That is why for the sake of its own development the company should deliberately manage the internal antecedents (i.e. those that the company can influence). The experts in the Delphi session also indicated the internal antecedents of positive internal communication as KA POP.

The experts enumerated several internal antecedents, which could be grouped into six following categories:

- 1) relating to organisational culture;
- 2) relating to standards of communication system;
- 3) relating to communication skills;
- 4) relating to training;
- 5) relating to organisational structure;
- 6) relating to technology.

The experts enumerated internal antecedents but did not verify their significance. So, the analysis of the data can only be used with the reference to the number of comments on a given type of the antecedent. The major part of the antecedents indicated by the experts was connected with organisational culture, e.g. being a role model as a manager. Experts mentioned manager's attitude to communication, their listening skills, giving feedback skills, and the use of the policy of fear or management by terror. The second large group of antecedents are the communication system determinants such as having communication standards, the use of direct communication, using contradictory messages. Other two groups, with relatively fewer antecedents are managerial communication and training in communication. Still less numerous group is organisational structure such as: high or flat organisational structure, or the existence of the functional teams that detour standard communication channels (communication in such teams requires additional effort from its members). The last group, according to the experts, are the antecedents connected with modern technologies, such as the lack of sufficient infrastructure as well as proper or improper use of it. In conclusion, in the Delphi session experts highlighted the significance of the top and middle manager skills, attitudes and behaviours as internal communication antecedents.

The language of internal communication is one of the key POP areas analysed in company survey in terms of its intra-organisational antecedents. Thanks to a larger perspective applied in the survey with respect to all the key areas, 89 antecedents of internal communication were divided in 10

groups. Four of the individual antecedents, directly connected with internal communication, were excluded from the analysis to avoid autocorrelation.

In the analysis correlation coefficient $r \geq 0.5$ is treated as a strong correlation. In the case of internal communication, only the strongest correlations were selected for the detailed study, i.e. $r \geq 0.6$

At the beginning of the discussion on internal communication antecedents Table 8.2 presents the antecedents with a higher correlation with the internal communication dimensions than with all the key POP areas. That shows the antecedents that are particularly significant for internal communication and they need to be predominantly brought to light in communication management.

Table 8.2. Selected antecedents with stronger correlation with internal communication than all KA POP, $p < 0.01$

	Intra-organisational antecedents of KA POP development	Pearson (r) correlation coefficients with internal communication dimensions	Pearson (r) correlation coefficients with aggregate KA POP
1.	The top management provides a positive model of relations with employees	.83	.80
2.	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.74	.72
3.	The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly	.66	.63
4.	Organisational structures are transparent	.60	.57
5.	A person of unquestionable skills and competencies is appointed to the position of a CEO	.58	.57

Table 8.2 shows the antecedents set in line with their correlation value for internal communication. That comparison clearly supports the Delphi session conclusions. The antecedents that are more significant for internal communication than for all key areas cover, first of all, setting a good example by top managers, then the training system, the quality of top managers (knowledge, experience, skills and competencies) as well as transparent organisational structures.

An analysis of the factors with the strongest impact on the internal communication average leads to the presentation of the most significant antecedents of internal communication. Table 8.3 shows the internal

communication antecedents with the highest Pearson correlation coefficients out of 89 intra-organisational antecedents examined in companies.

Table 8.3. The most significant internal communication antecedents, $p < 0.01$

	The most significant intra-organisational antecedents of internal communication	Pearson correlation coefficients (r) with internal communication, $p < 0.01$
1.	<u>The top management provides a positive model of relations with employees</u>	.83
2.	The middle management provides a positive model of relations with employees	.79
3.	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.76
4.	<u>A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies</u>	.74
5.	Organisational culture is clear and understandable	.73
6.	A company has the necessary tools for recruitment and selection of the key employees	.72
7.	Supervisors strengthen trust and the climate of justice	.71
8.	Organisational culture fosters seeking excellence	.70
9.	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.70
10.	Personal and social competencies are important criteria when recruiting a CEO	.69
11.	The ownership structure enables the top executives to manage in an effective way	.69
12.	Managerial staff as well as employees have effective communication skills	.68
13.	A company has procedures for recruiting and appointing the members of corporate governance bodies having knowledge and skills relevant to their positions	.68
14.	Employees experience the feeling of justice in their workplace	.68
15.	<u>The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly</u>	.66
16.	Employees are satisfied with their jobs	.66
17.	Supervisors behave empathically	.66
18.	The conformance between the values of an organisation and individual values of candidates is taken into account when recruiting new employees	.65

The most significant antecedents also include the three, underlined in Table 8.3, whose correlation coefficients are stronger with internal communication than the average for all KA POP. That pinpoints particular importance of top management and corporate governance member behaviours as well as comprehensive training for developing positive internal communication.

The Pareto principle was applied to identify the key antecedents of internal communication. The catalogue includes 20%, i.e. 18 items, of all factors characterised by the strongest correlation with internal communication considered as a key area of Positive Organisational Potential. The analyses of the antecedents for each of six variables of internal communication (namely: completeness and reciprocity, explicitness and promptness, sharing feelings, motivation supporting, integration supporting, explaining and supporting culture), due to their length, cannot be included in full in this discussion. However, the examination of the most important internal communication antecedents will include the conclusions also drawn from those analyses.

According to the results of the company survey the intra-organisational antecedents of internal communications can be divided into five fields: management behaviours, foundations of communication system, organisation culture and selection of key employees. The fields of most significant internal communication antecedents presented in Tables 8.2 and 8.3 are the following:

1. The **management behaviours** field covers setting a good example of positive relations with employees by top and middle managers, their emphatic behaviours as well as the creation of the atmosphere of trust and justice in a company. Good examples of positive relationships with employees are the most important antecedents of internal communication, out of the 89 examined. However, the behaviours of top managers bear stronger significance as they set a good example for the middle level. Behaviours creating trust and justice are closely connected with the top two as positive relations among employees are based on the feeling of trust and justice, and this, in turn, is reflected in another antecedent, namely, in the employee sense of justice in their workplace.
2. The **selection and recruitment** field is the largest group of antecedents: seven out of 18 selected antecedents are related to the recruitment process. As presented in Table 8.3 they are mostly concerned with the recruitment procedures and selection for senior positions. Most significant are the necessary tools for recruitment and selection of the key employees, that enable managerial staff as well as employees to have effective communication skills. The remaining antecedents refer

to the selection criteria for managerial positions including the CEO position, as well as the members of corporate governance bodies. Thus a recruitment system should support the quality of senior management whose behaviours have the most important impact on the development of positive internal communication. An analysis of personality types may be helpful in bringing communication styles to employee attention – the way they create and receive messages as well differences in communication styles between people. Such an analysis can be of assistance in the candidate selection where certain communication styles may be required in a given position. The properly selected key employees, with the proper skills and features adjusted to the position requirements, thanks to the proper training, behave (communicate) in the proper way. In a managerial position such an employee is able to create the system, procedures or strategies of communication in addition to proper communication skills.

3. The **training** field covers a comprehensive training system enabling the development of its employee knowledge, skills and competencies. This is supported by other antecedent, namely, the fact that managerial staff as well as employees have effective communication skills, which may be the result of both training and proper recruitment procedures. The company survey results confirm the Delphi session results to that extent. Training in a given area is a key factor in that area development. Firstly, the presence of training in a given area proves the importance of a given area due to the attention, time and money spent on it. Secondly, the company, on their own, can shape the proper employee and management behaviour in the way suitable for company development. According to the data presented in Table 8.2 training is more important for development of positive internal communication than for other key POP areas.
4. The **organisational culture** field covers clear and understandable as well as seeking excellence organisational culture. Moreover, organisational culture is supported by the recruitment process, which takes into account the conformance between the values of an organisation and individual values of employees. The way information is conveyed, the language of communication, as well as behaviours are the basic

elements of organisational culture [Brown, 1998, 10–31]. This shows that organisational culture and internal communication are closely intertwined, and influence each other directly. The language of communication in a company is a manifestation of an organisational culture, at the same time it is organisational culture that determines the way employees communicate, which, in turn, influences the culture. Simultaneously, the most important factors stimulating internal communication, i.e. management behaviours are, all together, important factors stimulating organisational culture [Schein, 1990]. Those dependencies can be summed up in the following conclusion: although communication is, on its own, insufficient to create the desired organisational culture (as it also needs e.g. the desired employee and managerial behaviour); without positive communication the remaining elements lose their momentum. Thus, positive internal communication is a key link in this chain of dependencies.

5. The **foundations of communication system** field covers effective internal communication systems and procedures, both vertical and horizontal, moreover, the ownership structure that enables the top executives to manage in an effective way. These are the underlying antecedents that need to exist for communication to function effectively.

The discussion clearly shows that the most significant factors for internal communication include the role models of positive relationships given by the top and middle managers as well as training. The conclusions drawn from the Delphi session and company survey analyses are supported by the results of company interviews.

The interlocutors, i.e. board members and CEOs, supplied some matter-of-fact examples showing the significance of giving a good example by top and middle managers for internal communication. Table 8.4 contains selected examples referring to the good practices in internal communication.

Table 8.4. Good practices in internal communication development in selected companies

<p>Netia S.A. faced its changes in their attitude to internal communication with the arrival of a new CEO (2007) who turned the company from a technology-driven enterprise to a company acknowledging the importance of the soft skills. The CEO, Mirosław Godlewski, believes that good relations and trust are crucial in developing good internal communication. Training and financial means followed the arrival of the new CEO. Due to the CEO's initiative the company has provided the extended and comprehensive system of training available to all its employees covering the full range of employees from the board to the technician on giving feedback, communication styles, etc. Netia S.A., unlike their competitors not only concentrates their efforts merely on financial results (in the company they are called above-the-waterline results) but also on understanding the soft results (called below-the-waterline results: "how do we feel about that"). Still another example of setting a good example of top management behaviour is the balanced power in top management, i.e. all the board's decisions are taken in a team, and the chairing function is transitive among the board members. The work is done on empowering middle managers to be more responsible, entrepreneurial, and self-reliant (courses in handling difficult situations, motivating employees, giving feedback). According to the interview training and behaviours of top and middle managers are the best methods of improving internal communication.</p>
<p>In Remondis Sp. z o.o. employees can turn to the CEO directly in difficult situations (examples are given) without the need of turning to the immediate supervisor first. Company structure is flat and the employee turnover is low. The CEO believes in the significance of direct communication and trust.</p>
<p>In Nova Trading Sp. z o.o. the example of the practices that supported internal communication covered employee integration event. There top management could, in an informal atmosphere, discuss the issues concerning communication and cooperation issues. It had a direct impact on better internal communication (better understanding of the emotions and their impact on the work environment), growth in engagement, fewer mistakes made and increase in responsibility for the company.</p>
<p>The fundamental guideline and ambition of NEUCA SA communication is to strive for maximum simplicity and for the fact that everything should be clear, transparent and obvious. Let there be no misunderstandings and ambiguities that information was full, so it does not leave any field for insinuations. On the other hand, corporate slang exists in NEUCA SA, that what NEUCA SA is trying to fight.</p> <p>Intranet – NEUCAnet was launched July 4, 2013. NEUCAnet's long-term goal is to become the main tool of communication within the company. NEUCAnet has to be something more than just an ordinary intranet. NEUCAnet has elements of social networking. NEUCAnet has to stimulate people, inform them, engage in action, get them closer together.</p> <p>NEUCA group uses Polish language, and therefore the communication does not apply 'the derivative of a foreign corporate gibberish'. There are clear signals from the President, who is an internal censor of Anglicisms. The texts that come from the headquarters in Massachusetts, which are to be translated for the Polish market, can be translated freely to adjust them to the Polish culture and conditions.</p> <p>NEUCA SA has a Code of Conduct which sets out the values they believe in. This is a set of standards of conduct and sound business practices. Openness is among the values listed in the Code, the openness that encourages freedom of expression, giving impetus to change. Behaviours which are promoted are based on openness and directness. NEUCA SA promotes open employee feedback for ways of doing business and involvement in research to improve their corporate reality.</p>
<p>Communication in Golpasz is not formalized. A characteristic feature is the absence of complicated and complex procedures. There is a certain amount of information resulting from the management systems, requiring daily entry and processing of specific information. Communication takes place through regular meetings with managers and employees, and through direct contacts, personal interviews, depending on employee needs. It is dominated by the word of mouth, face-to-face conversation, e-mail. This provides a complete, current information on the market situation and the company production.</p>
<p>The company Frauenthal Automotive Torun z o.o. has a well-functioning formal communication. Management Team meetings are held approximately once a week. Once a quarter, there is held a meeting with the entire staff. Twice a year there is a process review. The company applies an „open door policy”, according to which each employee can come to the CEO. The company has a system to report improvements in which all employees can present their ideas on how to improve the functioning of the company. If the proposal is positively verified employees are financially rewarded.</p> <p>About 2–3 years ago, the company identified problems with the flow of information. To improve this area information boards were introduced. The company in-house journal („Out of the dust and smoke”, bimonthly, volume 20 pages) is published. The edition of the newsletter is open to all employees. Employee engagement is stimulated through the column „employees are asking, the CEO is answering „ or articles describing different departments of a company. In addition, twice a year, employees receive a corporate newsletter. There was introduced one departmental meeting a month (at least) to discuss current issues and answer questions.</p> <p>The method of communication in TZMO SA is not formalized. The company emphasizes the important role of personal contacts between people who work together.</p>

There was a unification of technical language throughout the Group. All employees have to understand the exact same thing under the same notion. It introduces a unified information systems and dictionaries to improve efficiency and to avoid misunderstandings. Intranet was introduced in order to enable every employee access to key documents, forms and regulations in force. Moreover, the employees are informed about the events in the life of the Group TZMO, promotions, and changes in the organisational structure, employee contests and promotions through internal e-mail system. Departmental meetings are also held to discuss the most important events that take place in the company.

Among the measures to improve the flow of information within the company a comprehensive training project on internal communication was introduced and made available to all employees.

The company regularly organises direct meetings for those dealing with the same substantive areas in remote locations of the company, e.g. a meeting of Brand Offices from different geographic markets and sectors. From time to time the direct contact between employees facilitates better communication on a daily basis, despite the long distance. People who do not have natural opportunities for personal contact at work, thanks to such meetings, establish relationships. Face-to-face meetings support exchange of information, experience and increase efficiency.

For example, the person responsible for the collection of financial information, the consolidation and preparation of financial statements conducted personal visits to different locations of organisation divisions. These direct meetings and training, significantly improved the quality of information obtained there. Communication was improved and misunderstandings disappeared. Before that, the contact was limited to the transmission of the procedures to be followed and possibly a phone call. This resulted in a large amount of confusion and required a lot of time to explain. After establishing a direct relationship the quality of communication and collaboration has increased. Currently, a manager who is going to be working on the consolidated statements personally and regularly meets people from the financial departments of subsidiaries in the world (e.g. Russia, Romania, etc.). During these meetings, people get to know each other, discuss and explain the problems. They are able to improve, and simplify a lot of things. This allows employees to understand better the meaning of their work and realise how important it is for the entire organisation. This results in a growth of employee commitment.

Company Olympics event for workers and their families has improved communication and better understanding. Employees were equipped with smart phones five years ago, which has accelerated and significantly improved communication and work. Generally, every employee has an electronic calendar and e-mail in their pocket. You no longer need to wonder when a person receives the message, because it can be immediately read. This enables rapid response and efficient provision of resources. On the other hand, it causes a risk of technological dependence and interrupts interpersonal relationships. The increasing use of video instant messaging facilitates contact with workers around the world. For example, video conferencing improves the level of communication and quality of contacts. The company understands that having a direct eye contact when communicating supports better understanding.

Zelmer SA publishes an in-house journal, which is called "theWorld of Zelmer", commonly called Zelmerek. The company employs a lot of young and talented people who prefer a more emotional way of expression. There is no difference in the way of communication between younger and older people. Internal communication in emotional situations, it is more informal (e.g. a sales department meeting is sometimes called a „slaughterhouse"). President prefers direct communication with employees: telephone and face-to-face meetings. Employees often meet after work, both to discuss professional issues and spend free time together.

In one company in the food industry the key event influencing the improvement of internal communication was the arrival of a new President who has consistently introduced new procedures and tools of communication. Staff have been trained in using them. Lots of meetings held in the company. The company knows that if someone does not know what is expected of them, they do it in the wrong way. Thus, the company ensures that the messages are clear, understandable and reaches the right person. Interestingly, the company has its own internal Wikipedia (in addition to the standard intranet where supervisors normally provide all the information), where every employee can publish interesting information for other employees.

According to the practices quoted, regardless of the company size, the key determinants of a positive internal communication are top and middle manager behaviours, development of the communication system and training.

Still, in the final part of this section we need to determine whether there are any particular differences in triggering individual communication

dimensions. The questionnaire survey indicated the emphatic and motivational functions of internal communication as the weakest dimensions of internal communication in the surveyed companies. At the same time the motivation and integration supporting dimensions are the two essential functions of communication influencing company development. Table 8.5 presents the most important antecedents of individual internal communication dimensions, namely: completeness and reciprocity, explicitness and promptness, sharing feelings, motivation supporting, integration supporting, explaining and supporting culture.

Table 8.5. Most significant antecedents of individual internal communication dimensions, Pearson correlation coefficient, $p < 0.01$

Internal communication dimension	Individual antecedents	r
Dimension 1: completeness and reciprocity	The top management provides a positive model of relations with employees	.70
	The middle management provides a positive model of relations with employees	.67
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.65
	Supervisors strengthen trust and the climate of justice	.64
	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.62
Dimension 2: explicitness and promptness	The top management provides a positive model of relations with employees	.76
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.74
	Supervisors strengthen trust and the climate of justice	.68
	The middle management provides a positive model of relations with employees	.64
	The responsibilities of employees are clear and complete	.63
Dimension 3: sharing feelings	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.64
	The middle management provides a positive model of relations with employees	.62
	Organisational culture is clear and understandable	.62
	HRM procedures are transparent and consistently applied	.61
	The top management provides a positive model of relations with employees	.61
	Employees experience the feeling of justice in their workplace	.61
Dimension 4: motivation supporting	The top management provides a positive model of relations with employees	.77
	The middle management provides a positive model of relations with employees	.75
	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.74
	Organisational culture is clear and understandable	.71
	A company has the necessary tools for recruitment and selection of the key employees	.70

Internal communication dimension	Individual antecedents	r
Dimension 5: integration supporting	The top management provides a positive model of relations with employees	.80
	The middle management provides a positive model of relations with employees	.79
	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.73
	HRM procedures are transparent and consistently applied	.72
	Personal and social competencies are important criteria when recruiting a CEO	.71
Dimension 6: explaining and supporting culture	The top management provides a positive model of relations with employees	.75
	A company has the necessary tools for recruitment and selection of the key employees	.74
	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.73
	Organisational culture is clear and understandable	.72
	Personal and social competencies are important criteria when recruiting a CEO	.71

The behaviours of top managers are the number one antecedent for all the dimensions except for the emphatic function where the middle manager behaviours prevail. Middle manager behaviours, in turn, are significant for all the dimensions except for the supporting culture function. The systems and procedures for effective internal communication are significant for the first three, basic, dimensions. This antecedent is replaced by a comprehensive training system and a greater importance of the antecedents related to recruitment and selection in the case of the latter three dimensions. Clear and understandable culture is an important factor influencing all the dimensions, however, in the case of the first three dimensions the creation of the climate of trust and justice are of greater consequence.

Clearly, the more detailed analysis of the individual dimension antecedents indicated differences between the ways to trigger the first three and the latter three dimensions of internal communication. The first three depend more on the top and middle manager behaviours, effectiveness of the communication system as well as on the trust and justice in an organisation. The motivation, integration and culture supporting functions of communication, besides managerial behaviours, rely more on proper recruitment criteria for the key employees as well as comprehensive training. This discussion leads us to the final section of the chapter concentrating on the recommendations for companies that result from our studies.

8.4. Recommendations on shaping positive language of internal communication

Taking into account the considerations on the antecedents of internal communication as part of Positive Organisational Potential, the top and middle managers take the main responsibility for the effective functioning of positive internal communication. It is the managers, in the light of self-development, that should pay particular attention to:

- 1) **giving a positive employee relations behaviour model:** provide trustworthy messages to build employee trust to the organisation, and to say and do the same thing: as “actions speak louder than words”, this is especially important for senior executives who set the example for everyone in the company.
- 2) **providing the training of relevant skills:** training should be widely available and used at all levels of employment.
- 3) **development of an open and clear organisational culture:** to promote the values (such as “seeking excellence”), encourage feedback and promote communication between departments.
- 4) **develop the basic communication system efficiency:** simplify organisational structures to be transparent (remove unnecessary organisational layers or the number of people who can hold the messages), adopt an approach aimed at the audience (managers need to be aware of the expectations and the state of mind of the recipient and shape the message in accordance with it) and create efficient and simple messages (reduce the number of messages, minimise the number of potential problems (e.g. control their emotions.) and use technology responsibly.
- 5) **ensuring proper selection of candidates for key positions:** recruitment system should include candidate selection tools for the key posts, the criteria should take into account their qualifications, competencies (among these, the criteria should include communication competencies) and skills relevant to their functions, especially for managerial positions. President should be appointed on the basis of unquestionable competence and qualifications, the members of the supervisory authorities should have adequate knowledge and experience and be able to devote the time necessary to perform their duties.

According to the research and discussion, intangible resources are far more important in creating effective positive internal communication than the tangible. For example, the implementation of high-tech tools will not improve communication within the organisation, if it is not followed by the investment in intangible assets, such as the development of appropriate employee attitudes.

Folk wisdom says: “Lead by example” or “Example can be better than precept” – the behaviour of senior executives and the supervisory board are significantly correlated with internal communication in the surveyed enterprises. This is confirmed by other studies that show the importance of giving positive examples of relations with employees. Zajac [2012, 56–63] points out that management boards are a catalyst of relations with personnel, the author also draws attention to the issue of imitation, trust and internal cooperation as factors which create organisational ties (and where communication is the lifeblood).

Therefore, the most important antecedent, that is setting an example of positive relations with employees by top and middle managers, is associated with a number of subsequent indications.

There are many guidebooks written for managers on how to improve communication within the organisation [for example Collins, 2003; Burtis and Turman, 2005; Hogan and Stubbs, 2003; Lemay and Schwamberger, 2007; Brounstein, 2001; Small, 2009; Weaver and Hybels, 2008]. In addition to basic recommendations on writing (e.g. documents, reports, e-mails) and speaking (e.g. presentations, negotiations) skills, there is some advice which mainly focuses on improving managerial communication. In the light of the carried our research the main goal should be to improve the motivation and integration supporting function of internal communication to boost organisational development. Consequently, in order to improve internal communication managers should:

1. **Adjust the language to the recipient and the situation as well as communicate messages on time** to reduce the resistance to managerial decisions. The language can be formal/informal, simple/sophisticated, specialist/non-specialist, etc. According to the research carried out in companies in Poland the quality of internal communication explicitness and promptness was lower than its completeness and reciprocity, explaining and supporting culture as well as integration supporting

function. Simultaneously, besides the motivation and integration functions, explicitness and promptness is the third significant antecedent of reducing resistance to managerial decisions.

2. **Listen actively and pay attention to non-verbal cues.** According to Drucker "the most important thing in communication is to hear what isn't being said" [Drucker, 2008, 34]. A person who does not "read" non-verbal signals may not be able to recognise the behaviours that affect the transmission of a message. Therefore, a person in a managerial position should not only be able to read non-verbal communication, but also use it in their own messages.
3. **Control their emotions.** Emotions cannot be avoided, but negative emotions can distort both message transmission and reception. On the other hand, managers need to focus their attention on maintaining the communication of positive emotions and work on empathic statements that (as studies have shown) play an important role in stimulating the desire of employees to share knowledge, increase work engagement and show honest behaviour.
4. **Use informal channels.** Messages are more reliable when you hear them from various sources. Employees, that hear the same message through both formal and informal channels, are more likely to believe it. This was confirmed in the Delphi session, which recognised the use of formal and informal channels as a characteristic of the desired internal communication. In addition, some sensitive issues concerning personnel or personal matters are better communicated informally.
5. **Use feedback.** Communication is usually a bilateral process. Managers should actively encourage mechanisms of the feedback from their staff to check the understanding of information, but also to learn their employee reactions in key situations. First, feedback must be permanently embedded in the communication system (not to be associated only with emergency). Secondly, employees must know that feedback is important for managers who will take it into consideration.

In the light of the discussion on internal communication antecedents we can conclude that internal communications can be improved at two basic levels: individual and organisational. Improvement at the personal level will concentrate on individual employee communication skills. Improvement at the organisational level will focus on the internal communication mechanisms.

Senior managers should act as the signposts for middle managers to follow. If internal communication is to be seen as a key management skill the CEO and senior executives should support internal communication in a visible way to all the employees including middle managers and shop floor workers. Each employed candidate enters a group with certain aptitudes and already-shaped communication skills. If you are a person with natural communication skills and have been trained and actively used your previously acquired skills, the company has an easier task. However, this is a rare situation. If a company wants to have an efficient communication system, in addition to the appropriate recruitment of key personnel they should provide employees with training in communication skills. This, besides senior management support, is the best way of improving positive internal communication.

Chapter 9

ORGANISATIONAL CITIZENSHIP BEHAVIOURS AS AN INDICATOR OF THE COMPANY POSITIVE ORGANISATIONAL POTENTIAL

Kamila Mazur

9.1. Organisational Citizenship Behaviours as a key area of Positive Organisational Potential

Contemporary organisations have shifted from hierarchical structures and rigid labour division to teamwork. In consequence, the roles of individual initiative and the ability to cooperate with teammates have increased. Therefore, scholars and managers are more and more interested in organisational citizenship behaviours and behaviours which contribute directly to the benefit of an organisation by sustaining its social system [LePine et al., 2002, 52].

Initially, organisational citizenship behaviour (OCB) was defined as an „individual behaviour that is discretionary, not directly or explicitly recognised by the formal reward system, and that in the aggregate promotes the effective functioning of the organisation” [Organ, 1988, 4]. Nevertheless, in such a definition there were some ambiguities concerning what was discretionary and what was not, which behaviours were specified in a contract and which were not. Therefore, the aforementioned definition was modified and organisational citizenship behaviours were described as „contributions to the maintenance

and enhancement of the social and psychological context that support task performance” [Organ, 1997, 85–97]. Moreover, organisational citizenship behaviours should meet three following requirements: 1) be a voluntary activity (neither specified in a contract nor included in a job description), 2) be advantageous to an organisation, and 3) have a multi-dimensional character [Organ, 1988]. Organisational citizenship behaviours include both individual and group employee behaviours which can be described by the term “cooperation” in its wide sense [Roethlisberger and Dickson, 1964]. Such a meaning differs from increasing productivity which derives from the formal features of an organisation (i.e. technology, organisational structure, responsibilities included in job descriptions) [Smith et al., 1983, 653–663]. Organisational citizenship behaviours are voluntary activities. Therefore, they are not remunerated. However, such behaviours contribute to the effectiveness and efficiency of an organisation [Appelbaum et al., 2004, 13–40].

An organisational citizen is a person who undertakes activities going beyond their professional roles, responsibilities and job descriptions. An organisational citizen does not count on any compensation for their citizenship behaviours. Such a person is motivated by the commitment to work and belief that their behaviours will contribute to the development of an organisation. As a result of this intrinsic motivation, an organisational citizen makes efforts for improvements and growth of an organisation [Nezakati et al., 2010, 48]. A good organisational citizen should be aware of the company current situation and actively participate in solving organisational problems. Organisational citizenship behaviours encompass a wide range of activities from supporting teammates in dealing with challenging projects to wearing the company logo when taking part in charity events. Both aforementioned examples are not employee responsibilities but they contribute to the good of an organisation. As observed by Organ [1997, 85–97], managers regularly assess their subordinates rewarding for direct and indirect organisational behaviours or penalising for the lack of them (more or less preferred treatment, performance assessment, promotion).

The roles played by positive energy and intra-organisational relationships have been recognised in the literature for a long time. In 1964, Katz [1964, 131–133] identified three categories of behaviours which are indispensable for any organisation. According to them, people:

- should be willing to join an organisation and remain its members;
- must fulfil specific roles assigned to them by an organisation;
- must be creative and behave spontaneously going beyond traditional roles assigned to them.

Moreover, Katz [1964, 132] observes that on organisation built merely on formal descriptions of employee roles is a very unstable social system. Simultaneously, he claims that every company depends on daily, spontaneous acts of cooperation, reciprocal assistance, suggestions, altruism or other activities which can be described as citizenship behaviours.

In order to define the essence of organisational citizenship behaviours, their meaning should be clearly distinguished from other similar terms coined by researchers. Although a link between OCB and organisational engagement exists, these two words are not synonyms. Organisational citizenship behaviours refer to particular employee behaviours whereas organisational engagement describes the level of convergence between organisational values and personal values of employees. As observed by [Jahangir et al., 2004, 77] “the unique contribution of Organ was to identify a class of employee work behaviours (organisational citizenship behaviours) whose relationship with job satisfaction, among other variables, might be meaningfully examined in the search for a practically significant workplace behaviours related to employee job attitudes.”

The studies conducted within the Positive Organisational Scholarship movement confirm that the work environment (i.e. leader support) significantly fosters organisational citizenship behaviours [Smith et al., 1983, 653–663]. Other studies prove correlations between positive perception of organisational values by employees and the acts of organisational citizenship behaviours. The same research substantiates that employees who positively perceive their workplaces are characterised by increased satisfaction of their jobs and psychological well-being, which, in turn, results in their happiness and the increase in organisational performance [Rego et al., 2010, 215–235]. The concept of Positive Organisational Potential applies a different lens to organisational resources. Up to now, management theory has been focused on preventing organisational crises and mitigating their negative effects. The research attention has been oriented to negative phenomena such as preventing cross-cultural conflicts, preventing any form of discrimination in the workplace, eliminating communication barriers. Nevertheless „creating organisational good is more than simply preventing bad” [Caza et al., 2005].

„Therefore, according to the spirit of Positive Organisational Scholarship, in order to achieve success an organisation should focus on its talents and strengths instead of weaknesses to be improved” [Glińska-Noweś, 2010b, 39]. According to the rule of reciprocity, people who experience positive emotions in their workplaces are more willing to reciprocate in a similar way [Cialdini, 1995, 35–39]. Therefore, we identified organisational citizenship behaviours as a unique (and passive) area of Positive Organisational Potential.

Strategic management of the key areas of Positive Organisational Potential focuses its attention on inducing positive and creative employee emotions such as happiness, vitality, satisfaction and flourishing. Numerous researchers claim that similar emotions („affective well-being” considered as an element of “happiness” [Daniels, 2000, 275–294]) trigger the feeling of happiness among employees. In result, employees become more supportive and emphatic and they practice organisational citizenship behaviours [Barsade and Gibson, 2007, 36–59]. Positive emotions bring people closer, support building and maintaining relationships and boost employee perceptions of enhanced meaning of their work [Wright and Cropanzano, 2004, 338–351]. In effect, employees engage in their work not only for individual benefits such as financial rewards or promotion. They make efforts to satisfy the feeling of „doing a good job” whereas practicing organisational citizenship behaviours is one of mechanisms to perform such a „good job”. Positive emotions can broaden the scope of attention, cognition, and action, and build physical, intellectual, and social resources [Fredrickson, 2001, 218–226]. Extending the horizons of their perception, employees become open-minded and able to think in an unconventional way while solving organisational problems. In effect, they are better adjusted to the changes in an organisation. Therefore, it is assumed that positive employee attitudes stimulate organisational citizenship behaviours [Rego et al., 2010, 215–235]. The research findings confirm that “situations, filtered through personal appraisal and perception, induce positive emotions, they affect the likelihood that the individual will choose organisational citizenship behaviour” [Rego et al., 2010, 226]. Wright and Cropanzano [2004] positively verified the hypothesis that happier employees show higher performance. Dutton and Heappy [2005, 264–267] also suggested that “high quality connections” may foster positive emotions, increase the possibility of “flow”, enable employees to create positive spirals of meaning at work, and cultivate psychological and

physical well-being. The assumptions of Positive Organisational Scholarship [Glińska-Noweś, 2010b, 41] and strategic management of its key areas refer to the same concept of “flow”.

The research findings confirm that (a) performing a citizenship act may induce positive employee emotions related to pride and the sense of fulfillment [Fredrickson, 2003, 165–175], (b) employees will perform organisational citizenship behaviours expecting that their workmates will reciprocate with support and courtesy [Baumeister et al., 2007, 167–203].

First empirical studies on the types of organisational behaviours, conducted by Organ and associates, identified two different types of organisational behaviours: altruism and generalised compliance. Altruism relates to behaviours supporting particular individuals. Such behaviours are triggered by situations when someone needs assistance, support or has a problem [Smith et al., 1983, 661]. Such forms of supportive behaviours had been earlier studied by social psychology experiments not related to the organisational context of work [cf. Berkowitz and Connor, 1966, 664–669]. According to the findings of numerous studies, altruism is strongly influenced by positive mood which is strongly correlated with satisfaction from work (the higher satisfaction from work, the more often positive mood is observed in the workplace). Generalised compliance, the second type of organisational citizenship behaviours, is characterized as the impersonal form of conscientiousness, as the syndrome of a “good soldier” or a “good citizen” who act in a right and proper way for the common good [Smith et al., 1983, 663]. Organisational citizenship behaviours exceed minimal requirements and employees willingly go beyond the formal expectations of an employer. The five dimensional model developed by Organ [1988] is the most widespread and the most often used classification of organisational citizenship behaviours. The model includes the following aspects of organisational citizenship behaviours:

- altruism – discretionary behaviours of some employees supporting a particular person to solve a job related problem (i.e. supporting members of an organisation who were absent for a period of time, supporting newcomers in adaptation to their workplace, showing willingness to support workmates). It should be highlighted that this meaning of altruism is narrower than altruism considered as a type of organisational citizenship behaviours in the typology by Smith et al. [1983];

- conscientiousness – voluntary behaviours of some employees going beyond the minimal formal requirements related to working hours and breaks, following rules and regulations (i.e. avoiding unauthorised breaks in work, belief in fair pay for fair work, following standing organisational rules even when not being supervised. Conscientiousness has a narrower meaning than generalised compliance [cf. Smith et al., 1983];
- sportsmanship – natural and unforced employee willingness/ability to tolerate minor inconveniences in their workplace, avoiding complaints, small-minded claims or rebels against real or imaginary barriers, not making a mountain out of a molehill [Smith et al., 1983, 11] (i.e. employees do not complain about insignificant difficulties, they focus on the positive aspects of their work and organisation, they do not overstate problems;
- courtesy – voluntary behaviours of some employees focused on prevention of job related problems among other employees (i.e. an employee is aware of the influence their behaviours have on the work performed by others, an employee takes into account the influence of their behaviours on others and avoids breaking the rights of others);
- civic virtue – unforced behaviours of some employees which show that employees participate in the everyday life of an organisation, they show engagement and care about the situation of an organisation [Podsakoff et al., 1990, 115] (i.e. employees read current organisational announcements; employees participate in meetings which are important for an organisation, even if participation is not obligatory; employees engage in functions which are not formally required but have a positive influence on a company image) [Podsakoff et al., 1990].

Organ's categorisation was operationalised by Podsakoff et al. [1990], who supplemented OCB theoretical dimensions with the catalogue of specific employee behaviours. These examples were used above to illustrate the OCB dimensions. Moreover, the operationalisation by Podsakoff and associates provided a foundation to enumerate the manifestations of organisational citizenship behaviours applied as indicators of the Positive Organisational Potential status.

Table 9.1. The manifestations of organisational citizenship behaviours as indicators of the Positive Organisational Potential status

OCB dimensions	Variables applied in the questionnaire survey	OCB manifestations
altruism	employees help each other in solving important, job-related problems	<ul style="list-style-type: none"> — employees help workmates to increase their productivity — employees help workmates who are overloaded with work — employees help workmates who have been absent for a period of time — employees share their private belongings with workmates in order to help them in work
sportsmanship	employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company	<ul style="list-style-type: none"> — employees tolerate minor, occasional inconveniences — employees do not complain about trivial details — employees show willingness to make efforts when appointed to the new task — employees go beyond their own problems, they think how to help workmates
courtesy	employees avoid making job-related troubles for their co-workers	<ul style="list-style-type: none"> — employees respect entitlements and privileges of their workmates — employees avoid making job-related troubles for their workmates — employees never overuse their own privileges
conscientiousness	employee behaviours significantly exceed the standard expectations at their positions	<ul style="list-style-type: none"> — employees are punctual, they start their work on time — work attendance is at the over standard level — employees inform in advance of their absence
civic virtue	employees are interested in and participate in the company everyday life	<ul style="list-style-type: none"> — employees are aware of company successes — employees provide suggestions for the improvement of company operations — employees are interested in a good image of a company

Besides literature studies, we applied a Delphi technique in order to identify the features of ideal (desired) state of organisational citizenship behaviours. The findings of this operation are presented in Table 9.2.

On the basis of expert opinions identified during the Delphi session our research team defined of the ideal (desired) state of organisational citizenship behaviours considered as an indicator of Positive Organisational Potential. The desirable state of organisational citizenship behaviours means that employees show willingness to undertake, without remuneration, additional activities extending their basic roles and responsibilities and contributing to the increase in the company effectiveness. Moreover, employees cooperate spontaneously and help each other on a daily basis. They make suggestions for improving company operations. They feel the high level of integration with a company and responsibility for its future. On the basis of expert opinions and discussions in our research team, we decided to use the terms “organisational citizenship behaviours” and “organisational citizenship” as synonyms.

Table 9.2. The features of the ideal (desired) state of organisational citizenship behaviours identified by the experts participating in the Delphi session

1	Sharing knowledge with others
2	Showing willingness to perform additional responsibilities without expecting any extra remuneration
3	Performing duties conscientiously and creating new values in the workplace
4	Showing accountability for assigned duties and readiness to take the time and efforts for the sake of an organisation
5	Showing citizenship attitude and being able to give more to the organisation than expected by direct superiors
6	Respecting law including intra-organisational regulations such as ethical codes of conducts, respecting organisational values
7	Behaving emphatically
8	Showing openness for changes
9	Understanding organisational aims and objectives
10	Showing passion and proactive attitude to work for the good of an organisation and personal interest
11	Showing strong identification with an organisation and its goals ("I work for the good of an organisation")
12	Practicing unselfish, pro-social employee behaviours at every level of the organisational hierarchy which contribute to the development of an organisation and its positive image
13	Supporting the implementation of the company strategy (i.e. customer orientation)
14	Feeling and showing responsibility for themselves and workmates
15	Reacting to any cases of resource waste or bribery
16	Complying with norms of behaviours

9.2. Manifestations of organisational citizenship behaviours and their position in the system of Positive Organisational Potential

The experts participating in the Delphi session identified a wide range of features (manifestations) of ideal organisational citizenship behaviours. Nevertheless, the model of the Positive Organisational Potential key areas includes only those of them which relate to employee behaviours going beyond their primary organisational roles and contribute to the effectiveness of an organisation. Remaining manifestations were included in other POP areas. The assessment of strength between the aforementioned variables and the analysis of relations between them will be discussed in more detail in Chapter 11. The analysis within this chapter will be limited to pointing out the strongest correlations between organisational citizenship behaviours and other key areas of Positive Organisational Potential as well as correlations between the OCB manifestations. Table 9.3 presents Pearson correlation coefficients between the aforementioned variables.

Table 9.3. Pearson correlation coefficients (*r*) between OCB manifestations and other key areas of POP, *p* < 0.01

Area	No.	Manifestations of the POP key areas	OCB manifestations				
			1	2	3	4	5
Organisational citizenship behaviours	1	Employees help each other in solving important, job-related problems					
	2	Employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company	.70				
	3	Employees avoid making job-related troubles for their co-workers	.68	.86			
	4	Employee behaviours significantly exceed the standard expectations at their positions	.58	.66	.70		
	5	Employees are interested in and participate in the company everyday life	.59	.73	.79	.87	
Interpersonal Relationships (IRs)	6	Employees can count on each other	.64	.47	.50	.61	.64
	7	Employees show interest in each other	.69	.51	.51	.60	.62
	8	Employees are frank with each other	.70	.58	.59	.62	.66
	9	Employees like each other	.64	.54	.54	.53	.59
	10	Employees show acceptance and respect each other	.82	.61	.60	.54	.61
Trust	11	Condition of IRs in employee teams translates into relationships among the teams in a company	.53	.30	.35	.49	.50
	12	Employees communicate in an open and sincere way and they share information on the mistakes they have made without being afraid of negative and unjust consequences	.65	.50	.44	.44	.51
	13	Employees are committed to their jobs, even when a company faces difficulties (crisis periods)	.65	.65	.71	.71	.74
	14	Employees willingly share knowledge	.69	.58	.62	.66	.67
	15	Employees play fair even when they compete each other	.66	.55	.63	.66	.72
	16	There is the climate of friendliness within a company	.72	.63	.67	.55	.66
	17	The superiors are not anxious to delegate their responsibilities and powers	.65	.51	.53	.59	.58
Middle managers	18	Employees do not resist to managerial decisions	.60	.56	.65	.66	.69
	19	Managers initiate changes in a company	.57	.46	.59	.51	.57
	20	Through their behaviours, managers set a good example of positive relations within a team and outside it	.51	.39	.47	.45	.53
	21	Managers are oriented to self-development and increasing their skills and competencies	.50	.41	.47	.45	.51
	22	A company creates opportunities for talents to meet ambitious projects and challenges	.47	.38	.47	.50	.56
Language of internal communication	23	A company creates conditions for learning and knowledge sharing	.61	.53	.55	.50	.61
	24	The system of internal communication provides necessary information to all employees and ensures the feedback	.42	.42	.47	.53	.59
	25	Internal communication is unambiguous and delivered on time	.50	.53	.60	.68	.72
	26	Message senders analyse the emotions of their interlocutors and adjust the form of communication to them	.38	.37	.36	.58	.60
	27	Internal communication enhances employee motivation	.46	.42	.47	.62	.65
	28	Internal communication fosters integration among employees	.53	.45	.47	.63	.68

Correlations between the variables describing the area of organisational citizenship behaviours have similar strengths. The most strongly correlated OCB dimensions are civic virtue with conscientiousness (interest in the company life and going beyond standard roles) and courtesy with sportsmanship (a very strong correlation between avoidance of making problems and tolerating minor short term inconveniences). Such findings seem to be evident. If employees respect the rights of their co-workers and avoid making job-related problems they more willingly make efforts for the good of an organisation and tolerate minor inconveniences. Moreover, courtesy is very strongly correlated with other OCB dimensions. Generally, altruism is characterised by lower values of correlations. Altruism is the most strongly correlated with sportsmanship whereas its relation with conscientiousness is the weakest one. It may be assumed that organisational citizenship behaviours related to altruism are focused directly on individual co-workers and they do not translate into similar behaviours for the good of an organisation. Nevertheless, the findings provide not enough evidence to unambiguously support such an assumption.

As regards to OCB relations with other key areas of POP, the strongest correlation was observed between OCB and trust. The role of trust as a force integrating an organisation, determining its success, stability and wellbeing of employees is pointed out in numerous studies [cf. Kramer and Tyler, 1996; Cook and Wall, 1980]. In our research, the correlation between organisational citizenship behaviours and trust, measured by the Pearson correlation coefficient, is at the level of $r = 0.84$ which confirms previous findings of other researchers [Singh et al., 2009]. Moreover, trust is one of the POP key areas which influence the shaping of organisational citizenship behaviours. The model of intra-organisational relations between the key areas of Positive Organisational Potential will be studied in more detail in Chapter 11. As regards to trust, the strongest correlation is observed between employee interest and participation in the company life (civic virtue) and employee engagement in work in hard times for an organisation. What is interesting, the aforementioned manifestation of trust is less correlated with sportsmanship. Nevertheless, among all trust manifestations, employee commitment to their jobs is the strongest correlate of sportsmanship, courtesy (avoidance of generating problems) and conscientiousness (exceeding standard organisational roles). Relatively weak correlations are identified between organisational citizenship behaviours on one hand and an open and sincere

communication, and sharing information on mistakes without being afraid of negative (or unjust) consequences (courtesy and conscientiousness) on the other hand.

Organisational citizenship behaviours strongly correlate with interpersonal relationships (Pearson correlation coefficient $r = 0.74$). Our findings confirm the outcomes of other studies which prove that building and maintaining good interpersonal relationships in the workplace have a positive influence on employee attitudes, their satisfaction, engagement and the way how employees perceive the support within an organisation [cf. Cherniss, 1991; Ellingwood, 2001; Jehn and Shah, 1997; Morrison, 2009; Riordan and Griffeth, 1995; Robinson et al., 1993; Song and Olshfski, 2008; Zagenczyk et al., 2010]. All the aforementioned factors influence the level of corporate citizenship among employees which is convergent with the findings of our research team. Among all the manifestations of interpersonal relationships, acceptance, respect and frankness are the strongest correlates of organisational citizenship behaviours. These elements are in strong correlations with altruism, the OCB dimension focused on supporting particular individuals rather than an entire organisation (generalised compliance). Moreover, organisational behaviours strongly correlate with the statements that employees show interest in each other and they can count on each other. This is a *sine qua non* condition for organisational citizenship behaviours, and building a positive organisational culture and positive organisational climate which, in turn, result in the increase in organisational efficiency and decrease in negative phenomena such as a staff turnover [cf. Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Riordan and Griffeth, 1995; Song and Olshfski, 2008]. The lowest correlation coefficients are reported between OCB manifestations and translating interpersonal relationships within teams into relationships among teams (departments) in an organisation. This variable correlates with sportsmanship (tolerating minor inconveniences in the workplace) at $r = 0.30$ and with courtesy (avoidance of generating job-related problems) at $r = 0.35$.

Building trust is correlated with the attitudes of the middle management and the top management. Face-to-face communication, consistency and high competencies are enumerated among significant factors which support building trust in an organisation [Tyler, 2003, 556–568]. Our findings confirm the aforementioned assumption. Middle managers and language of internal

communication are two areas of Positive Organisational Potential characterised by the strongest correlation with organisational citizenship behaviours (Pearson coefficient $r = 0.66$ for both areas). It is an interesting observation due to the fact that – according to the aforementioned model of POP key areas – middle managers use the language of communication in order to influence organisational citizenship behaviours. In details, creating conditions for learning and knowledge sharing is the middle management behaviour most strongly correlated with organisational citizenship behaviours.

As regards to the language and content of communication, unambiguous internal communication which is delivered on time most strongly correlates with the majority of OCB manifestations. The only exception is altruism – the strongest correlate of internal communication enhancing employee integration. Therefore, developing unambiguous internal communication stimulates organisational citizenship behaviours among employees. Analysing the emotions of interlocutors and adjusting the form of communication to them is the weakest correlate of OCB among internal communication manifestations.

The identification of relations between the key areas of Positive Organisational Potential provides a foundation for further discussions on the mechanism of shaping positive citizenship behaviours. The analysis of intra-organisational antecedents and external determinants of POP key areas is the next element of the study.

9.3. The status of organisational citizenship behaviours in surveyed companies

The companies participating in the questionnaire survey assessed their Positive Organisational Potentials including OCB manifestations identified above. Table 9.4 presents the status of organisational citizenship in the surveyed companies and standard deviations measuring the dispersion of assessments.

The analysis of quantitative data elicited from questionnaires shows the high intensity of organisational citizenship behaviours in the surveyed companies. Altruism (behaviours supporting a particular person to solve job related problems) was identified as the top-rated OCB manifestation. On the contrary, conscientiousness – manifested in employee behaviours

significantly exceeding the standard expectations at their positions – received the lowest score. Such results may be caused by the fact that people usually more willingly help a particular co-worker (interdependence) than a company (business entity).

Table 9.4. Organisational citizenship behaviours in the surveyed companies

Variables	Min.	Max.	μ	s.d.
Organisational citizenship behaviours – the key area of POP	14	100	71.10	17.439
Employees help each other in solving important, job-related problems	20	100	75.07	16.677
Employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company	0	100	71.51	20.661
Employees avoid making job-related troubles for their co-workers	10	100	72.47	20.601
Employee behaviours significantly exceed the standard expectations at their positions	10	100	65.21	22.980
Employees are interested in and participate in the company everyday life	10	100	71.23	18.024

The quantitative analyses on the status of organisational citizenship behaviours in companies operating in Poland were supplemented with case studies. Interviews were the data elicitation technique used to gather data for qualitative analyses. The identification of OCB manifestations in the surveyed companies was an element of this study. The findings are presented in Table 9.5.

Table 9.5. OCB manifestations in the interviewed companies

Although Apator S.A. does not undertake any special interventions to build corporate patriotism, the philosophy and the way how the company conducts business support shaping organisational citizenship behaviours. Employees are loyal. They show strong identification with the company. They are proud of working for Apator S.A. Organisational citizenship behaviours are perceived as the antecedents of innovativeness and productivity which are the sources of the company competitive advantage.

Frauenthal Automotive Toruń Sp. z o.o. is a company where employees show unforced willingness to practice organisational citizenship behaviours:

- employees help each other in solving important, job-related problems. For instance, in 2010 the company radically increased employment. In order to support the shop floor workers and solve potential problems administrative staff and managers established duty hours in the afternoon and overnight;
- employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company. For instance during the economic crisis, employees agreed on temporary 20% reduction in wages in order to maintain the level of employment;
- as highlighted by the top management, employees try to solve job-related problems and avoid generating them. The management sets clear and fair standards for all employees in order to avoid any ambiguities and misunderstandings;
- employees are interested in and participate in the company everyday life. The employees representing all levels in the organisational hierarchy participate in company events such as family picnics, angling competitions, a sleigh party.

In Marwit Sp. z o. o., white collars are a group of employees of high organisational citizenship behaviours. The members of administrative personnel show willingness to work overtime. They help each other and cooperate in achieving objectives. They focus on assigned tasks and are oriented to development and cooperation. They usually express positive opinions about the company. During company meetings, white collars are primarily interested in the prospects for development and self-improvement instead of financial remuneration.

The employees of Netia S.A. show a high level of identification with the company. They are aware of company successes and proud of contributing to them. The feeling of a real influence on the company situation fosters employee engagement in their work and motivates them to greater efforts when needed. The company supports employee initiatives which are highly appreciated by its members. Moreover, such initiatives generate organisational improvements and savings.

NECUA SA has introduced the Aon Hewitt's „stay-say-strive” model to measure the level of employee engagement which is considered as an indicator of organisational citizenship behaviours. The last element of this model (“strive”) relates to organisational citizenship behaviours (doing something more for the good of the company, voluntary pro-active attitude, orientation to creativity). The company provides the assessment of employee engagement on the regular basis. The company makes efforts to instill a holistic approach among its employees in order to increase their awareness how their work influences the company and other workers. Organisational citizenship behaviours cannot be prescribed in an employment contract but they are highly desired by the company. Therefore, NEUCA SA communicates to its employees that such behaviours strengthens their chances for wage increase and promotion.

9.4. Antecedents of organisational citizenship behaviours

The following antecedents of organisational citizenship behaviours have been identified in the literature: employee satisfaction, justice, manager support and trust [cf. Ackfeldt and Coote, 2000; Bateman and Organ, 1983; Farh et al., 1990; Moorman, 1991; Neihoff and Moorman, 1993; Organ and Lingl, 1995; Puffer, 1987; Smith et al., 1983; Van Dyne et al., 1994; Williams and Anderson, 1991]. Organisational justice is the most often enumerated among all the aforementioned variables. Nevertheless, it should be highlighted that procedural justice is the factor of stronger influence on organisational citizenship behaviours than distributive justice. Procedural justice is a variable which directly influences the OCB level and may have an indirect impact through other variables [Moorman et al., 1998; Moorman, 1991].

Procedural justice influences employee perception of the decision making process and its fairness [Thibaut and Walker, 1975]. When employees are convinced that decisions are made in a fair way they more willingly engage in organisational citizenship behaviours. It is a kind of the social exchange between an organisation and its members [Organ, 1988]. This theory is confirmed by Muhammad [2004, 58–68], who proves that employee engagement in the decision making process – as an element of procedural justice – motivates employees to reciprocate with organisational citizenship behaviours.

Owing to the turbulence of the environment and changing forms of employment (temporary contracts), the way how managers build their relationships with employees – including, in particular, psychological aspects – are another determinant of organisational citizenship behaviours [Robinson and Morrison, 1995]. Transformational leadership emphasizes how leaders influence the development of employees and their behaviours through inspirational motivation, intellectual stimulation and individualised consideration [Bass and Riggio, 2010]. Transformational leadership is highly appreciated by business due to its positive influence on employee behaviours, increased in-role performance and employee engagement in organisational citizenship behaviours [cf. Rai and Sinha, 2000; Rickards et al., 2001]. The relation between transformational leadership and organisational citizenship behaviours is highlighted by Mackenzie et al. [1991], who claim that each behavioural element of transformational leadership is strongly correlated with corporate patriotism. Some other studies confirm positive relations between these two variables. Pillai et al. [1999] prove that transformational leadership is directly and significantly correlated with OCB. Puranowa et al. [2006] provide empirical evidence that transformational leader behaviours have an influence on attitudes and behaviours of employees and their perception of work (the meaning of work), which results in the increase in organisational citizenship behaviours reported in a company.

Organisational structures are characterised by the level of their centralisation, formalisation and complexity. As regards to the influence on organisational citizenship behaviours, the higher level of formalisation and centralisation of organisational structures, the lower employee loyalty but the higher obedience and productivity are observed [Chung and Oh, 2002].

As already mentioned, the positive influence of employee satisfaction on organisational citizenship behaviours have been confirmed many times by various studies [cf. Bateman and Organ, 1983; Williams and Anderson, 1991]. Nevertheless, it is worth to mention that some studies point out a reverse dependency and claim that organisational citizenship behaviours increase employee satisfaction of their work [cf. Lee et al., 2013; Chang and Chang, 2010]. For instance, when employees undertake voluntary initiatives going beyond their standard roles in an organisation their satisfaction of work increases. What is more, a feedback mechanism is observed. Corporate citizens

have positive attitudes towards their workplace and they are proud of being the members of an organisation. In result, the level of their satisfaction of work increases [Lee et al., 2013].

The theory of social exchange provides a framework to understand structural relationships between various factors (procedural justice, transformational leadership, organisational structure organisational citizenship behaviours and employee satisfaction of work). Trust between the parties of a transaction is a prerequisite for social exchange [Blau, 1964]. The assumptions of the theory characterize the relationships between employees and an organisation (represented by managers). Employees perceive an organisation through the lens of manager behaviours, support from them and structural features. For instance, the feeling of justice in their workplace will be reciprocated by employees with their positive attitudes towards work [Aryee et al., 2002].

In our research project, we applied a questionnaire survey in companies operating in Poland and a Delphi session in order to elicit data necessary for the analysis of intra-organisational antecedents of the POP key areas. In both cases, the respondents assessed 89 intra-organisational factors. Applying Pareto principle we identified 20% of antecedents characterized by the strongest correlations (measured by Pearson coefficients) with the aggregate area of organisational citizenship behaviours (Table 9.6)

The data collected in Table 9.6 show that organisational citizenship behaviours –considered as a key area of Positive Organisational Potential – are mainly influenced by the antecedents related to leadership, integration and employee identification with a company and communication. Our findings are notably convergent with other studies described in the literature. The difference is that literature studies confirm the indirect influence of the aforementioned factors on organisational citizenship behaviours while our research points out direct correlations between these variables [Smith et al., 1983, 655]. In our research the key areas of Positive Organisational Potential are described by their manifestations. Table 9.7 presents the correlations between intra-organisational antecedents and the manifestations of organisational citizenship behaviours.

Table 9.6. The key intra-organisational antecedents of organisational citizenship behaviours, Pearson correlation coefficient (*r*), $p < 0.01$

OCB antecedens		<i>r</i>
1	Employees are satisfied with their jobs	.71
2	Supervisors strengthen trust and the climate of justice	.71
3	Employees are satisfied with their jobs	.71
4	Employees experience the feeling of justice in their workplace	.70
5	A company openly communicates pending problems	.66
6	Working teams are characterised by the high level of cohesion	.65
7	The top management provides a positive model of relations with employees	.65
8	Supervisors are able to influence and inspire others	.64
9	Managerial staff and employees have effective communication skills	.64
10	The middle management provides a positive model of relations with employees	.64
11	A company applies the rule of increasing the employee autonomy and responsibility	.64
12	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.62
13	Supervisors treat others with respect	.62
14	Supervisors behave empathically	.62
15	The employees celebrate events important to a company together (anniversaries, achievements etc.)	.60
16	The language of communication used in a company is understandable to all employees	.60
17	Organisational culture fosters seeking excellence	.59
18	Organisational culture is clear and understandable	.57

Among the factors related to integration and employee identification with a company, there are some apparent elements influencing the feeling of corporate citizenship such as: the feeling of justice in the workplace, employee satisfaction of work, clear organisational culture, the high level of identification with a company, and the cohesion of working teams. Some of the aforementioned factors may be both the antecedents and the outcomes of voluntary employee initiatives going beyond their standard organisational roles. Triggering positive emotions and the feeling of fulfilment strengthen the identification with a company and increase employee satisfaction (according to the theory of social exchange). Feeling justice in the workplace is the only factor which determines organisational citizenship behaviours providing a foundation for their development and cannot be considered as an outcome of corporate citizenship.

Table 9.7. The antecedents of OCBs manifestations related to integration and employee identification with a company, leadership and internal communication, Pearson correlation coefficient (r), $p < 0.01$

Area	Antecedents	OCB manifestations				
		1	2	3	4	5
Integration	Employees experience the feeling of justice in their workplace	.57	.54	.62	.62	.74
	Employees show high level of identification with their company	.44	.53	.65	.74	.76
	Employees are satisfied with their jobs	.55	.50	.58	.74	.73
	Working teams are characterised by the high level of cohesion	.55	.47	.53	.65	.68
	The employees celebrate events important to a company together (anniversaries, achievements etc.)	.42	.44	.60	.56	.61
	Organisational culture is clear and understandable	.56	.39	.43	.62	.54
Leadership	The top management provides a positive model of relations with employees	.61	.48	.52	.62	.64
	Supervisors are able to influence and inspire others	.64	.56	.58	.48	.59
	The middle management provides a positive model of relations with employees	.55	.44	.52	.62	.67
	Supervisors strengthen trust and the climate of justice	.75	.58	.61	.57	.62
	Supervisors treat others with respect	.65	.57	.57	.47	.49
	Supervisors behave empathically	.60	.47	.44	.63	.60
Communication	Managerial staff and employees have effective communication skills	.59	.47	.51	.61	.66
	A company openly communicates pending problems	.63	.55	.58	.53	.60
	The language of communication used in a company is understandable to all employees	.53	.41	.47	.56	.61
	The systems and procedures for effective internal communication (both vertical and horizontal) are established	.53	.43	.46	.68	.65
Manifestations of organisational citizenship behaviours: 1 – employees help each other in solving important, job-related problems; 2 – employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company; 3 – employees avoid making job-related troubles for their co-workers; 4 – employee behaviours significantly exceed the standard expectations at their positions; 5 – employees are interested in and participate in the company everyday life.						

Identified intra-organisational antecedents related to leaders and their behaviours confirm the outcomes of literature studies. Through their behaviours, both direct superiors and top managers shape positive employee attitudes towards organisational citizenship behaviours. The top and middle management provide the models of positive relationships with employees. They build the climate of trust and justice in the workplace and have the ability to influence and inspire others. Justice, empathy and respect which

are the fundamentals of building corporate citizenship are enumerated among the intra-organisational antecedents. As regards to relations between factors related to leadership and organisational citizenship behaviours, one-sided relation may be presumed. Nevertheless, owing to the fact that Pearson correlation coefficients measure only strength of relations between variables and do not indicate their directions, such assumptions cannot be verified.

Among the antecedents related to internal communication, the key role is played by the factors describing the flow of information between various echelons in the organisational hierarchy such as: the language of communication understandable to all members of an organisation, effective procedures for vertical and horizontal communication, open communication of pending issues. Effective communication skills of managers and employees are another antecedent related to internal communication. All the aforementioned factors support building the feeling of membership and indisputably influence the feeling of justice in the workplace which is the key prerequisite for organisational citizenship behaviours. Moreover, effective internal communication (its language and content) is the manifestation of the managers' respect for employees.

The literature studies show that organisational structure is enumerated among the antecedents of organisational citizenship behaviours. In our research, only one variable related to organisational structure (increasing employee autonomy and responsibility) was identified among the 20% of key antecedents. This variable strongly correlates with altruism (employee bias to supporting workmates in solving important, job-related problems) – Pearson correlation coefficient at the level of $r = 0.70$. As regards to other OCB manifestations their correlations with altruism are weaker (Pearson coefficients around $r = 0.50$). The majority of antecedents influencing organisational citizenship behaviours are related to “soft” organisational resources such as behavioural factors or organisational culture which are difficult to be measured and managed. Therefore, the analysis should be extended to some other factors which are characterised by less significant correlations with organisational behaviours but can be directly influenced by a company. Their catalogue is presented in Table 9.8.

Table 9.8. Remaining intra-organisational antecedents of organisational citizenship behaviours, Pearson correlation coefficient (r), $p < 0.01$

Area	Antecedents	r
Power	A company has procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies	.54
	The chairperson of the supervisory board is a person of adequate experience, personality, knowledge, interpersonal and teamwork skills	.53
	Managerial decisions are consulted with employees and explained to them	.52
	There is a low power distance among the members of an organisation (structural, psychological, functional distance)	.51
	The members of corporate governance bodies have relevant knowledge, experience and enough time to fulfil their responsibilities properly	.51
	The economic outcomes of top management decisions are regularly evaluated	.50
	The objectives and mechanisms of corporate governance combine retrospective supervision (supervision and control functions) with prospective supervision (the board is involved in the long-term development of a company, its goals, strategy and the assessment of its implementation)	.49
	Interpersonal competencies of top management are regularly assessed	.48
	Managers delegate their responsibilities to lower levels of management	.46
Control	A company has the standards enabling the validation of the honesty, justice and transparency of the rules for all employees (regardless of their position)	.55
	Controlling is aimed at capturing information for the improvement of areas under evaluation	.52
	Self-control is applied wherever possible	.49
Tangible resources	Workplaces are equipped with attractive amenities	.52
	A company has enough financial resources to recruit the best employees	.48
	A company is in a good financial condition	.45
Strategy	The progress and effects of the strategy implementation process are honestly and openly communicated	.54
	A company sets ambitious aims and objectives for its employees	.53
	Employee opinions are taken into account in the strategy formulation process	.47
Structure	A company emphasizes teamwork	.57
	An optimum formalisation is in place combining both precise and clear procedures (when needed) and informal activities	.55
	The responsibilities of employees are clear and complete	.53
HRM	A company has a comprehensive training system enabling the development of its employee knowledge, skills and competencies	.52
	HRM procedures are transparent and consistently applied	.51
	Training programmes accommodate the needs of employees	.51
	Recruitment criteria for managerial positions include individual effectiveness (ability to work in stress, concentration)	.46
	A company has the necessary tools for recruitment and selection of key employees	.45
Innovations	Organisational culture fosters seeking excellence	.59
	Formal procedures and rules do not limit creativity	.47
	The reasonable and justified risk level is accepted	.46

The factors related to power (top management skills and transparency of managerial behaviours in particular) constitute the most represented group of OCB antecedents. As regards to control, the following factors are expected to support organisational citizenship behaviours: fair and equal treatment of all employees, using information from control for improving processes instead of punishing employees, and increasing the role of self-control. Among antecedents related to organisational structure, teamwork, the optimum level of formalisation, and clear requirements for employees are preferred conditions for OCB. Procedures and tools for recruitment of key personnel, and transparency of HRM procedures are the OCB antecedents related to managing human resources. Moreover, an important role in shaping corporate citizenship is played by the following factors related to innovations: an organisational culture seeking excellence, acceptance for justified and reasonable risks and formal procedures and rules which do not limit employee creativity.

In order to create a comprehensive picture of OCB antecedents, the analysis of intra-organisational barriers has been conducted. The catalogue of factors suppressing the development of corporate patriotism identified by Delphi panellists is presented in Table 9.9.

Table 9.9. Intra-organisational barriers of shaping organisational citizenship behaviours

Area	Barriers of shaping organisational citizenship behaviours
Organisational culture	<ul style="list-style-type: none"> — low level of morale resulting from organisational culture — organisational culture oriented to short-lived fashions (lack of enduring principles) — bureaucratic organisational culture — centralised organisational culture (exceeding orientation to organisational hierarchy) — low level of employee awareness — lack of incentives for employee engagement and the criticism of such behaviours — lack of unity among employees — tolerance of disregard for organisational citizenship behaviours
Managers	<ul style="list-style-type: none"> — negative examples from top management — lack of positive models of behaviours set by superiors — contradictions between management declarations and behaviours — abusing power for personal interest — “theft” of employee ideas by their superiors — overloading with responsibilities (extremely extended working hours) discouraging any additional activities
Human resources management	<ul style="list-style-type: none"> — lack of encouragement for corporate citizenship attitudes and behaviours — nepotism in HRM policies and promotions — lack of training in business code of conduct
Organisational structure	<ul style="list-style-type: none"> — excessive team particularism as a result of strong integration within working teams (taking care of team interests at the expense of an organisation) — lack of control systems in a company
Employee related barriers	<ul style="list-style-type: none"> — professional burnout syndrome which discourages engagement in work and taking initiative

The intra-organisational OCB barriers enumerated by the experts are grouped in 5 categories related to: organisational culture, managers, human resources management, organisational structure and employee related barriers. Organisational culture and managers encompass the majority of suppressing factors.

According to the expert opinions, the most suppressing elements of organisational culture are centralisation and bureaucracy institutionalised in a company characterised by lack of unity among employees, lack of norms and proper attitudes which, in result, decrease the morale of employees. Moreover, tolerance of disregard for organisational citizenship behaviours should be mentioned among barriers related to organisational culture.

Within the area of leadership, the catalogue of the most pending issues includes: nepotism, contradiction between managerial declarations and behaviours, managerial preference for their personal interests over the good of an organisation and subordinates, abusing power, overloading subordinates with responsibilities and stealing their ideas.

Similar problems may occur in the area of human resources management. Employees will not behave like real organisational citizens if HRM policies do not reward such initiatives, a company does not provide its employees with training in business code of conduct and the cases of nepotism are reported. The aforementioned negative behaviours and problems may induce the climate of injustice, a lack of employee satisfaction and a decrease in employee engagement.

As regards to the organisational structure influence on organisational citizenship behaviours, excessive team particularism and lack of control systems in a company are the most suppressive factors. Such a situation may lead to a crisis in an organisation caused by the lack of cooperation between working teams.

Professional burnout syndrome is the only OCB barrier related to individual employees. As a consequence of reluctance to perform their duties, burnout employees refrain from engaging in additional voluntary initiatives.

The intra-organisational barriers of corporate patriotism enumerated by the experts are the exact opposites of OCB antecedents discussed above. It is explicit that organisational citizenship behaviours are strongly suppressed by the lack of justice among employees, unsuitable organisational culture and negative behaviours of direct superiors and top managers.

The identification of external determinants of organisational citizenship behaviours was another element of the Delphi session. Table 9.10 presents the external factors stimulating and suppressing corporate citizenship identified by the experts.

Table 9.10. External determinants shaping positive organisational citizenship behaviours according to expert opinions

Environment segment	External stimulating factors	External suppressing factors
Social	<ul style="list-style-type: none"> — cultural models — activity of NGOs — education system oriented to shaping pro-social attitudes — the media promoting pro-social behaviours — development of citizenship society — development of voluntary service (regrettably at low pace) — positive examples set by Western nations — passion and being pro-active considered as the sources of personal success — inborn entrepreneurship — home-bred values — promoting teamwork by an education system — the influence of universal ethics 	<ul style="list-style-type: none"> — national culture – strong individualism — lack of work ethos in Poland — negative models in public life (e.g. in politics) — the process of lowering social standards — “heritage” of socialism which shaped some negative attitudes related to the economic system — home-bred values — dominating model of upbringing — popularised lifestyle — influence of particularistic ethics
Political and legal	<ul style="list-style-type: none"> — the honesty of the state in relations with its citizens – respect for law 	<ul style="list-style-type: none"> — ineffective judicial system tolerating negative acts from the perspective of the state and society

The identification of external determinants influencing the intensity of organisational citizenship behaviours is a challenging task. As the analysis of literature shows there are very few studies dealing with the issue of the general environment impact on corporate patriotism. There are some isolated references to the influence of demographic factors (employee gender and age) [Jahangi et al., 2004, 75–85], national culture [Organ et al., 2006, 26–30] or market situation [Hodson, 2002, 64–96]. Nevertheless, there is lack of a comprehensive and multidimensional analysis of this issue.

Therefore, the task to identify such external determinants of organisational citizenship behaviours was a real challenge. All the factors enumerated by the experts participating in the Delphi session are categorised in two groups consisting of social and political-legal factors. The forces of the social environment make up the majority of determinants. They include the influence of the education system oriented to shaping pro-social attitudes and enhancing team working, the role of media promoting

cooperation and positive models of organisational citizenship behaviours in foreign companies. Moreover, upbringing is enumerated among the external factors stimulating organisational citizenship behaviours. Upbringing is considered to be a foundation of all human behaviours, including employee behaviours, which determines the willingness to engage in additional, voluntary activities in the workplace. Voluntary service and citizenship society are two another determinants of organisational citizenship behaviours. They induce positive employee attitudes such as: unselfish help for others, willingness to undertake initiatives and the feeling of having influence on its environment.

What is interesting, the substantial number of social factors suppressing organisational citizenship behaviours are the opposites of their stimulants. Cultural models, home-bred values, ethics and upbringing are listed in both groups. On the one hand, cultural models can promote proactive behaviours and synergy resulting from cooperation but on the other hand they can shape egoism and individualism. The same applies to the influence ethics has on organisational behaviours. Particularistic ethics suppresses corporate citizenship whereas universal ethics stimulates such positive behaviours. Remaining social barriers of organisational citizenship behaviours include:

- the legacy of the socialist economy – political forces suppressing the socialist economy resulted in apathy and the common feeling of lack of influence on the situation including the workplace. In turn, employees avoided or neglected their organisational responsibilities;
- lack of ethos of work in Poland – in consequence, employees are not integrated with their organisations. They lack the feeling of identification with companies. Employees are motivated by financial means only. They show no willingness to go beyond responsibilities which are specified in their employment contracts and they are paid for;
- negative models of behaviours in public life which depreciate society morale and shape negative employee attitudes.

The efficiency of the legal system was the only external factor not related to the social environment. On the one hand, the honesty of the state in relations with its citizens, respect for law and legal equality for all citizens develop the feeling of order and justice. On the other hand, an ineffective

judicial system tolerating negative acts from the perspective of the state and society triggers aversion and the feeling of injustice (similarly to negative models of behaviours in public life).

Summing up, the expert opinions point out that organisational citizenship behaviours are determined by the external factors related to the feeling of social justice, pro-active attitudes and undertaking initiatives for the common good. No significant influence of economic, technological or geographic factors is observed.

9.5. OCB influence on the development of a company

Empirical studies prove that organisational citizenship behaviours influence decisions and managerial assessments owing to several reasons. Managers believe that organisational citizenship behaviours increase the company effectiveness [MacKenzie et al., 1993]. Certainly, the aggregation of employee behaviours and time, considered as an element of organisational citizenship behaviours according to the original Organ's [1988] definition, is believed to increase organisational effectiveness [Organ et al., 2006]. Nevertheless, for many years, the aforementioned assumption has not been verified empirically. Its acceptance has been based on conceptual probability rather than on direct empirical evidence [cf. Borman and Motowidlo, 1993; Podsakoff and MacKenzie, 1994]. Some researchers argue that organisational citizenship behaviours influence effectiveness by "lubricating" the social machine of an organisation, reducing controversies and increasing efficiency [cf. Borman and Motowidlo, 1993; Organ, 1988; Smith et al, 1983]. In recent years, researchers have coined a significant number of more specific theories [cf. Bolino et al., 2002; George and Bettenhausen, 1990; Karrambayya, 1990; Organ, 1988; Podsakoff et al., 1997; Podsakoff et al., 2000]. They indicate that organisational citizenship behaviour can improve the effectiveness of an organisation through [Organ et al., 2006]:

- increasing productivity of co-workers and managers [cf. MacKenzie et al., 1991; Organ 1988; Podsakoff and MacKenzie, 1994]. For instance, an experienced employee supports a novice in becoming acquainted with duties enabling them increase productivity. Such a behaviour contributes to the increase in a team or department productivity.

As a consequence, helping behaviours may become the mechanisms promoting best practices in a whole organisation. Employees who cooperate with others and propose recommendations and suggestions for the improvement of their organisation or department enable managers to avoid potential crises. In turn, managerial productivity increases;

- „releasing” some of valuable organisational resources which can be used more effectively [cf. Borman and Motowidlo, 1993; MacKenzie et. al., 1991; Organ, 1988; Podsakoff et al., 1993]. For instance, when employees support each other in performing their professional duties, managers may spend more time on more productive activities (e.g. strategic planning, improving business processes etc.). Similarly, when employees develop their skills and potential enabling them to better perform their duties, they reduce time managers need for supervising and controlling them;
- reducing the allocation of rare organisational resources in supporting functions [Organ, 1988] and supporting the coordination between working teams [cf. Karambayya, 1990; Smith et al., 1983]. Enhancing *esprit de corps*, morale and coherence as well as reducing time needed to support team processes are the natural side effects of helping behaviours such as cheerleading;
- attracting and maintaining high potential employees [cf. George and Bettenhausen, 1990; Organ, 1988]. Many of high potential candidates appreciate working in a friendly environment and a well-organised group of co-workers. When employees identify with their company and command publicly an organisation supporting its reputation, it is an apparent factor attracting the most valuable candidates. Moreover, if employees demonstrate sportsmanship and tolerate minor inconveniences in the workplace (e.g. office renovation and a need to move to temporary workplaces) they provide an example of giving priority to the good of an organisation over personal interests. Simultaneously, through such behaviours, employees strengthen the feeling of engagement and loyalty to their organisation;
- reducing deviations while implementing plans which enables managers to develop more precise plans and more efficiently allocate rare

organisational resources. Employees contribute through taking over the responsibilities of absentees or co-workers who are temporarily overloaded with duties. Moreover, they go beyond their standard roles showing willingness to undertake additional activities;

- increasing the organisation ability to adapt to the volatile environment. For instance, employees who voluntarily and actively participate in working meetings may be the sources of knowledge or recommendations increasing the flexibility of a company. In effect, a company is better prepared to respond to the external signals, exploit opportunities and avoid threats. Showing willingness to take over new responsibilities and increase their professional competencies, employees facilitate an organisation to react to the changes in the environment [cf. Organ et al., 2006];
- developing structural, cognitive and relational forms of social capital [cf. Bolino et al., 2002]. Employees strengthen the social capital and networks while supporting others. It results in faster flow of information, more effective knowledge sharing and employee engagement in organisational issues. Expressing opinions in an open way and sharing observations support the process of establishing a common language of an organisation and, in turn, they increase its cognitive capital.

Summing up theoretical discussions, in the literature there are six manifestations of OCB influence on the company efficiency: (a) increasing productivity of employees and managers (b) “releasing” valuable organisational resources, (c) facilitating the coordination between employees, (d) attracting and maintaining high potential employees, (e) increasing flexibility of an organisation operating in a volatile environment (f) and creating social capital. Effective management of the aforementioned manifestations may become a source of competitive advantage.

The findings of the questionnaire survey enable us to identify relations between the manifestations of organisational citizenship behaviours and the indicators of the company development and performance. Pearson correlation coefficients measuring the strength of these relations are presented in Table 9.11.

Table 9.11. Pearson correlation coefficients (r) between organisational citizenship behaviours and organisational development and performance, ** $p < 0.01$, * $p < 0.05$

Variables	OD	OP
Organisational citizenship behaviours – the key area of POP	.52**	.40**
Employees help each other in solving important, job-related problems	.35**	.24*
Employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company	.40**	.31**
Employees avoid making job-related troubles for their co-workers	.41**	.33**
Employee behaviours significantly exceed the standard expectations at their positions	.57**	.44**
Employees are interested in and participate in the company everyday life	.53**	.43**
OD – organisational development; OP – organisational performance		

Our findings confirm the outcomes of literature studies which highlight correlations between corporate patriotism and organisation development and the increase in overall efficiency (correlation $r = 0.52$) rather than those between OCB and financial outcomes such as profits, sales or market share (correlation $r = 0.40$). Table 9.12 presents the correlations between organisational development indicators and OCB manifestations.

Table 9.12. Pearson correlation coefficients (r) between OCB manifestations and organisational development indicators, ** $p < 0.01$, * $p < 0.05$

Organisational development indicators	OCB manifestations				
	1	2	3	4	5
We had a considerable increase in productivity between 2009 and 2011	.27*	.30*	.29*	.41**	.35**
We had a considerable increase in innovativeness between 2009 and 2011	.30*	.33**	.32**	.41**	.40**
We had a considerable increase in the quality of applied business processes between 2009 and 2011	.28*	.33**	.37**	.53**	.49**
We had a considerable increase in our products quality between 2009 and 2011	.29*	.37**	.36**	.48**	.46**
We had a considerable increase in employee satisfaction between 2009 and 2011	.38**	.41**	.40**	.61**	.56**
We had a considerable increase in customer satisfaction between 2009 and 2011	.31**	.34**	.40**	.52**	.51**
We had a considerable development of company reputation between 2009 and 2011	.27*	.36**	.37**	.49**	.48**
Manifestations of organisational citizenship behaviours: 1 – employees help each other in solving important, job-related problems; 2 – employees tolerate minor, short-term inconveniences in their workplace – they do not complain about trivial details, they show willingness to make efforts for the sake of a company; 3 – employees avoid making job-related troubles for their co-workers; 4 – employee behaviours significantly exceed the standard expectations at their positions; 5 – employees are interested in and participate in the company everyday life.					

The increase in employee satisfaction is a company development indicator of the strongest correlations with the organisational citizenship behaviours (considered as a key area of Positive Organisational Potential). Conscientiousness (behaviours exceeding standard organisational roles) and civic virtue (participation in the life of a company) are the OCB manifestations of the strongest influence on employee satisfaction. What is interesting, the weakest correlation is observed between satisfaction and altruism. It means that helping other employees in solving important job-related problems is not a significant antecedent from the perspective of employee satisfaction.

The increase in customer satisfaction is the second strongest correlate of organisational citizenship behaviours among all indicators of the company development. Similarly to employee satisfaction, the same manifestations of organisational citizenship behaviours are the strongest correlates of the increase in customer satisfaction (conscientiousness and civic virtues) and the weakest one (altruism). The improvement in the socio-psychological aspect of work is a fundamental assumption of the OCB theory. Therefore, it may be assumed that employees showing willingness to “do something more than required” are characterised by more positive attitudes towards an organisation and themselves. Such positive attitudes increase employee satisfaction of work which, in turn, has a positive influence on the quality of service and customer satisfaction.

Innovativeness and productivity are the company development indicators of the weakest correlations with all the manifestations of organisational citizenship behaviours. The lowest value of correlation is reported between them and altruism.

9.6. Recommendations for shaping organisational citizenship behaviours in companies

Our research is based on the assumption that strategically valuable resources and competencies constitute a foundation of the company success. Such resources and competencies are the sources of competitive advantage. Therefore, companies should strengthen them and use them to develop their strategies.

We have conducted literature studies, the questionnaire survey and the Delphi session in order to analyse relations between the key areas of Positive Organisational Potential and to identify the intra-organisational and external determinants of the POP key areas. As regards to the general (indirect) environment, companies have no influence on its elements but they should monitor it continuously to identify potential opportunities and avoid threats.

The feeling of justice among employees and their satisfaction with work seem to be the key factors stimulating organisational citizenship behaviours. The feeling of justice should be developed on the foundation of mutual trust between co-workers and superiors and their subordinates at the all levels of organisational hierarchy. Middle managers are to play a key role as the leaders responsible for particular areas of an organisation. Through their behaviours they should provide the models of positive relationships both within a team and with other people. Their key competencies should include: the openness for changes in a company and support for their subordinates when implementing these changes.

Organisational culture is considered to be the most useful management tool strengthening organisational citizenship behaviours. Such a positive culture should be developed by building the climate of friendliness, openness and sincerity even when mistakes are made or teams compete with each other. Fostering interpersonal relationships such as relying on co-workers, mutual respect, liking each other and sincerity is another factor strengthening a positive organisational culture favourable for organisational citizenship behaviours.

Moreover, an important aspect is coherence between company activities and its mission, vision and values which should provide a foundation for the company identity and its all business activities. Mission, vision and values define the area in which employees find their right place. Values set directions and rules which instil the feeling of justice and trust among all the stakeholders. Compliance with values enables an organisation to achieve its aims in an effective and ethical way and supports organisational citizenship behaviours of its employees.

Language of internal communication is the next factor which efficiently supports corporate patriotism and constitutes a basis for good cooperation. The communication system should be characterised by channels enabling unambiguous communication and fast flow of information necessary for work.

Sincere, assertive and open communication should be in place at all level of the organisational hierarchy. Employees should feel the freedom of expressing their opinions. Managers should behave professionally when communicating their assessments made according to clear and fixed criteria. The management should pay attention to the credibility of messages. Dissemination of gossips and false information is unacceptable.

The recommendations for shaping organisational citizenship behaviours relate, in particular, to the “soft” organisational resources which – as already mentioned above – are difficult to be measured and managed due to their qualitative character. Therefore, these recommendations should be supplemented with suggestions concerning the organisational structure and tangible resources.

As regards to the organisational structure, an optimum level of formalisation seems to be crucial. On the one hand, precise and clear procedures should be in force, whereas on the other one, some flexibility and acceptance of informal activities are needed. Decentralisation of power, delegating tasks and increasing employee responsibility are other features of organisational structures important from the perspective of corporate patriotism. Last but not least, organisational structures should establish conditions enhancing team work.

While developing the environment for organisational citizenship behaviours tangible resources cannot be neglected. Workplaces should be equipped with all necessary amenities. Companies need enough financial resources to recruit the high potential employees.

Chapter 10

CORPORATE SOCIAL RESPONSIBILITY AS AN INDICATOR OF THE COMPANY POSITIVE ORGANISATIONAL POTENTIAL

Kamila Skrzypczyńska

10.1. Corporate social responsibility as a key area of Positive Organisational Potential

Economic growth has always been considered as a determinant of success in the competition among nations. Nevertheless, the unattended side effects of the uncontrolled growth started by the industrial revolution have become more and more apparent and acute. The consequences of the unbalanced, extensive exploitation of the natural environment and the social space for particular economic interests more and more concerned people and attracted their attention. In order to mitigate the effects of an excessive and irresponsible expansion of companies, both developed and developing countries undertook efforts to promote the ideas of sustainable development. According to its assumptions, the needs of the contemporary generation can be satisfied at the existing level without reducing the opportunities of satisfying the needs of future generations [World Commission on Environment and Development, 1987]. The aforementioned idea has been popularised by the events of global scale and awareness development initiatives. In consequence,

numerous international documents promoting the new philosophy have been developed and implemented (i.e. OECD recommendations for sustainable development, principles and guidelines for the global sustainable development included in Rio de Janeiro Declaration on Environment and Development and Agenda 21, the 5th European Community programme for the natural environment protection and sustainable development of the European Union).

In the next step, recommendations have been transformed into legal regulations. The implementation of the law by countries has established the fundamentals of sustainable development. Certainly, the aforementioned principles are incorporated into the Polish legal system including the constitution and the natural environment protection Act. Article 5 of the Polish Constitution reads “The Republic of Poland shall safeguard the independence and integrity of its territory and ensure the freedoms and rights of persons and citizens, the security of the citizens, safeguard the national heritage and shall ensure the protection of the natural environment pursuant to the principles of sustainable development”. In order to materialise the constitutional ideas the Long-term Sustainable Development Strategy – Poland 2025 has been developed and implemented. The strategy includes international regulations and recommendations related to three aspects: social, economic and environmental. As regards to the social dimension, the state declares to take care of the quality of life of its citizens and the nation’s prosperity. The economic aspect concerns respecting rights and responsibilities for sustainable development equal for all entities regardless of their ownership and domain of action. The third, environmental aspect of the strategy relates to the balance between profits from natural resources exploitation and their costs for the mankind.

Growing interest in the ideas of sustainable development and numerous and restrictive legal regulations have provided a foundation for the concept of corporate social responsibility. Nevertheless, the list of CSR implementation stimuli has been much longer including bottom-up mechanisms such as:

- social changes stimulating the development of civil society which emphasizes the transparency of all public activities including business operations;
- decreasing trust to transnational corporations among more and more influential groups of citizens which results in growing concerns among investors;

- increasing level of education and ecological awareness resulting from an access to information and increasing pollution of the natural environment;
- increasing customer awareness resulting in customer requirements and expectations.

Bowen [1953], recognised as the father of the corporate social responsibility concept, provides one of its early definitions, where he points out the need to correlate managerial decisions and business goals with social expectations and desired values. His understanding of entrepreneur responsibilities goes beyond legal and financial aspects which were considered the only obligations of the business in his days. Similar views are shared by Davis and Blomstrom [1975] who claim that, besides generating company profits, it is the management responsibility to protect and contribute to the increase in social prosperity. Defining corporate social responsibility, some other prominent authors highlight that it is a “voluntary” engagement of a company in monitoring and fulfilling its obligations (both explicit and implicit) which derive from social expectations [cf. Littrell and Dickson, 1999; Margolis and Walsh, 2001; Willmott, 2001; Kotler and Lee, 2004; Blowfield and Murray, 2008].

Carroll [1991, 39-48; 1979, 497-505] identifies four categories of social responsibility structuring them hierarchically in the pyramid of corporate social responsibility. The bottom layer is the economic responsibility which requires the ability to generate incomes necessary to pay financial liabilities and ensure the existence of an organisation. Carroll claims it is the most fundamental responsibility due to the fact that companies operating below the breakeven point are not able to pay their liabilities and cannot behave in a socially responsible way. The legal responsibility constitutes the second level of the pyramid. It relates to complying with national and international law, intra-organisational regulations, and contracts with customers, employees and business partners. The third level is the ethical responsibility which means fair behaviours compliant with commonly accepted values in the areas which are not regulated by law. The philanthropic responsibility is the top level of the social responsibility hierarchy. It is based on the assumption that a company should behave like a “good citizen” which supports society and engages in solving its problems [Carroll and Bucholtz, 2003, 31]. Carroll’s hierarchy may be considered as an example of the after profit obligation model which

assumes that the economic and legal responsibility are obligations required of companies while the ethical responsibility and philanthropy are merely social expectations. Therefore, the level of company social responsibility depends on competencies, knowledge and ethical behaviours of managers and the ethical climate of society. Summing up, the after profit obligation model assumes that ethics is an obligation for a company only when it achieves relatively high profits. Such an approach is dangerous because in extreme cases it may result in reprehensible behaviours. The pyramid of responsibility is often criticised for the priority given to economic aspects and allowing companies to adjust their activity in higher levels to their economic efficiency. Sometimes, the model is called the model of a “moderate wrongdoer” [Polowczyk, 2012, 44].

The before profit obligation model developed by Kang and Wood [1995, 408-418] is a reverse and modified version of Carroll’s model. The before profit obligation model is based on the assumption that morality should be a foundation for achieving economic benefits and unfair profits cannot be justified. The model consists of three levels. The first level is made by the moral responsibility of all individuals – at all levels of the organisational hierarchy – for their decisions and activities which should comply with the values of society. The organisational responsibility is the second level of the pyramid. It means that all companies should adhere to both legal regulations and ethical norms when running a business. The organisational responsibility requires of a company to ensure fair business and social relations with market players and other stakeholders. The economic responsibility of a company is the top level of the responsibility pyramid. Moreover, Wood [1991, 694-697] highlights two important issues. Firstly, all the socially responsible activities should be long-term processes rather than one-time events. Secondly, the effects of the social responsibility policy should be measurable and visible. According to Wood, corporate social responsibility is a comprehensive concept of managing a company which requires cooperation and combined initiatives at an individual, organisational and institutional level.

Comparing two aforementioned models of corporate social responsibility, the superiority of the before profit obligation model should be highlighted. The model requires of a company to behave in a socially responsible way before starting any business activities. Such an approach enables company owners and managers to develop an organisation which is based on appropriate

values, which is friendly to its environment, and which respects the interests of various stakeholders when achieving its economic aims. Therefore, there is no doubt that the before profit obligation model suits well to the assumptions of positive management.

Positive Organisational Scholarship is a philosophy focused on positive aspects of organisations and their members. Contrary to a traditional approach to management, POS shifts from solving organisational problems (such as: dissatisfaction, low efficiency or lack of motivation to work) to exploring processes and phenomena oriented to creating positive emotions and features (such as: loyalty, trust, humanitarianism, honest, satisfaction, joy or welfare) in the context of organisational performance. Such an approach assumes that the focus given to positive aspects and the identification of mechanisms triggering and supporting positive behaviours contribute to organisation development and the increase in its performance [Cameron et. al, 2003b, 3-13]. To some extent the concept of corporate social responsibility is built on similar assumptions that sustainable organisational development and business performance are determined by positive relations of an organisation with its environment, relations based on mutual respect, satisfaction, fair treatment and trust. Therefore, the aim of this chapter is to analyse corporate social responsibility as one of the key areas of Positive Organisational Potential. The analysis includes three following aspects: the assessment of CSR manifestations in the surveyed companies, the identification of antecedents supporting such behaviours and the study of the CSR influence on company development and business performance.

10.2. The status of corporate social responsibility in surveyed companies and its position in Positive Organisational Potential

Corporate social responsibility is one of nine key areas of Positive Organisational Potential. Nevertheless, CSR and organisational citizenship behaviours are considered as resultant variables referring to the passive key areas of POP (more in Chapter 11). The analysis of CSR manifestations in the surveyed companies confirms its relatively high status in their Positive Organisational Potentials. CSR received the fourth highest score ($\mu = 74.06$) among all nine key areas of POP.

In order to define the ideal (desired) state of corporate social responsibility we used the opinions of experts participating in the Delphi session. The ideal CSR means the responsibility towards all the interest groups in the long-term perspective. A socially responsible company is honest and it complies with its obligations and commitments to the government, employees and cooperating partners. It is friendly to the natural environment. The key assumption of such a company operations is to generate profits in a socially responsible way rather than share profits. The catalogue of the ideal CSR manifestations identified by the experts is presented in Table 10.1.

Table 10.1. Manifestations of ideal corporate social responsibility

1	Ensuring coherence between CSR activities and the company domain of action – the CSR strategy should be correlated with the areas of the company negative influence on its environment. For instance, heavy industry should engage in the natural environment protection and creating safe working conditions.
2	Ensuring transparency of the company activities through implementing the codes of conduct defining the norms of behaviours and incorporating CSR assumptions into the policies and strategies of a company.
3	Being an active member in the communities of socially responsible organisations and participating in CSR rankings – developing an image of a friendly organisation which is open for a dialogue with its stakeholders.
4	Undertaking socially responsible initiatives in the following areas: workplace, market, natural environment and social environment. Setting goals and monitoring the process of achieving them.
5	Communicating openly with the company stakeholders. Conducting the surveys of employee satisfaction including their identification with a company, assessment of working conditions and professional development prospect. Conducting the surveys of customer satisfaction and analysing the signals (positive and negative) from the environment (e.g. social reports, reports of National Labour Inspectorate, strategic customer recommendations, social protests).
6	Establishing programmes for employee development, improvements in OH&S, natural environment protection and local community support.
7	Establishing the budget for initiatives supporting the underprivileged.

Compiling the outcomes of the Delphi session and the CSR definitions discussed in Section 10.1, we identified six manifestations of corporate social responsibility to the market, the workplace (employees), the natural environment and society. The catalogue includes the following CSR factors:

- a company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of society;
- a company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration);

- a company has developed and introduced OH&S (Organisational Health and Safety) procedures going beyond obligatory legal regulations;
- a company has established the aims of reducing its negative impact on the natural environment (i.e. energy or water consumption);
- a company contributes to the development of its local community (cooperation with local business, job creation, education);
- a company systematically supports the underprivileged (contributing to the improvement of their living conditions).

The status of the aforementioned manifestations in companies operating in Poland was investigated by the questionnaire survey. The findings are presented in Table 10.2.

Table 10.2. Corporate social responsibility manifestations in the surveyed companies

CSR manifestations	Min.	Max.	μ	s.d.
A company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of society	20	100	80.82	19.913
A company has established the aims of reducing its negative impact on the natural environment (i.e. average energy or water consumption)	0	100	77.40	27.235
A company has developed and introduced OH&S (Organisational Health and Safety) procedures going beyond obligatory legal regulations	0	100	76.71	31.227
A company contributes to the development of its local community (cooperation with local business, job creation, education)	0	100	72.60	25.875
A company systematically supports the needy (contributing to the improvement of their living conditions)	0	100	69.18	28.856
A company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration)	0	100	67.67	29.931

The analysis of the CSR status in the surveyed companies shows that company honesty and transparency in relations with employees and other stakeholders received the highest assessment of the respondents ($\mu = 80.82$). Honesty seems to be an outset and a prerequisite for corporate social responsibility. Therefore, the high level of this manifestation provides a good foundation for implementing other CSR initiatives. Similarly, relatively high assessments were given to reducing negative influence on the environment ($\mu = 77.40$) and counteracting potential problems related to occupational health and safety ($\mu = 76.61$). Company willingness to engage in these two areas is determined by legal requirements concerning the natural environment

protection and OH&S and the measurability of such initiatives. Companies often introduce systemic solutions such as environmental protection norms (ISO 14001, EMAS) or OH&S norms (ISO 18001, OHSAS 18011) which enable effective planning, implementing, monitoring and improving initiatives aimed at the decrease in the company negative influence on the environment or the reduction in the rate of accidents. In consequence of these activities, some positive outcomes are observed including: lower fines for environmental pollution, a decrease in resource consumption, a lower rate of accidents and lower accident insurance, lower absenteeism and lower fluctuation among employees.

In terms of CSR intensity in the surveyed companies, next manifestations are: the company engagement in the development of its local community through cooperation with local business, creating jobs and supporting education ($\mu = 72.60$) and support to the underprivileged ($\mu = 69.18$). HRM policies taking into account the outcomes of surveys among employees (monitoring employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration) received the lowest score ($\mu = 67.67$) among all the manifestations of corporate social responsibility in the surveyed companies. Such a situation may result from the fact that the area of corporate social responsibility is not formalized. In consequence CSR initiatives are reactions to the signals in the environment rather than the elements of the official policy of a company.

The questionnaire survey was supplemented with interviews with top managers of the following companies: Frauenthal Automotive Toruń Sp. z o.o., PESA S.A., Netia S.A., Marwit Sp. z o.o., TZMO S.A. and Nova Trading S.A. These companies operate in various industries. They differ in size, organisational structures, leadership styles and some other issues. They vary in approaches to corporate social responsibility, motivations for such initiatives and their scope. Corporate social responsibility manifests in the infinite number of activities in various areas. Either companies apply a holistic approach and try to be socially responsible in all areas or they focus on some key issues. Generally, the concept of corporate social responsibility encompasses the responsibility to four following areas: the market, the working environment, the natural environment and society.

The responsibility to the market includes customers, business partners and competitors. The company responsibility to the market means their fair

play to all stakeholders and shaping positive relations with the environment. Owing to the differences between stakeholder interests it is a real challenge for any company. The company responsibility to the market manifests in: the quality of communication with employees, business partners and customers, the transparency of procedures, reporting, understanding of social, environmental and ethical issues by employees and customers, methods and the scope of the value chain monitoring and creating socially responsible products. The examples of the responsibility to the market identified in the interviewed companies are presented in Table 10.3.

Table 10.3. The manifestations of responsibility to the market in the interviewed companies

<p>Netia S.A. is listed on the RESPECT Index at the Warsaw Stock Exchange. The company regularly publishes sustainable development reports. The code of conduct and business ethics has been implemented. The code ensures the transparency of behaviours (e.g. procurement and contracting procedures). Corporate governance monitors the ethics of business decision making process. The responsibility for this area is delegated to one of the supervisory board members. Netia S.A. goes beyond standards in its industry as regards to the service quality for disabled customers. For instance, the company is the only telephone operator providing virtual sign language translation for the customers with hearing and speaking difficulties.</p>
<p>Apator S.A. is listed on the Warsaw Stock Exchange RESPECT index. Since 2008, the company has been releasing social reports. The company has implemented the corporate code of conduct in order to formalise the values and norms supporting business operations and regulating the company relations with the environment. The code of conduct specifies the attitudes and behaviour expected by shareholders, customers and business partners. Apator S.A. complies with the highest ethical standards in marketing, sponsoring and promotion activities (following good practices, CSR ideas and fair competition principles).</p>
<p>Frauenthal Automotive Toruń (FTO) Sp. z o.o. has been a member of the UN Global Compact programme since 2010. Joining the programme, the company declared compliance with the Global Compact principles related to human rights, working standards, natural environment protection and preventing corruption. In 2010, the company implemented its code of conduct which was an employee initiative. The code of conduct specifies the standards of processes (e.g. making choice of a few offers when purchasing and contracting) or investments (providing evidence to substantiate investment decisions). Moreover, the code of conduct sets standards of employee behaviours. For instance, it regulates the maximum value of gifts which are allowed to be accepted by employees. The gifts exceeding this value are collected and auctioned for charity. The FTO code of conduct was a foundation for the similar document implemented in Frauenthal capital group. In February 2013, Frauenthal Automotive Toruń was recognised as the Fair Play Company of the Year 2012 in the competition organised by Institute for Private Enterprise and Democracy and National Economic Chamber.</p>
<p>Nova Trading S.A. is an active member of its branch community. The company represents the interests of the stainless steel branch on the forum. The company actively cooperates with research centres, media and branch organisations.</p>

The second area of corporate social responsibility is a working environment encompassing tangible resources in the workplace and intangible aspects shaping an organisational culture and climate in the workplace. Establishing and complying with clear principles in the workplace, and creating safe and comfortable working conditions provide a foundation for the company responsibility in this area. Such a responsibility extends to a dialogue with employees in order to identify their needs and expectations, investments in

employee development, support for work-life balance and regular surveys of employee satisfaction. As regards to the working environment, the following manifestations of company responsibility can be enumerated: fair and measurable principles of HRM policies, the employee awareness of their rights, initiatives for the professional development of employees (the number and scope of courses, the number of employees participating in training programmes), the level of occupational health and safety (initiatives to reduce risks in the workplace, OH&S training, the number of accidents, complaints), and equal rights for all employees (the analysis of promotions, salaries and other benefits in the context of a gender and age structure). The manifestations of corporate social responsibility related to the working environment identified in the interviewed companies are presented in Table 10.4.

Table 10.4. The manifestations of responsibility to their employees in the interviewed companies

<p>Netia S.A. stands out from other companies by working conditions and HR policies. The company received the Top Employer Polska award four times. The company established a position of the corporate ombudsman responsible for providing employees with legal counselling concerning labour and employment law. Employees are allowed to report all improper behaviours to the ombudsman.</p>
<p>Aparator S.A. creates a friendly environment for its employees through organisational culture built on openness, friendship and orientation to the common success. The company appreciates employee ideas. The company has established the programmes rewarding outstanding ideas recommended by shop floor workers. The company takes care of improving employee qualifications providing training to them and co-sponsoring studies and foreign language courses for the most committed employees. The company OH&S system is compliant with PN-EN 18001:2004 standards. OH&S issues are defined in intra-organisational procedures introduced after consultations with trade unions.</p> <p>Integration events in the company and its departments are regularly organised. Every September, company picnics gather all employees. The corporate football championships are held once a year.</p>
<p>In Frauenthal Automotive Toruń (FTO) Sp. z o.o. decisions related to the level, structure of employment, and significant changes in work organisation are consulted with the representation of employees (Work Council).</p> <p>FTO complies with OHSAS 18011:2007 standards. The company declares "zero accidents" goal as regards to OH&S policy. In order to improve work organisation and safety standards 5S principles have been introduced. The company makes efforts to reduce noise emission in shop floors which exceeds norms.</p> <p>FTO provides its employees with non-pay benefits such as: co-sponsoring of studies and courses, additional health and life insurance, subscriptions to sport facilities and participation in social events organised by the company.</p>
<p>Nova Trading S.A. has implemented changes in the organisation of some processes in order to improve occupational health and safety conditions. The management appreciates ideas and recommendations of employees concerning improvements in OH&S, quality and productivity.</p>
<p>Marwit Sp.z o.o. offers to its employees non-pay benefits such as: free subscription to speedway races or sport facilities. Moreover, employees are provided, free of charge, with juice produced by the company and fresh vegetables. Marwit co-sponsors employee education if the subject of studies is useful for the company. Administrative employees have the opportunity to participate in English language courses.</p>
<p>PESA S.A. has implemented policies counteracting mobbing and any forms of discrimination. Special bodies have been established in order to provide assistance to harmed employees if such incidents happen. Employees have been trained in order to increase their awareness concerning such problems.</p>

Natural environment is the third area of corporate social responsibility. The company responsibility to the natural environment encompasses the implementation of environmentally-friendly production processes, sustainable management of raw materials, ecological education and waste segregation. The indicators of the company responsibility to the environment include: energy consumption (i.e. electricity, heating, renewable energy), water consumption (water supply, planning water consumption and quality, water consumption in the value chain, sewage), emission of carbon-based substances and carbon dioxide, waste management (recycling), types of packaging (weight and their recyclability). The examples illustrating the responsibility to the natural environment in the interviewed companies are presented in Table 10.5.

Table 10.5. The manifestations of to the natural environment in the interviewed companies responsibility

<p>Netia S.A. has established the intra-organisational procedures for the natural environment protection. Printing management aims to reduce the consumption of paper. Employees are encouraged to save energy by the labels reminding them to switch off electricity and boil as much water as they need. All kinds of wastes are individually sorted.</p>
<p>Aparator S.A. takes care of ecology through rational use of raw materials, energy, water and paper. The company manufactures environmentally friendly products. Aparator S.A. promotes pro-ecological behaviours among its employees and within society (ecological education, waste segregation, saving electricity, collecting worn-out equipment and batteries). The environmental management system PN EN ISO 14001:2005 has been implemented. The company complies with the EU regulations RoHS and REACH. The new plant located in Ostaszewo has been designed in accordance with the state-of-the-art and environmentally friendly technological solutions.</p>
<p>Frauenthal Automotive Toruń (FTO) Sp. z o.o. undertakes initiatives to mitigate its negative influence on the environment, save electricity, reduce waste and segregate them. The company makes efforts to introduce more environmentally friendly materials to its production processes. For instance, benzene has been replaced by an ecological solvent. The company makes attempts to reduce paper consumption through digitalization of documents and decreasing the number of printers. In 2007, roof skylights were installed in production line buildings which improved working conditions and contributed to the reduction in electricity consumption. Company suppliers are required to comply with all legal regulations related to the environment protection.</p> <p>Frauenthal Automotive Toruń supports pro-ecological behaviours of its personnel. Car sharing is promoted by the priority in an access to the company parking area. Showers and covered parking slots for bicycles have been installed to promote cycling as a means of transportation.</p>
<p>Nova Trading S.A. is among few companies in the stainless steel branch which have implemented the standards of ISO 14001. The standards enable to coordinate and control all the activities and processes related to the environment protection. In consequence of ISO standards implementation, the ecological awareness of employees has increased and they have engaged in efforts for the environment protection. In order to mitigate the company influence on the natural environment the following initiatives are undertaken: introduction of modern, up-to-date production technologies, regular rotation of its car fleet, regular monitoring of technical conditions of equipment and production lines, effective management of vehicle transportation, reduction in wastes and use of returnable packages.</p>
<p>PESA S.A. is located in the city centre of Bydgoszcz. Therefore, the company pays particular attention to complying with all the norms related to the natural environment protection. The ecological objectives of the company go beyond legal regulations. The company makes efforts to reduce its influence on the natural environment in order to satisfy the inhabitants living in its neighbourhood.</p>

Company responsibility to society is the fourth aspect of CSR. The scope of company activities within this area encompasses: initiatives supporting a local community, organisations and individuals working for the good of society, support for institutions and people taking care of the underprivileged, and monitoring of human right in the value chain. The measures of company responsibility to society include: engagement in social programmes, the number of volunteers and the number of hours spent by employees for voluntary service, donations, educational programmes or cooperation with foundations or associations. The examples of such manifestations observed in the interviewed companies are presented in Table 10.6.

Table 10.6. The manifestations of responsibility to society in the interviewed companies

<p>In 2011, TZMO S.A. established a foundation Razem Zmieniamy Świat (Together We Change the World). The foundation coordinates the following activities:</p> <ul style="list-style-type: none"> — a project Damy Radę (We Will Manage) offering educational support for people who must reorganize their lives in order to take care of their relatives. Such people are provided with necessary information materials and they can participate in workshops free of charge; — Toruń Days of Long-Term Care – international educational meetings of professionals who work for the chronically ill, the disabled and the elderly. In 1998, when the event started, there were 100 participants. Since then, their number increased ten times (1000 participants in 2012); — SENI Cup International Football League for the Disabled which is a project addressed to the intellectually disabled people in social care centres. <p>Moreover, TZMO S.A. engages in many countries in educational campaigns aimed at teenagers to increase their awareness of intimate hygiene and adolescence problems. In India, the company participates in governmental educational programmes.</p>
<p>Aparator S.A. funds scholarships for students of engineering faculties, the authors of the best diploma papers and PhD dissertations and grants for scholar conducting empirical research. The company offers internships for university students and pupils of secondary and vocational schools. For three years, the company has been participating in a programme Grasz o Staż (Win the Internship). Aparator S.A. engages in various forms of support for young talented people, art, sport, education and charity. The company closely cooperates with non-governmental organisations.</p>
<p>Frauenthal Automotive Toruń Sp. z o.o. and PESA S.A. willingly cooperate with higher education institutions in the region. They offer internships for students and participate in their BA or MA research projects.</p>
<p>Grass-roots initiatives for the good of society are observed in Nova Trading S.A. For instance, its employees donated blood for a child of one of company lawyers. Employees collect toys for poor children.</p>
<p>Marwit Sp.z o.o is located in a rural area. Therefore a company is an important local investor and employer. In wintertime the company supports its local community in clearing roads of snow. The company has its Futsal Sport Club Marwit and sponsors the speedway team Unibax Toruń.</p>
<p>Netia S.A. supports Jasiek Mela's Foundation Poza Horyzonty (Beyond Horizons) in an interesting way. There is a piggy bank in the room of the management board meetings. Any members of the management board who come late for meetings pay 10 zlotys (ca. 3 USD) per one minute for charity.</p>

Among the interviewed companies, the most coordinated CSR activities are observed in Aparator S.A. and Netia S.A. Both companies are listed on the RESPECT Index at the Warsaw Stock Exchange which means they received

positive assessments of three-step audits. Belonging to the prestigious group of RESPECT Index companies means that Apator S.A. and Netia S.A. comply with the principles of sustainable and socially responsible management and they are characterized by a high level of attractiveness for investors. Frauenthal Automotive Toruń (FTO) Sp. z o.o. is another interesting example of a socially responsible company. The company is a medium enterprise (160 employees), the leader of the European market of swinging shackles for trucks (50% of the market share) and the supplier of the world leading truck producers including Volvo, Renault, Scania, Daimler and MAN. An impulse to implement a CSR programme in FTO was triggered by the demand of one of its customers. The company pays a particular attention to the transparency of its activities, respect to all stakeholders and protection of the natural environment. Nowadays, the company is a pioneer within its corporation. The FTO code of conduct became the foundation of a similar document for Frauenthal capital group. TZMO S.A. has established a foundation Together We Change the World which engages in various socially responsible initiatives. Marwit Sp.z o.o. focuses its CSR activities on taking care of employees and supporting a local community. Mitigating negative influence on the natural environment and improving occupational health and safety conditions are the focal points of social responsibility in Nova Trading S.A. The companies discussed above vary in their CSR initiatives but all of them implement the principles of the CSR concept. Similarly they are characterized by over-standard economic results and organisational development indicators.

10.3. The antecedents of corporate social responsibility as a key area of Positive Organisational Potential

The identification of CSR antecedents is based on the findings of the questionnaire survey in companies operating in Poland, opinions expressed by the experts participating in the Delphi session and interviews with top managers used for the case study analysis. The status of corporate social responsibility considered as an indicator of Positive Organisational Potential is determined by both external and intra-organisational factors which can stimulate or suppress CSR activities and the status of seven active areas of POP (analysed in detailed in the preceding chapters).

The external determinants of Positive Organisational Potential include “the states and situations in the company environment which may have an influence on the company inclination to shape organisational resources in a way which meets the POP criteria” [Stankiewicz, 2010b, 217]. According to the opinions of the experts and case study analyses three following groups of external determinants have been identified: the role of the state in promoting the concept of CSR, the third sector and its role in social programmes and the society awareness of CSR and sustainable development principles.

The role of the state in promoting the principles of social responsibility depends on its ability to create conditions encouraging companies to undertake voluntary commitments in this area. The state should take over a role of a partner and an intermediary establishing cooperation between economic and social environment. The determinants related to the role played by the state encompass:

- legal regulations encouraging companies to be socially responsible (e.g. according the new Polish regulations, decisions on waste disposal prices are made by local authorities. Diversifying prices for segregated and mixed waste, local authorities can influence pro-ecological attitudes of inhabitants and entrepreneurs);
- effective application of law and fair treatment of all business entities which increases the respect for law and the level of compliance with legal regulations;
- promoting best CSR practices through information campaigns (presenting the successes of socially responsible companies), educational programmes for the youth (shaping their social sensibility), training programmes for companies or socially responsible behaviours of public administration (e.g. sustainable public procurement);
- promoting CSR through incentives for socially responsible companies (e.g. special economic zones, subsidies and grants, supporting CSR programmes and initiatives with EU funds).

The second group of external determinants of corporate social responsibility is related to the development of the third sector. The catalogue includes: the mechanisms of effective cooperation between non-profit organisation and business, the professionalism of non-governmental organisations (knowledge and competencies of their managers and employees), the ability to create attractive projects and the transparency of activities. Recently, the Polish third sector has been in the stage of dynamic growth

due to new regulations which enabled tax payers to donate 1% of their private income tax to non-governmental organisations.

The third group of external determinants of corporate social responsibility is related to the society awareness of CSR and sustainable development principles, and the social pressure on business. They result from the national socio-economic model, the level of civil freedoms, incomes of customers, knowledge and awareness of customers and other stakeholders, their social sensibility, ecological awareness, knowledge of legal regulations etc.

Corporate social responsibility depends on the aforementioned external determinants shaping an ethical climate within society. Nevertheless, social engagement of a company is stimulated as well by intra-organisational antecedents resulting from an organisational and managerial context [Stankiewicz, 2010b, 232]. In the survey we identified 89 intra-organisational antecedents of Positive Organisational Potential categorized in 10 groups related to: tangible assets, corporate strategy, organisational structure, intra-organisational communication, control, human resources management, power and democratization of management, integration and identification of employees with a company and leadership. The influence of individual antecedents and their groups on corporate social responsibility and its manifestations was identified and assessed through the analysis of the data from the questionnaire survey and the opinions of experts. As the analysis shows that the most influential antecedents of CSR are the factors related to HRM policies, company strategy, power, integration and employee identification with a company, and tangible resources. The findings are presented in Table 10.7.

Table. 10.7. The aggregated intra-organisational antecedents of corporate social responsibility, Pearson correlation coefficients, $p < 0.01$

Area	r
Tangible resources	.749
Strategy	.778
Organisational structure	.698
Internal communication	.645
Innovation	.611
Control	.730
Human Resources Management	.824
Power and democratization of management	.781
Integration and employee identification with a company	.777
Leadership	.707

According to the expert opinions clear and consistently applied HRM procedures and decision correlated with employee assessments are considered as the most crucial aspects of HRM from the CSR viewpoint. Moreover, the experts highlighted the role of recruitment criteria for managerial positions (including a CEO) which should include – besides professional knowledge and skills – social competencies and appropriate features of character. Transparent recruitment procedures enable to appoint to managerial positions employees of desired personal features and competencies (honesty, empathy, teamworking skills) which is a prerequisite to develop a positive organisational culture and a positive organisational climate based on mutual respect, justice, trust, friendliness, openness and friendship.

As the experts claim the key intra-organisational antecedents of corporate social responsibility related to power and democratization of management include: transparent procedures for providing stakeholders with key information on company operations, procedures ensuring the transparency of capital relations and regulating the cases of conflicts of interest among investors, shareholders and other stakeholders, mechanisms ensuring employee participation in corporate governance bodies, and procedures for recruiting and appointing the members of corporate governance bodies having knowledge and skills relevant to their positions. All the aforementioned antecedents create favourable conditions for honest treatment of employees and other stakeholders which positively stimulates intra-organisational processes and strengthens the positive image of a company. As observed by Jones [1995] effective management of relationships improves company performance due to the fact that a company which develops and cultivates relations with its environment is able to ensure a better access to key and valuable resources.

Among the CSR antecedents related to the company strategy, the experts highlighted the need to combine the interests of employers and employees and to incorporate CSR aspects into a strategy. The criteria for supplier selection are another important issue from the point of view of corporate social responsibility. It is crucial not to narrow them to an economic aspect (the lowest price). While building its strategy on the aforementioned fundamentals an organisation is able to ensure the long-term and sustainable development and distinguish from its market competitors with the quality of business processes and products.

CSR antecedents related to integration and employee identification with a company encompass a clear and understandable organisational culture, an attractive mission statement, company reputation and its ability to create fair rules of behaviours in the workplace. Fulfilling the aforementioned criteria has a positive influence on interpersonal relationships, employee satisfaction and their engagement in work, and consequently, it enhances productivity.

Moreover, tangible resources were found to be important for corporate social responsibility. Socially responsible attitudes and behaviours are supported through allocation in a company budget financial resources for social purposes, infrastructural investments reducing the company negative impact on the natural environment, technologies improving occupational health and safety (OH&S) conditions (extending minimum legal requirements). The experts admit that the engagement of companies operating in Poland in CSR initiatives is strongly determined by their financial situation. Such an approach is close to the after profit obligation model of corporate social responsibility which assumes that economic profits precede ethics. CSR is exclusively for big and rich companies – such an opinion persists in society. The immature approach to the concept of corporate social responsibility and its misunderstanding are the recognised as main reasons of such a situation. CSR is often narrowed to philanthropy and sponsoring social activities. In spite of a growing social interest, CSR is often perceived superficially and connected with public relations. In the long-term perspective, such an approach has negative influence both on a company and CSR ideas promotion.

Four areas of corporate social responsibility identified in Section 2 (market, workplace, the environment and society) are highly diversified and can be influenced by various intra-organisational antecedents. Combining the findings of the questionnaire survey and the expert opinions, the most important antecedents of each of CSR manifestations have been listed. The catalogue is presented in Table 10.8.

Table. 10.8. The intra-organisational antecedents of corporate social responsibility, Pearson correlation coefficients, $p < 0.01$

Responsibility to the market	A company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of society	
	Intra-organisational antecedents	r
	1. The progress and effects of the strategy implementation process are honestly and openly communicated	.725
	2. A company has the standards enabling the validation of honesty, justice and transparency of the rules for all employees (regardless of their position)	.685
	3. Supervisors strengthen trust and the climate of justice	.682
	4. Managerial decisions are consulted with employees and explained to them	.676
	5. Employees experience the feeling of justice in their workplace	.654
	6. A company has procedures ensuring the transparency of capital relations, the conflicts of interest among investors, shareholders, stakeholders and the members of corporate governance bodies	.648
	7. The economic outcomes of top management decisions are regularly evaluated	.645
	8. A company has transparent procedures for providing its stakeholders with key information (including financial situation and results, ownership structure, corporate governance)	.620
	9. The systems and procedures for effective internal communication (both vertical and horizontal) are established	.614
10. Controlling is aimed at capturing information for the improvement of areas under evaluation	.602	
Responsibility to the workplace and employees	A company has established HRM policies taking into account the outcomes of surveys among employees (monitoring employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration)	
	Intra-organisational antecedents	r
	1. A company has the necessary tools for recruitment and selection of key employees	.774
	2. Employees of relevant qualifications, skills and personal competencies are appointed to perform the tasks	.671
	3. Corporate social responsibility issues have been included into a strategy	.651
	4. HRM procedures are transparent and consistently applied	.648
	5. The systems and procedures for effective internal communication (both vertical and horizontal) are established	.612
	6. A company sets high requirements for candidates to be employed (elitist employment)	.611
	7. A company has the standards enabling the validation of honesty, justice and transparency of the rules for all employees (regardless of their position)	.601
	A company has developed and introduced OH&S (Organisational Health and Safety) procedures going beyond obligatory legal regulations	
	Intra-organisational antecedents	r
	1. A company has implemented technologies extending minimum requirements in order to reduce the occupational health and safety (OH&S) risks	.752
	2. Employees of relevant qualifications, skills and personal competencies are appointed to perform the tasks	.640
3. A company has tools enabling counteracting all the forms of corruption	.625	
4. HRM procedures are transparent and consistently applied	.616	
5. A company sets high requirements for candidates to be employed (elitist employment)	.600	
6. A company has the standards enabling the validation of honesty, justice and transparency of the rules for all employees (regardless of their position)	.551	

Responsibility to the natural environment	A company has established the aims of reducing its negative impact on the natural environment (e.g. energy or water consumption)	
	Intra-organisational antecedents	r
	1. Corporate social responsibility issues have been included into a strategy	.620
	2. A company sets high requirements for candidates to be employed (elitist employment)	.619
	3. A company has an infrastructure enabling the reduction of its negative impact on the natural environment	.606
	4. Organisational culture fosters seeking excellence	.581
Responsibility to society	A company contributes to the development of its local community (cooperation with local business, job creation, education)	
	Intra-organisational antecedents	r
	1. A company has necessary tools for recruitment and selection of key employees	.658
	2. Corporate social responsibility issues have been included into a strategy	.636
	3. The top management provides a positive model of relations with employees	.624
	4. The middle management provides a positive model of relations with employees	.615
	5. Personal and social competencies are important criteria when recruiting a CEO	.592
	A company systematically supports the underprivileged (contributing to the improvement of their living conditions)	
	Intra-organisational antecedents	r
	1. Employees are satisfied with their jobs	.601
	2. The conformance between the values of an organisation and individual values of candidates is taken into account when recruiting new employees	.594
	3. Working teams are characterised by a high level of cohesion	.573
	4. Recruitment criteria for managerial positions include emotional competencies (empathy, self-consciousness, self-control, self-motivation)	.567
	5. The criteria for contracting suppliers are not limited to an economic dimension	.527
6. Organisational culture is clear and understandable	.513	
7. Corporate social responsibility issues have been included into a strategy	.499	

Making an assumption that corporate social responsibility is an indicator of the company Positive Organisational Potential, the following active areas of POP should be recognised as CSR antecedents: corporate governance, leadership, middle managers, talent management, interpersonal relationships, trust and language of internal communication.

Table. 10.9. Correlations between active areas of Positive Organisational Potential and corporate social responsibility, Pearson correlation coefficients, $p < 0.01$

The key areas of Positive Organisational Potential	r
Corporate governance	.632
Leadership	.620
Middle managers	.678
Talent management	.757
Interpersonal relationships	.628
Trust (to co-workers, superiors, subordinates, the board of management)	.673
Language of internal communication (content and form)	.770

The analysis of Pearson correlation coefficients between corporate social responsibility and remaining active areas of Positive Organisational Potential indicates the following strongest correlates of CSR:

- language of internal communication (comprehensible, unambiguous and comprehensive content and form of messages adjusted to their receivers) – language of internal communication reflects the quality of relationships between employees and managers, and the management attitudes towards strategic social goals;
- talent management including searching for, identifying, attracting, recruiting and developing high potential employees and making use of their skills and competencies – CSR initiatives require talented employees able to understand a wide context of company operation and reach compromise when necessary;
- middle managers performing the function of intermediaries between top managers and workers;
- trust which arises from credibility and mutual friendliness among employees and managers, and the acceptance of attitudes, decisions and behaviours of organisation members – the level of trust is a good indicator of the company responsibility to its employees.

Table 10.10 presents the examples of POP manifestations related to internal communication, talent management, middle managers and trust which are recognized as the strongest correlates of corporate social responsibility.

Table. 10.10. The POP manifestations of the strongest correlation with corporate social responsibility

POP key area	Manifestations
Language of internal communication	<ol style="list-style-type: none"> 1. Internal communication consistently and coherently explains the organisational values to be respected 2. Internal communication fosters integration among employees 3. Internal communication enhances employee motivation
Talent management	<ol style="list-style-type: none"> 1. A company has relevant methods to identify and select talents 2. A company establishes individual paths of career and methods of development for talents 3. A company creates opportunities for talents to meet ambitious projects and challenges
Middle managers	<ol style="list-style-type: none"> 1. Through their behaviours, managers set a good example of positive relations within a team and outside it 2. Managers are oriented to self-development and increasing their skills and competencies 3. Managers initiate changes in a company
Trust	<ol style="list-style-type: none"> 1. Employees play fair even when they compete each other 2. Employees do not resist to managerial decisions 3. Employees are committed to their jobs, even when a company faces difficulties (crisis periods)

Among POP manifestations that are not related to the key areas identified above but strongly correlated with corporate social responsibility the following factors should be mentioned: a transparent and effective information policy towards company stakeholders, the CEO’s skills to instil trust in employees, and translating positive interpersonal relationships between employees into relationships between working teams and departments.

Combining the findings of the questionnaire survey, case studies and the opinions of experts participating in the Delphi session, the catalogue of factors stimulating and suppressing corporate social responsibility has been identified. The outcomes of the analysis are presented in Table 10.11.

Table. 10.11. Stimulants and barriers of corporate social responsibility

Stimulants	Barriers
<ul style="list-style-type: none"> — legal regulations imposing on companies obligations related to responsibility towards the market, the working environment, the natural environment and society; — a consistent application of legal regulations; — the engagement of public administration and NGOs in promoting best CSR practices through sharing knowledge and information on effective CSR activities undertaken by companies operating both in a local scale and globally; — dynamic development of NGOs and their professionalization (possibility to donate 1% of private income tax to NGOs, training programmes for the third sector employees, the use of social media); — increasing the awareness of CSR and sustainable development in society (increasing social sensibility, developing civil society); — incorporating CSR into business higher education curricula; — the increase in wealth of the nation; — “fashion to help others” – increasing interest in social and ecological projects, and voluntary service observed both among people and companies; — socially responsible orientation of a direct competitor or an industry leader; — professional CSR tools supporting the process of creating a sustainable competitive advantage; — increasing requirements of customers and investors; — extended value chains and increasing CSR expectations of business partners operating on international markets; — implementation of a friendly HRM policy oriented towards employee development and creating a friendly work environment; — democratization of management which enables an open dialogue with employees; — a comprehensible and effective system of communication with stakeholders; — leader morality – an appropriate ethical attitude of managers; — employing managers who show engagement in corporate social responsibility and provide a model of positive relationships with employees; — employing workers who identify with a company and its goals; — a comprehensive approach to the company value chain and its responsibility for product life cycles (from acquisition of raw material to recycling) when designing products; — incorporating CSR issues into the company strategy (identifying tasks and nominating people responsible for their implementation). 	<ul style="list-style-type: none"> — lack of a consistent national CSR strategy –insufficient support of public administration, lack of relevant legal regulations, lack of partners ready to cooperate in advanced social programmes; — insufficient competencies of managers who are not able to effectively apply CSR tools; — low level of social trust to business, and multinational corporations in particular; — lack of thorough understanding of CSR in business and public administration – the focus on PR aspects of CSR initiatives undertaken from time to time; — an unjustified assumption that a company does not have sufficient financial resources to engage in CSR activities; — lack of a visible correlation between the CSR activities of a company and its business performance; — inability to conduct a social dialogue by a company and its stakeholders; — negative lessons from the past – cooperation with incompetent partners, lack of business effects of CSR activities; — “CSR tricks” made by some companies resulting in the decrease in public trust to the CSR concept; — obsolete technologies having a negative influence on the natural environment, occupational health and safety and productivity; — the lowest price as the key award criterion for subcontractors.

10.4. CSR influence on the development and performance of a company

Social engagement improves company relations with society, its employees, the government and customers. Generally, society highly appreciates organisations

which enter in an honest and constructive social dialogue. Company responsibility to its employees has a positive influence on their engagement and productivity [Waddock and Graves, 1997]. As regards to company relations with the government and public administration, CSR reduces the risk of their negative decisions or restrictive legal regulations [Berman et al., 1999; Hillman and Keim, 2001]. Becoming a socially responsible organisation enables a company to develop its competitive advantage based on product diversification oriented to the customers of high social sensibility [Hillman and Keim, 2001]. Creating a friendly workplace attracts high potential employees and reduces the fluctuation of personnel [Turban and Greening, 1997, Waddock and Graves, 1997]. Moreover, CSR initiatives contribute to the positive image of a company and increase credibility of its business ethics declarations which attracts customers and investors.

The analysis of CSR influence on company development has encompassed the following indicators of development: productivity, innovativeness, the quality of applied business processes, product quality, employee satisfaction, customer satisfaction and company reputation. The outcomes of the analysis based on the questionnaire survey data show that CSR manifestations related HRM play the most crucial role from the perspective of an organisation development. HRM policies taking into account employee expectations and initiatives oriented to OH&S improvement are particularly highly appreciated manifestations of CSR. A friendly policy towards employees shapes their responsibility while the company's concern to improve safety conditions has a positive influence on its image. In consequence of aforementioned efforts an increase in the quality of business processes and customer satisfaction is observed.

Simultaneously, one should mention the role of remaining areas of corporate social responsibility (such as responsibility to the market, the natural environment and society) in stimulating the development of a company. Honest and transparent relationships with employees and other stakeholders have the strongest influence on customer and employee satisfaction, and an increase in company reputation. Initiatives oriented to the company responsibility to society (such as supporting the development of a local community or providing charity to the underprivileged) strengthen business relations and enhance customer satisfaction. They contribute to the positive image of a company which improves relations with customers [Brown

and Dacin, 1997] and other stakeholders (such as public administration, business partners, investors) [Bremmer, 2008; Griffin and Hahon, 1997). As the findings show reducing the company negative impact on the natural environment is the weakest correlate with the company development. Detailed data on CSR influence on company development is presented in Table 10.12.

Table 10.12. The Pearson correlation coefficients (r) between CSR manifestations and company development and performance, ** $p < 0.01$, * $p < 0.05$

Corporate social responsibility manifestations	OD	OP
A company has established fair and transparent rules applied to its relations with employees and other stakeholders – when running business a company takes into account the interest of society	.458**	.333**
A company has established HRM policies taking into account the outcomes of surveys among employees (monitoring employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration)	.526**	.435**
A company has developed and introduced OH&S (Organisational Health and Safety) procedures going beyond obligatory legal regulations	.461**	.273*
A company has established the aims of reducing its negative impact on the natural environment (i.e. average energy or water consumption)	.411**	.242*
A company contributes to the development of its local community (cooperation with local business, job creation, education)	.456**	.344**
A company systematically supports the underprivileged (contributing to the improvement of their living conditions)	.462**	.358**
OD – organisation development; OP – organisation performance		

The correlations between CSR manifestations and company financial results are not so obvious as in the case of organisation development. Such a situation results from the facts that corporate social responsibility encompasses a wide range of activities and measuring their efficiency is a challenging issue. Due to the variety of approaches to the relations between company profitability and its CSR obligations [Margoli, Walsh 2003] observed in after profit obligation and before profit obligation models and differences in research findings [Griffin and Mahon, 1997; Bremmer and Millington, 2007] correlations between CSR and company profitability remain ambiguous.

The aim of the analysis of CSR influence on company performance was to identify which CSR manifestations are the most strongly correlated with company performance. As the outcomes of the analysis show a friendly HRM policy is the strongest correlate of company performance and – as mentioned above – its development. Providing assistance and support to the underprivileged, and honesty and transparency in relations with employees

and other stakeholders are the following top stimulants. Reducing the company negative impact on the natural environment and improving OH&S conditions are the CSR manifestations of the weakest influence on company performance.

10.5. Recommendations on shaping corporate social responsibility

In Poland, the concept of corporate social responsibility is still in its development phase which results in growing interest in its assumptions and low effectiveness of its implementation. The proponents of the concept perceive CSR as a company response to the requirements of sustainable development which ensures a company economic success. Nevertheless, CSR initiatives in some companies are still motivated by fashion or political correctness.

The scope of CSR issues is very wide and it is a real challenge to provide companies with specific guidelines and recommendations to be implemented. Some focal points or universal values should be pointed out instead. The findings of our study go along with the outcomes of previous analyses and confirm that creating a friendly working environment is a key element of corporate social responsibility. Organisations consist of people and their performance directly depends on the potential of organisation members. In an ideal state of corporate social responsibility the conformance between the values of an organisation and individual values of candidates should be taken into account when recruiting new employees. In the next step, an HRM policy should be shaped in accordance with the identified needs of employees. An open dialogue and a partnership in relations with employees, and the professionalism of managers (their knowledge, competencies and social sensibility) constitute the prerequisites of such an effective policy. Company relations with other stakeholders are another centre of gravity. In order to develop good relations with its environment a company should identify all groups of stakeholders and establish effective communication and discussion necessary to reach an agreement which would be satisfactory for all parties. An effective system of communication is a prerequisite for two aforementioned activities. On the one hand, such a system enables a company to acquire data on CSR related expectations of its employees

and other stakeholder. As it has been already mentioned, generating profits in a sustainable and socially responsible way rather than compensating social costs of irresponsible business activities makes the essence of corporate social responsibility. On the other hand, it is a tool used by a company to disseminate information on its CSR initiatives to all who may be interested in. Therefore, conscientiousness of CSR initiatives and their coherence with a company mission and domain of action are the most important determinants of successful implementation of the CSR concept.

Chapter 11

MECHANISMS OF THE KEY POSITIVE ORGANISATIONAL POTENTIAL AREAS IMPACT ON ORGANISATIONAL DEVELOPMENT

Rafał Haffer

11.1. Models of the analysed dependencies and their measurement methods

A set of variables was drawn up on the basis of the company survey results for the realisation of one of the main research objectives, i.e. the explanation of the mechanisms of influencing organisational development through the framework of the key areas of Positive Organisational Potential.

Table 11.1 covers a list of variables created on the basis of the research results with the description of the applied measurement scales. There are the following resource-based variables: corporate governance (CG), leadership (L), middle managers (MM), talent management (TM), interpersonal relations (IR), trust (to co-workers, superiors, subordinates, the board of management) (T) and the language of internal communication (content and form) (LIC), as well as the resultant variables: organisational development (OD) and organisational performance (OP), organisational citizenship behaviours (OCB) and corporate social responsibility (CSR). The resource-based variables (CG, L, MM, TM, IR, T, LIC) refer to the seven causative (active) variables –

the key areas of Positive Organisational Potential, and the resultant variables refer to the organisational development (OD) and organisational performance (OP) and two resultant (passive) key Positive Organisational Potential areas (OCB and CSR). The variable referring to the key areas of Positive Organisational Potential is an aggregate variable (KA POP) which describes the nine described key areas of the Positive Organisational Potential, namely, seven causative and two resultant variables.

The enumerated variables constitute the foundation for the creation of several models allowing the analysis of relations among the individual key areas of Positive Organisational Potential, as well as between them and organisational development. Four dependency models were proposed:

- the dependency model between the causative variables and OCB, CSR, OD,
- the model of intra-organisational interactions of the key areas of Positive Organisational Potential,
- the model of the KA POP impact on individual OD indicators,
- the model of the CG, L and MM impact on the remaining key areas of Positive Organisational Potential.

Table 11.1. List of variables applied in the formation of dependencies discussed with their measurement scales

No.	Variables	Description of variables and their measurement scales
Resource-based variables referring to the causative (active) variables - key areas of POP		
1	CG (corporate governance)	The variable expressing the assessment made by the management representatives referring to the degree corporate governance in their companies is characterised by the „ideal features” desired to ensure the sustainable development of the company (based on an eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their corporate governance, 100% refers to the situation when the ideal feature definitely characterises their corporate governance). In the variable operationalisation the mechanisms of an active co-operation with stakeholders were covered aiming at the creation of joint values, information policy directed at stakeholders, procedures/ rules on the functioning of executive and non-executive authorities as well as the engagement of the supervisory board members.
2	L (leadership)	The variable expressing the assessment made by the management representatives referring to the degree leadership in their companies is characterised by the „ideal features” desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their leadership, 100% refers to the situation when the ideal feature definitely characterises their leadership). The operationalisation of the variable covers the leader’s skills in directing and intellectually stimulating their employees as well as inspiring them with vision, building up trust, and the leader’s engagement, initiative, charisma, responsibility and orientation to their associates’ satisfaction.

No.	Variables	Description of variables and their measurement scales
3	MM (middle managers)	The variable expressing the assessment made by the management representatives referring to the degree middle managers in their companies are characterised by the „ideal features“ desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their middle managers, 100% refers to the situation when the ideal feature definitely characterises their middle managers). The operationalisation of the variable covers such managerial roles as a leader, coordinator, relationships creator, and coach as well as their skills in change initiation, giving a positive role model for employee relations and aiming at self-development and increasing own competencies.
4	TM (talent management)	The variable expressing the assessment made by the management representatives referring to the degree talent management in their companies is characterised by the „ideal features“ desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their talent management, 100% refers to the situation when the ideal feature definitely characterises their talent management). The operationalisation of the variable covers the question of incorporating talent management issue to their corporate strategy, the recognition of the needs related to talents, using formalised methods of talent search, selection and development of talents, creation and application of individual career paths for talented employees, supporting the opportunities for employee knowledge development, sharing the knowledge and facing ambitious projects and challenges.
5	IR (interpersonal relationships)	The variable expressing the assessment made by the management representatives referring to the degree interpersonal relationships in their companies are characterised by the „ideal features“ desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their interpersonal relationships, 100% refers to the situation when the ideal feature definitely characterises their interpersonal relationships). The operationalisation of the variable covers employee mutual honesty and the possibility of relying on each other, showing each other interest, acceptance and respect as well as translation of the team internal relationships into the relationships between the teams / departments.
6	T (trust to co-workers, supervisors, subordinates and the board)	The variable expressing the assessment made by the management representatives referring to the degree trust in their companies is characterised by the „ideal features“ desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their trust, 100% refers to the situation when the ideal feature definitely characterises their trust). The operationalisation of the variable covers the openness and frankness of employees, willingness to admit to having made mistakes not being afraid of negative consequences, their work engagement even in a crisis, their willingness to share knowledge, honesty, lack of resistance against managerial decisions, free delegation of competencies by the supervisors as well as the atmosphere of friendliness in a company.
7	LIC (language of internal communication)	The variable expressing the assessment made by the management representatives referring to the degree the language of internal communication in their companies is characterised by the „ideal features“ desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their language of internal communication, 100% refers to the situation when the ideal feature definitely characterises their language of internal communication). The operationalisation of the variable covers the existence of such an internal communication system that provides necessary information to all employees and ensures the feedback, is unambiguous and delivered on time, enhances employee motivation, fosters integration among employees, consistently and coherently explains the organisational values to be respected, and takes into account co-worker emotions in communication.

No.	Variables	Description of variables and their measurement scales
The resultant variables referring to the resultant (passive) key areas of POP		
8	OCB (organisational citizenship behaviour)	The variable expressing the assessment made by the management representatives referring to the degree citizenship behaviours in their companies are characterised by the „ideal features” desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their citizenship behaviours, 100% refers to the situation when the ideal feature definitely characterises their citizenship behaviours). The operationalisation of the variable covers mutual help among workers in solving important work-related problems, tolerance for temporary, insignificant inconveniences at work, mutual willingness not to create problems, the employee interest in the company life and taking a responsible part in it.
9	CSR (corporate social responsibility)	The variable expressing the assessment made by the management representatives referring to the degree corporate social responsibility in their companies is characterised by the „ideal features” desired to ensure the sustainable development of the company (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when the ideal feature definitely does not characterise their corporate social responsibility, 100% refers to the situation when the ideal feature definitely characterises their corporate social responsibility). The operationalisation of the variable covers the realisation of the HRM policies based on the results of employee surveys (e.g. monitoring the employee level of satisfaction), applying honest and transparent rules in relation to employees and other stakeholders, development and implementation of procedures aiming at prevention of potential health and safety problems that exceed the compulsory legal requirements, investment in the development of the local community, regular help to the needy, fulfilling the objectives aiming at the reduction of the company negative impact on the natural environment.
Aggregate variable KA POP		
10	KA POP (key areas of Positive Organisational Potential)	The variable expressing the assessment made by the management representatives referring to the degree the organisational potential of a company shows Positive Organisational Potential (POP) features, understood as the states, levels and configurations of the company resources which trigger the Positive Organisational Climate and Culture supporting the comprehensive development of an organisation (based on an eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when a given component of an individual key POP area definitely does not characterise the organisational potential of a company, 100% refers to the situation when a given component of an individual key POP area definitely characterises the organisational potential of a company). The measurement scales included 53 items (survey questions) composing 9 key POP areas in total, described by the above resource based and resultant variables, i.e.: corporate governance, leadership, middle managers, talent management, interpersonal relations, trust (to co-workers, superiors, subordinates, the board of management), the language of internal communication (content and form), organisational citizenship behaviours and corporate social responsibility.
Other resultant variables		
11	OD (organisational development)	The variable expressing the assessment made by the management representatives referring to the degree their companies can be characterised by certain company development indicators (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when a given OD indicator definitely does not characterise their company, 100% refers to the situation when a given OD indicator definitely characterises their company). The measurement scales covered 7 OD indicators such as: increase in work productivity, increase in innovativeness, increase in the quality of applied business processes, increase in their products quality, increase in employee satisfaction, increase in customer satisfaction, and a considerable development of company reputation.

No.	Variables	Description of variables and their measurement scales
12	OP (organisational performance)	The variable expressing the assessment of the company management on the degree their companies deliver above-average organisational performance (OP) (based on the eleven grade scale <0%, 10%, 20%, ..., 100%> where 0% refers to the situation when a given OP indicator definitely does not characterise their company, 100% refers to the situation when a given OP indicator definitely characterises their company). The measurement scales covered 4 indicators of the above-average OP: the financial results above the industry average, higher profitability than their competitors, the growth rate of sales revenues exceeding the rate of their competitors, and increased market share.

First of these is the dependency model between the causative key areas of POP and the resultant key areas of POP (OCB and CSR) as well as organisational development (OD). The model is presented in Figure 11.1.

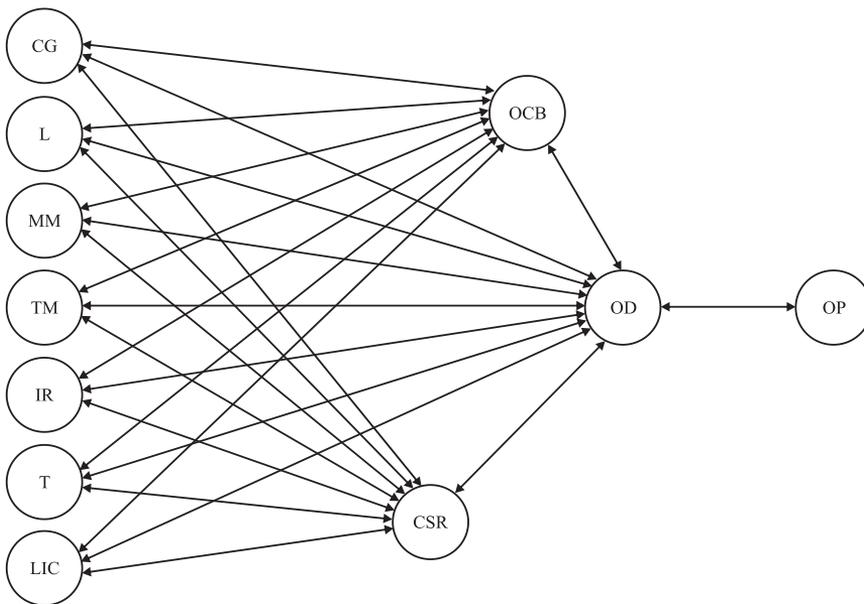


Figure 11.1. The dependency model between the causative key POP areas and OCB, CSR and OD

The second model helps to analyse the influence of the key POP areas on organisational development and performance. The model of the intra-organisational impact of the key POP areas is presented in Figure 11.2. It is grounded in the following assumptions:

- Positive Organisational Potential (POP) is the prime mover (a causative variable) of the company development (OD) within the framework of its key areas;

- seven causative (active) key POP areas cover: corporate governance (CG), leadership (L), middle managers (MM), talent management (TM), interpersonal relations (IR), trust (T) and the language of internal communication (LIC);
- the quality of management (CG, L and MM) determines effective talent management (TM) and internal communication (LIC);
- interpersonal relations (IR) and trust (T) are the functions of both effective talent management (TM) and effective internal communication (LIC);
- the level of development of the causative (active) key POP areas determines the level of development of the resultant (passive) key POP areas, namely, organisational citizenship behaviours (OCB) and corporate social responsibility (CSR);
- OCB and CSR stimulate organisational development (OD);
- organisational development (OD) results in the above-average organisational performance (OP).

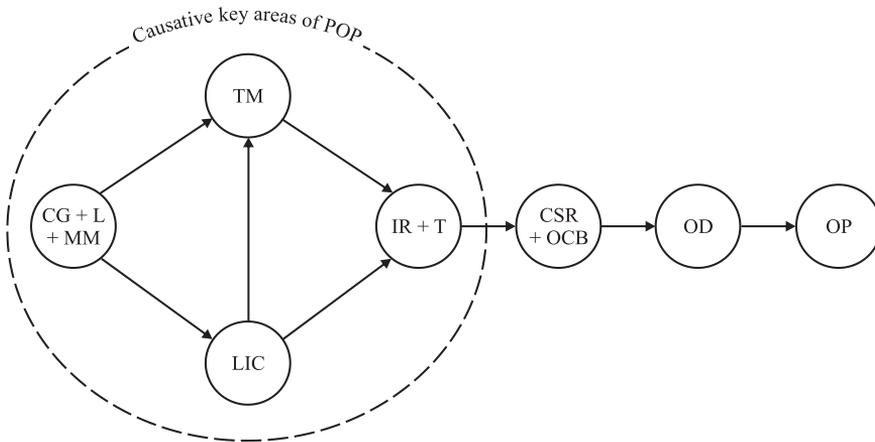


Figure 11.2. Model of the intra-organisational impact of key POP areas

The third model helps to analyse the influence of the aggregate variable key areas of Positive Organisational Potential (KA POP) on individual organisation development (OD) indicators presented in the logical cause-effect sequence. The detailed indicators of company development are employee satisfaction (ES), work productivity (WP), innovativeness (I), the quality of applied business processes (ProcQ), the product quality (ProdQ), customer

satisfaction (CS), and company reputation (CR). The model is presented in Figure 11.3.

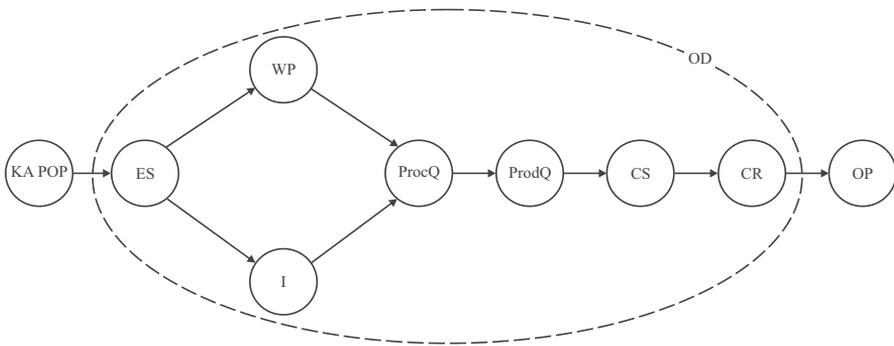


Figure 11.3. Model of KA POP impact on individual OD indicators

The fourth model helps to analyse the impact of management quality on three organisational levels (CG, L and MM) on the remaining key POP areas. It is shown in Figure 11.4.

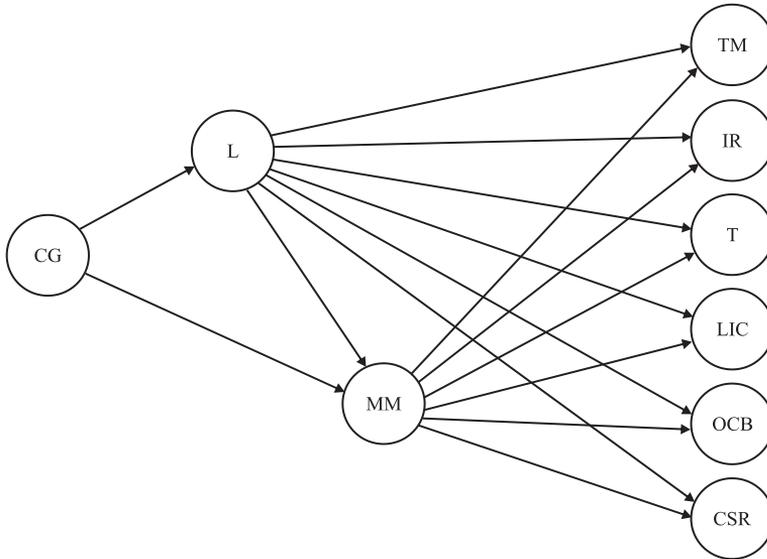


Figure 11.4. Model of CG, L and MM impact on the remaining key POP areas

Better understanding of the relations among the elements of the discussed models helps to highlight the leading role of the key POP areas in stimulating company development and the improvement of its performance.

The knowledge on the cause-effect structure of the models is highly applicable as it may lead to an improvement of company management.

This chapter deals with the identification and assessment of the dependencies between the components of the discussed models to confirm the thesis which says that the triggering of the positive potential of a company within the framework of its key areas is the organisational development activating factor. The dependencies shown in the model were examined in two ways, i.e., the used data were obtained from the questionnaire survey in companies ($N = 73$) and the Delphi session method.

In the first case the strength of dependencies between the variables was measured by the correlation coefficients (Pearson r) [1] and the structural model path coefficients (β) [2]. The correlation coefficients were calculated both on the level of individual data obtained for each of the questions in the measurement tool (each of the components constituting individual variables – the constructs of the suggested models) as well as on the aggregate level (referring to the individual variables – constructs of the models). The estimation of the selected models was made on the level of the aggregate variables. The models were estimated as structural equation models (SEM) by partial least squares (PLS).

In the second case there were used the data reflecting the strength of the individual variable (model elements) impact on the remaining variables, which were analysed and assessed by experts in the six grade scale $\langle 0, 1, 2, \dots, 5 \rangle$, where individual categories referred to: 0 – lack of impact, 1 – very little impact, 2 – little impact, 3 – medium impact, 4 – high impact, 5 – very high impact.

Excel, SPSS and SmartPLS [Ringle et al., 2005] software was used for statistical analyses. The majority of the estimates were made on the basis of the generalisation of the subjective assessment of the practitioners – managers as well as the theoreticians.

11.2. Identification and assessment of the dependencies between the key

Positive Organisational Potential areas and organisational development

The relations between the elements of the created models were examined on the basis of the correlation and PLS regression analysis of the empirical

data from the companies and on the basis of the subjective expert estimates referring to the strength of the examined relations. The methodology of the analysed relations measurement was described in Section 11.1.

Experts assessed the influence of the key POP areas on company development expressed in such manifestations as work efficiency, innovativeness and competitiveness with the use of the six grade scale $\langle 0, 1, 2, \dots, 5 \rangle$, where individual categories referred to: 0 – lack of impact, 1 – very little impact, 2 – little impact, 3 – medium impact, 4 – high impact, 5 – very high impact. The individual assessment referring to each of the enumerated above company development manifestations will be presented in Section 12.4 in Chapter 12. Table 11.2 presents the average of the assessment.

Table 11.2. Impact of the key POP areas on organisational development graded by experts on 0-5 scale

No.	Key POP area	Average impact on OD (μ)	Rank
1	Corporate governance	3.4	5
2	Leadership	4.5	1
3	Middle managers	3.9	3
4	Talent management	4.1	2
5	Interpersonal relationships	3.6	4
6	Trust	3.1	6
7	Language of internal communication	2.7	7
8	Organisational citizenship behaviours	2.3	8
9	Corporate Social Responsibility	2.3	9

According to the experts three key POP areas have high impact on organisational development, i.e. leadership ($\mu = 4.5$), talent management ($\mu = 4.1$) and middle managers ($\mu = 3.9$). Four further key POP areas have medium impact on OD, i.e., interpersonal relationships ($\mu = 3.6$), corporate governance ($\mu = 3.4$), trust ($\mu = 3.1$) and language of internal communication ($\mu = 2.7$). The weakest impact on OD according to the experts have citizenship behaviours ($\mu = 2.3$) and CSR ($\mu = 2.3$).

According to experts, leadership is the prime mover of organisational development. This logic is fully supported by management theory which can be exemplified by business excellence models [Haffer, 2011]. Further causative factors are middle managers, i.e. the operational weapon of company

leaders and talent management, implemented usually by the top and middle management levels. The positive character of the enumerated factors may, with the use of the positive corporate governance and internal communication, create the desired level of trust and positive interpersonal relationships. The appearance of the seven itemised factors of organisational development, treated as the causative key POP areas, may support the appearance of citizenship behaviours and corporate social responsibility, i.e. the resultant key POP areas. Thus expert assessment results can be interpreted. The interpretation combined with the analysis of the data from companies (which will be discussed below) helped to suggest a model of the intra-organisational dependencies of key POP areas presented in Figure 11.2 and constituted grounds for the construction of the models estimated in this point. Although the impact of the assessed factors varies, all of them were considered to be determining organisational development.

According to the research results carried out in companies, the aggregate variable KA POP is positively and significantly correlated ($r = 0.65$, $p = 0.01$) with the OD variable what proves the assumption that strengthening the Positive Organisational Potential should result in organisational development. Correlations between the individual key POP areas and organisational development are diverse, though. Figure 11.5 presents Pearson correlation coefficients, r (for $p \leq 0.01$) that showed the strength of relations between the variables creating a model of causative key POP areas impact on OCB, CSR and OD.

Figure 11.5 describes OD, OCB and CSR as resultant variables. The data show that all the analysed pairs are characterised with strong correlations, confirmed by positive and statistically significant correlations (r between 0.45 and 0.84). So, together with the growth in the 'positivity' of the active components of POP, i.e. the extent to which they are characterised by the 'ideal features' (c.f. Table 11.1) the citizenship behaviours among the employees are intensified, corporate social responsibility grows and, in particular, the development is improved resulting in the improvement of company performance. Simultaneously, organisational development is stimulated both by the active key POP areas as well as by the subsequent passive key POP areas, namely, OCB and CSR. Three key areas of POP have the most significant influence on organisational development, i.e. leadership ($r = 0.71$), language of internal communication ($r = 0.60$) and

social corporate responsibility ($r = 0.60$). Further important in terms of their impact on the OD key areas cover trust ($r = 0.59$), middle managers ($r = 0.54$), as well as citizenship behaviours ($r = 0.52$), and in the last group corporate governance ($r = 0.47$), talent management ($r = 0.47$) and interpersonal relationships ($r = 0.47$).

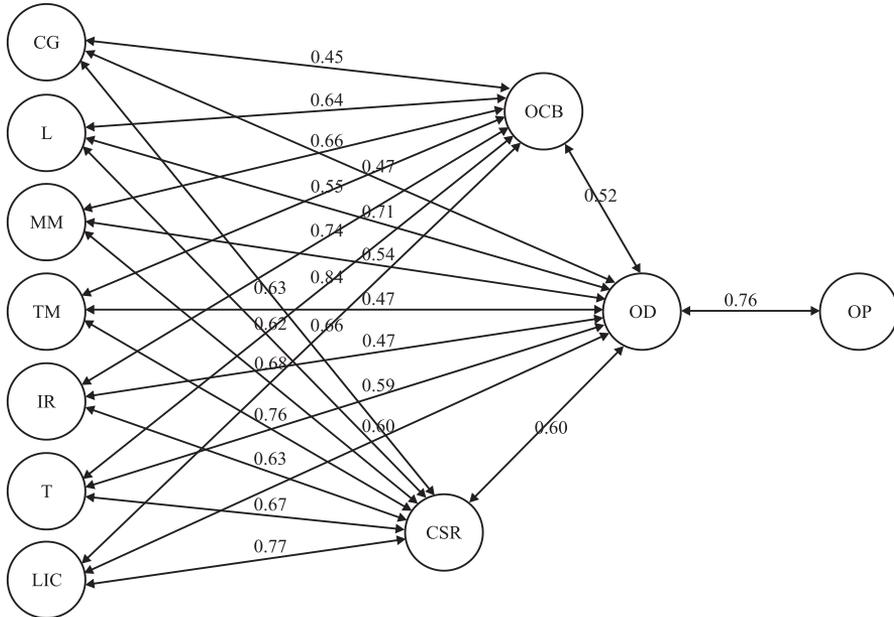


Figure 11.5. Pearson correlation coefficients (r) for the dependency model between key POP areas and OCB, CSR and OD (for $p \leq 0.001$)

Analysing the relations between the active and passive key POP areas it needs to be noticed that the variables T and IR have the strongest relations with the OCB variable and LIC and TM have the strongest relation with CSR. The higher are trust and interpersonal relationships in an organisation the stronger are citizenship behaviours among the employees. In turn, corporate social responsibility grows in line with the quality of internal communication and the advancement of talent management practices.

The results of the research in companies are slightly different from the expert assessment presented in Section 11.2.1. Despite this fact, the analysis of the correlation coefficients, presented in Figure 11.5, as much as the expert opinion, supports the assumption that triggering Positive Organisational Potential within its key areas becomes an OD dynamising factor.

Simultaneously, the positive and significant correlation between organisational development (OD) and organisational performance (OP) ($r = 0.76$) allows a statement that triggering POP within its key areas becomes an organisational performance improvement factor.

In the case of the correlation coefficients referring to the pair of variables it cannot be stated though which of the two is the cause or the effect. We can only refer to their coexistence or correlation. That is why the PLS path modelling was carried out for the benefit of the subsequent models to show the cause-effect relations between the variables. The main idea of the PLS regression analysis is data prediction, forecasting for a given variable on the basis of other variables. The basis for the construction of the further presented structural equation models was the compilation of the discussed above results of the expert assessment and the company survey referring to the relation between the key POP areas and company development.

Figure 11.6 shows the model estimation results for the intra-organisational relations of key POP areas. The path coefficients allow the assessment of the impact of independent variables on dependent variables, represented by circles with arrow heads. The higher is their value the stronger is their impact. The model allows prediction about how the changes within the key POP areas will influence organisational development.

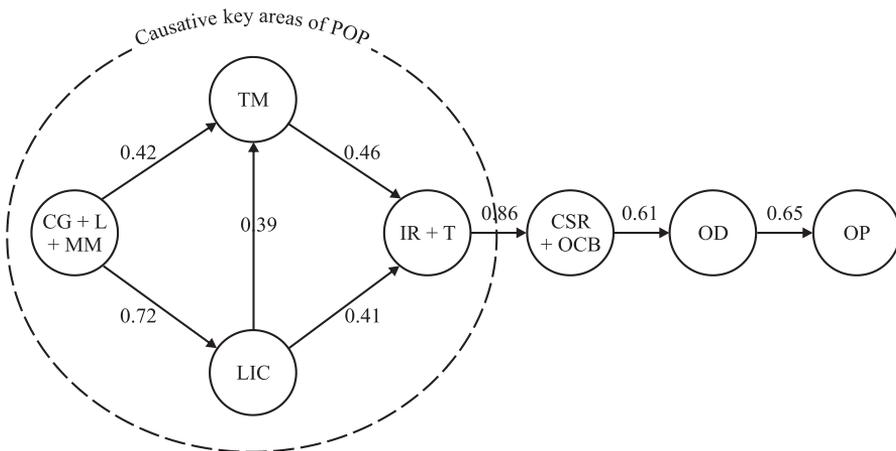


Figure 11.6. Estimation results for the model of the intra-organisational interactions of key POP areas

According to the data, the increase in the 'management' index consisting of the CG, L and MM variables will have a positive impact on both the TM variable and LIC variable. That means that the improvement in the management quality in companies due to the positive changes in corporate governance as well as the top and middle management will result in the improvement of the internal communication and talent management quality. However, the impact on the LIC variable will be much stronger than on the TM variable. The analysed model also depicts a strong correlation between LIC and TM, hence the positive features of internal communication will lead to positive changes in talent management. In turn, the growth of LIC and TM will have a positive impact on the 'social capital' index consisting of the IR and T variables.

As a result of those considerations it turns out that both corporate governance and middle managers have a huge impact on shaping the social capital in an organisation, understood here as a high level of trust and good internal relationships. This impact is most of all visible through open, transparent and effective internal communication and secondly, through a particular aspect of personnel functions, i.e. effective talent management. Social capital will be stronger in an organisation if people feel they are partners in interactions with management, if they are currently informed about what is going on in their organisation, specially on the issues concerned with the quality of their work and if their achievements are noticed and appreciated also through setting ambitious and adequate (to their skills) tasks.

Continuing the analysis of the model of intra-organisational impact of the key POP areas it needs to be noticed that the growth in the 'social capital' index will have a strong and positive influence not only on the resultant areas of POP, i.e. the OCB and CSR variables, but also, owing to them, on the OD and OP variables. Consequently, the improvement of the social capital in an organisation connected with such organisational values as respect to co-workers and other stakeholders as well as trust results in the intensity of citizenship behaviours among employees and the growth in the corporate social responsibility. It turns out that the initiated by management positive cultural changes leading to the strengthening of the social capital in a company are a *sine qua non* condition that needs to be fulfilled for the resultant POP areas, i.e. OCB and CSR, to get stronger. As a consequence, the organisation will popularise such behaviours as

mutual help in solving work related issues, tolerating minor and temporary inconveniences at work, mutual avoidance of presenting problems to other co-workers, employee interest in company life and taking a responsible part in it. In turn, corporate social responsibility will be manifested in, among others, the implementation of the personnel policies based on the results of employee surveys (e.g. monitoring the level of employee satisfaction), application of honest and transparent rules in relation to the employees and other stakeholders, implementation of procedures aiming at prevention of the potential problems in work health and safety issues that exceed legal obligations or investment in the local community development.

Summing up, it needs to be stated that the analysis of the dependencies in the intra-organisational impact of key POP areas model described by the path coefficients shows that introduction of the positive features to the causative key POP areas (CG, L, MM, LIC, TM, T, IR) will lead to the positive changes within the resultant key POP areas (OCB, CSR) and to the organisational development as well as the improvement in company performance.

Figure 11.7 shows the results of the model estimation of the KA POP impact on individual OD indicators. The model allows predicting how the changes within KA POP will influence individual organisational development indicators with the consideration of their cause-effect relations.

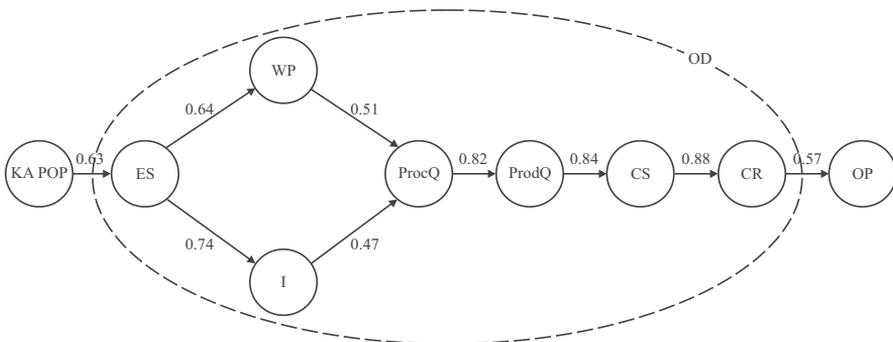


Figure 11.7. Estimation results for the model of KA POP impact on individual OD indicators

Furthermore, the path coefficients were used to measure the impact of the KA POP variable on each of the company development indicators individually, i.e. on employee satisfaction (ES), work productivity (WP),

innovativeness (I), quality of business processes (ProcQ), product quality (ProdQ), customer satisfaction (CrS) and company reputation (CR). The obtained results supported the assumption that the growth in the KA POP variable will result positively in each of the OD indicators (β between 0.52 and 0.65). The model suggested in Figure 11.7 allows observations how positive changes in OD manifesting variables that were caused by the KA POP improvement will influence each other.

In order to show the cause-effect relations among the enumerated OD indicators we applied the business excellence construct, which originated in Total Quality Management, and the idea of measuring and supporting employee satisfaction developed also beyond the management sciences in organisational psychology, especially in work psychology.

The theory and practice of running contemporary enterprises show that human resources constitute the most valuable and the most productive resources of any organisation. Properly managed employees are perceived as one of the main driving forces of organisational development and business excellence since one of the core principles of Total Quality Management (TQM) is everybody's participation in building total quality [Crosby, 1979; Juran, 1980; Deming, 1986]. Among many definitions of organisational excellence [Hermel and Ramis-Pujol, 2003] there is one, proposed by Dahlgard and Dahlgard-Park [1999, 2006, 2010], which can be treated as a human-oriented definition of organisational excellence, called also "the 4P" definition. According to this definition, organisational excellence is a result of building quality into the following 4Ps: people, partnership, processes of work, and products/service products. However, this definition clearly signals that the first step in building organisational excellence is building quality into people which requires strengthening their intellectual and emotional competencies as well as their core values like trust, respect, benevolence, integrity, loyalty, justice and honesty. This definition of organisational excellence fits well into the Positive Organisational Potential construct treated as the condition of company development and improvement in its performance by triggering positive phenomena in an organisation such as e.g. trust, good interpersonal relationships, or citizenship behaviours (called the key POP areas). Their significance in shaping organisational development and success is due to the fact that they support employee potential development, enrich their potential abilities, as well as allow creating

innovative solutions and reaching above-average results, both individually and as a team.

It turns out that at the whole organisation level of analysis, from the point of view of the EFQM Business Excellence Model, the described above dependencies have been confirmed with the results of various empirical studies. According to the findings introduced and discussed in Kristensen et al. [2001] most of the areas critical to business excellence deal with people and more specifically with people satisfaction.

Employee satisfaction is a multi-dimensional concept, which is defined as the degree to which employees of an organisation believe that their needs and wants are continuously satisfied by the organisation [Sureshchandar et al., 2001]. A term 'employee satisfaction' is very often used as a synonym of 'job satisfaction', although the narrower definitions of the latter one can be found in literature. One of them states that job satisfaction is having positive feelings about a job based on the evaluation of the job's characteristics [Robbins and Judge, 2007]. However, when job's characteristics are linked not only to the nature of work but also to the organisation and the way it is managed than the difference between these two terms is faded away and they can be treated as equivalents as it is assumed in this study.

Job satisfaction is an employee attitude which is made up of three components, namely, the cognitive one, the emotional one and the behavioural one [McGuire, 1985]. The first one is related to the beliefs and perceptions concerning the job. The second one is concerned with the feelings people have about their jobs and the third one is connected with the individual predisposition towards action. Thus, the behavioural component is linked with specific organisational behaviours people are likely to undertake.

That is why organisations strongly desire job satisfaction from their employees. It appears that job satisfaction is positively associated with job performance [Iaffaldano and Muchinsky, 1985; Spector, 1997; Luthans et al., 2007], organisational identification [Amiot et al., 2006], mood [Judge and Llies, 2004], organisational commitment [Porter et al., 1974; Kirkman and Shapiro, 2001; Lee, 2005] and work engagement [Harter et al., 2002]. Another study proves that an increase in employee motivation and engagement will lead to an increase in productivity expressed through, among other things,

improved quality, improved processes and reduced (voluntary) absence, as well as to an increase in customer satisfaction, which again leads to improved customer loyalty followed by increasing financial results [Kristensen et al., 2007]. This means that employee satisfaction is as important as customer satisfaction in influencing organisational development and performance. One of the causes of that is very strong relation between job satisfaction and organisational citizenship behaviours (OCB), defined as “behaviour(s) of a discretionary nature that are not part of the employee’s formal role requirements, but nevertheless promote the effective functioning of the organisation” [Organ, 1988]. In practice they take the shape of sportsmanship, conscientiousness, civic virtue and altruistic help to co-workers, subordinates and customers. Their impact on organisational development is indisputable. The research results presented in this book also confirm a strong relation between employee satisfaction and their citizenship behaviours ($r = 0.54$, $p \leq 0.001$). Other research shows, this relation is even stronger than that between satisfaction and in-role performance, at least among non-managerial and nonprofessional groups [Organ and Ryan, 1995].

The relations shown above that exist among the examined OD indicators allowed their connection according to the logic in the model presented in Figure 11.7. The path coefficients (β between 0.47 and 0.88) support the existence of such relations. Due to the data, the growth of the KA POP variable will have a positive impact on the ES variable, which in turn, will lead to the positive change in WP and I. Their increase will influence positively the ProcQ variable, which will spark the growth in the ProdQ variable. That improvement, in turn, will have a constructive impact in the CS variable, which will bring about the positive change in the variable CR. Finally, the improvement in the CR variable will result in the growth of the OP variable.

In conclusion, on the grounds of the carried out research it is possible to explain the relations between the key POP areas, OD indicators and organisational performance with the use of the model presented in Figure 11.7. According to the model the impact of the key POP areas on the OD indicators begins with their direct influence on employee satisfaction (ES) which conditions work productivity (WP) and innovativeness (I). In turn, productivity and innovativeness determine the quality of business processes (ProcQ) which, in turn, influences the product quality (ProdQ). The quality

of products conditions customer satisfaction (CS) which has an impact on company reputation (CR) determining its final performance (OP).

11.3. The strength of mutual interactions between key POP areas

The strength of the mutual relations of the key areas of POP (KA POP) was measured by the Pearson correlation coefficient r on the basis of the company questionnaire data. The research results presented in this Section complement the analysis of the mutual relations among KA POP according to the expert assessment presented in Section 1.4 of Chapter 1.

The obtained results, presented in Table 11.3, can be used both vertically and horizontally, as the coefficients show the mutual relations. The most significant dependencies are bolded signifying the correlation coefficients at 0.7 and higher; they were highlighted in the table (except for CG with other KA POP where the correlations were lower).

Table 11.3. Pearson correlation coefficients r for the KA POP variables

	CG	L	MM	TM	IR	T	LIC	OCB	CSR
CG	—	0.56	0.48	0.52	0.55	0.53	0.55	0.45	0.63
L	0.56	—	0.61	0.48	0.55	0.74	0.64	0.64	0.62
MM	0.48	0.61	—	0.67	0.75	0.74	0.66	0.66	0.68
TM	0.52	0.48	0.67	—	0.72	0.69	0.71	0.55	0.76
IR	0.55	0.55	0.75	0.72	—	0.83	0.63	0.74	0.63
T	0.53	0.74	0.74	0.69	0.83	—	0.76	0.84	0.67
LIC	0.55	0.64	0.66	0.71	0.63	0.76	—	0.66	0.77
OCB	0.45	0.64	0.66	0.55	0.74	0.84	0.66	—	0.57
CSR	0.63	0.62	0.68	0.76	0.63	0.67	0.77	0.57	—

At the beginning of the discussion it needs to be underlined that according to the analysis, all the correlations among all the KA POP are strong (r between 0.45 do 0.84). This Section focuses most of all on showing the strongest correlations according to both the questionnaire and the Delphi research results, shown in Table 1.1 of Chapter 1.

It turns out that according to both the analysis of the correlations and the expert opinions corporate governance exerts the strongest impact on leadership and corporate social responsibility. This dependence is not

surprising as it is the role of corporate governance to design the policy of cooperation with all the company stakeholders. Top management, in turn, is responsible for the implementation of the policy. So, the positive awareness indispensable in shaping the corporate social responsibility must appear at the top levels of a company.

The quality of the leadership, in turn, according to the experts, conditions high level of the remaining KA POP, so first middle managers, interpersonal relationships and corporate social responsibility, and next, talent management, trust, citizenship behaviours and corporate governance. The analysis of the correlations suggests that among all the KA POP it is leadership that is the strongest determinant of trust in an organisation. The key role of leaders is shaping of the mutual-trust culture which forms the grounds for the social capital development in an organisation.

Also middle managers have many roles to perform in the development of Positive Organisational Potential. According to the experts the quality of their activities has a positive impact on the quality of talent management and internal communication, but most of all, it conditions the high level of trust and interpersonal relationships as well as it stimulates citizenship behaviours. The correlations analysis confirms the key role of middle managers, which is the shaping of mutual trust and positive interpersonal relationships in an organisation.

Talent management has the strongest correlation with interpersonal relationships, the language of internal communication and corporate social responsibility, according to the company survey. In turn, experts showed that talent management has the strongest impact on leadership and middle managers. The reverse relation seems to be obvious: there are the leaders and middle managers who are responsible for positive practice in management, including talent management. The relation indicated by the experts can be understood in such a way that the inclusion of the talent management issues to the company strategy and recruitment process allows the acquisition of high quality human resources, and talented managers. It has a beneficial influence on the quality of management both on the top and lower levels of organisational hierarchy.

According to the experts the level of interpersonal relationships has the most significant impact on the quality of leadership and lower level management as well as the level of trust and citizenship behaviours in an

organisation. The company research confirms not only three last relations, i.e. between TM, and MM, T and OCB, but also indicates the role good interpersonal relationships have in support of good talent management. According to the research in companies and the Delphi session, the strongest among the enumerated relations is the relation between IR and T. So the quality of interpersonal relationships grows in line with the growth in the level of trust.

As far as the relation of trust with other KA POP is concerned, both research in companies and the expert opinions indicate strong impact of trust on the quality of leadership and middle management as well as the quality of interpersonal relationships in a company. In addition, company research data confirm a strong relation between trust and the language of internal communication. Taking into account three strongest of the enumerated dependencies it should be highlighted that in line with the growth of trust in a company citizenship behaviours, interpersonal relationships, and internal communication increase as well.

According to the experts, the language of internal communication has the strongest impact on the quality of interpersonal relationships, whereas company survey shows that LIC is significantly related to three other variables, i.e. CSR, T and TM. Taking into account LIC operationalisation method, the strong impact of this variable on the quality of interpersonal relationships and the level of trust can be explained with its 'ideal features' such as the existence of the system that provides necessary information to all employees and ensures the feedback, the explicitness and promptness of communication as well as sharing feelings function. These are the features that stimulate job satisfaction, development of good relationships and trust among the employees. Other positive feature of ideal communication is the consistent and coherent explanation of the respected organisational values. It has its significance for both the company members and external stakeholders. Hence LIC may positively influence citizenship behaviours and corporate social responsibility of a company.

As far as the OCB variable is concerned, the expert opinions and company survey results turned to coincide almost entirely. In both cases a strong impact of OCB on trust and interpersonal relationships was confirmed. Additionally experts highlighted the existence of the strong dependence between OCB and CSR. Citizenship behaviours expressed in

the altruistic help provided to co-workers, supervisors and customers are developed on the foundations of trust and good interpersonal relationships as can be concluded from the already described dependencies. However, those KA POP are mutually dependent as the widespread citizenship behaviours in a company increase the level of trust and the quality of interpersonal relationships. This positive organisational climate, specially the shaped attitudes of unselfish help offered to the company stakeholders will also increase corporate social responsibility.

Experts also pinpointed the existence of mutual dependence between CSR and OCB. The high level of CSR (manifested through e.g. HRM policies taking into account the outcomes of surveys among employees (among others, employee satisfaction), the use of fair and transparent rules applied to its relationships with employees and other stakeholders, the development and introduction of the organisational health and safety procedures exceeding the obligatory legal regulations, contribution to the development of its local community, systematic support provided to the underprivileged, or finally, reducing its negative impact on the natural environment) stimulates the citizenship behaviours among employees. This is a noticeable indication for the managers who being responsible for the implementation of CSR programmes can at the same time activate citizenship behaviours among employees, e.g. by the creation of organisational framework for employee voluntary service. Concluding the above considerations, it is not surprising the experts pinpointed the mutual dependence between CSR and L. Leadership determines corporate social responsibility, and the latter increases the effectiveness of leadership. The reverse conclusions can be drawn from the analysis of the correlation coefficients. Thus, company survey results show the strongest CSR impact on LIC and TM. So, in companies the high level of corporate social responsibility is in line with the high quality of internal communication and talent management. The earlier discussion confirmed the existence of mutual dependencies between those three key POP areas. In order to sort out the conclusions drawn on the basis of the above analyses of the dependencies among the key POP areas the model of CG, L and MM impact on the remaining key areas was constructed, presented in Figure 11.4. Figure 11.8 presents this model estimation results. The model allows prediction of the management effectiveness in shaping the remaining key POP areas on different company levels.

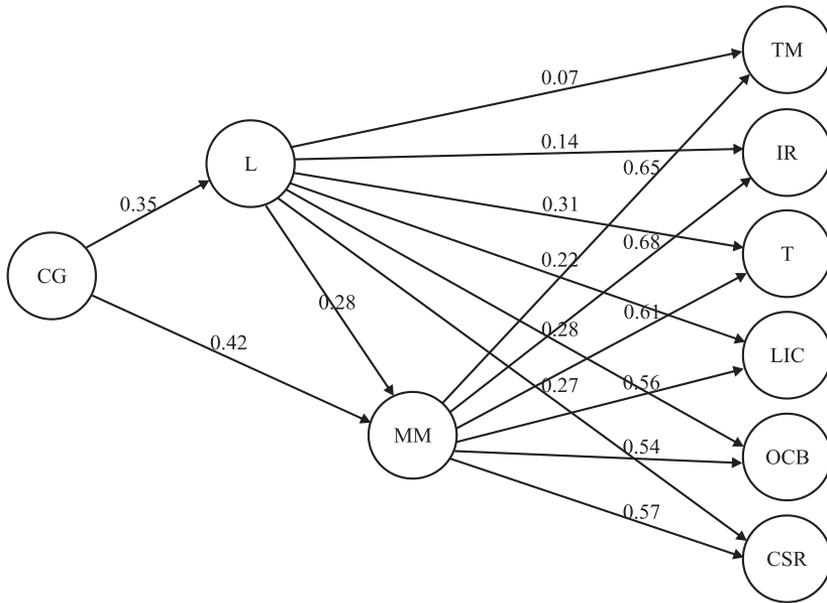


Figure 11.8. Estimation results for the model of CG, L and MM impact on the remaining key areas of POP

The obtained data show that the increase in the CG variable has a positive impact on both the L variable and MM variable. However, its influence on the MM variable will be slightly stronger than on the L variable. At the same time, the growth in the L variable will have a positive impact in the MM variable, though less significant than the impact of the CG variable. That means that positive changes within corporate governance (e.g. in increasing the engagement of the supervisory board members in their work, rise in the transparency of the information policies towards stakeholders and of the procedures/rules connected with the supervisory and executive authority functioning) will lead to positive changes in the top management leadership effectiveness and the efficiency of middle managers. The improvement in the middle managers efficiency will be also the result of the leadership effectiveness (e.g. thanks to the growth in the leader's engagement, their initiative, orientation to associate workers satisfaction or more effective inspiration with their vision and evoking trust), though to a lesser extent than in the case of corporate governance.

The data concerning the dependencies between top management leadership with the quality of middle management and the remaining

key areas of POP are particularly interesting. Thus, the top and middle manager efforts will have a diverse impact on changes of the remaining key POP areas. Consequently, the analysed model hints at who should be responsible for what kind of positive changes in a company. The above path coefficients for the MM variable in comparison with the L variable coefficients highlight the fact that these are the middle managers that have the main role in creating and strengthening key POP areas. The data indicates that the growth in the independent variable MM will have a positive and relatively significant (β between 0.54 and 0.68) impact on all the dependent variables (TM, IR, T, LIC, OCB and CSR), with the strongest impact on IR, TM and T. Positive changes within the middle managers area (e.g. more efficient application of their change initiation skills, skills connected with communicating the company goals and objectives, setting a good example of positive relationships as well through their self-development of the leadership and coaching competencies) will lead, most of all, to the rise in the level of organisational trust, improvement of interpersonal relationships and better talent management in a company.

Also, the expansion of the independent variable L will lead to the amplification (though less noticeable than the MM variable) of all the dependent variables (TM, IR, T, LIC, OCB and CSR), where the strongest impact will refer to the T, LIC, OCB and CSR variables (β between 0.22 and 0.31). Consequently, positive changes on the top management level expressed in the expanded quality of leadership will result in the development of the organisational trust, rise in the internal communication quality, amplification of the citizenship behaviour attitudes and growth in corporate social responsibility. However, it needs to be highlighted that the major role in this scope is played by middle managers, as the impact of the improved quality of middle management will be more considerable on all four mentioned key POP areas (β between 0.54 and 0.61) than the respective impact of the positive changes on the top management level.

11.4. The elements of key POP areas critical to organisational development

Company survey results allowed identification of factors critical to organisational development. They were isolated from individual elements of key POP areas.

Consequently, the importance-performance matrix was applied, which was developed by Martalla and James [1977]. The horizontal matrix axis shows the values of the correlation coefficients calculated for individual elements of the key POP areas and organisational development variable (indicating the strength of impact, i.e. the significance of individual dependencies). The vertical axis indicates the performance level of individual KA POP elements, calculated as an average of the assessment (on the scale between 0% and 100%). The points on the matrix reflect the average assessment of the individual KA POP elements seen from the point of view of their impact on organisational development. The points referring to the elements exerting the most significant impact on organisational development, at the same time, less developed in terms of their performance in Polish companies (the average below 75 points) were highlighted and described in the matrix.

The data presented in the matrix and shown in Figure 11.9 indicate that the critical factors for organisational development are: two elements referring to the language of internal communication (LIC), three elements referring to trust (T), two elements referring to citizenship behaviours (OCB), two elements referring to middle managers (MM), one element referring to corporate social responsibility (CSR) and one element referring to corporate governance (CG).

These are the following elements enumerated in line with their impact on company development:

- internal communication enhances employee motivation (LIC),
- internal communication fosters integration among employees (LIC),
- employees do not resist managerial decisions (T),
- employee behaviours significantly exceed the standard expectations at their positions (OCB),
- managers are oriented to self-development and increasing their skills and competencies (MM),
- employees play fair even when they compete each other (T),
- employees are interested in and participate in the company's everyday life (OCB),
- a company has established HRM policies taking into account the outcomes of surveys among employees (monitoring the employee satisfaction, the development of their careers, work conditions, leaves, safety and remuneration) (CSR),

- managers coordinate their teams and foster relationships (MM),
- employees share knowledge willingly (T),
- a company has established the mechanisms for cooperating with stakeholders in order to generate shared values (CG).

The cause-effect dependencies between individual key POP areas were discussed in detail in the preceding Sections of the chapter. The existence of their significant impact on company development was verified. This Section of the chapter confirms the existence of the observed dependencies and indicates the areas for improvement within key POP areas in the examined companies.

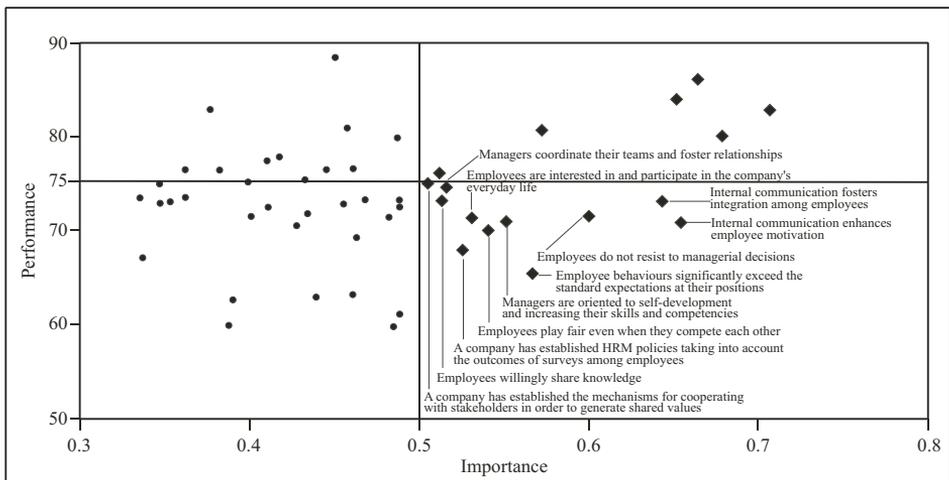


Figure 11.9. Importance-performance matrix for individual KA POP elements

According to Figure 11.6 managers, who are responsible for developing social capital in an organisation, have a very valuable tool that can be applied in that case. That is the system of internal communication that provides necessary information to all employees and ensures the feedback. One of the organisational development indicators is the growth in employee satisfaction which at the same time positively influences other organisational development indicators (look at Figure 11.7). Employee satisfaction is conditioned, among others, by the communication efficiency [Spector, 1997]. Employees need to be given all the indispensable information on time, they must also understand how their work fits into reaching company objectives. They must have the opportunity of providing feedback on their ideas and

difficulties to the supervisor. Such solutions to a large extent determine employee motivation and engagement. According to the data in Figure 11.9 the examined companies do not have such solutions at hand. In order to trigger their development managers need to take care of advancing such internal communication systems that would support employee motivation and satisfaction, and in turn, sparking their job satisfaction.

In the analysed research results the subject of employee satisfaction is examined in the context of its measurement, which is also significant from the internal communication development viewpoint. The further key POP area, namely corporate social responsibility, covers the HRM policies taking into account the outcomes of surveys among employees (monitoring employee satisfaction, development of their careers, work conditions, leaves, safety and remuneration). This employee aspect of corporate social responsibility is the subsequent critical organisational development factor. According to the survey results in Polish medium and large companies as few as 22% of them implements employee assessment and only 8% measure their employee satisfaction [Haffer, 2011]. Employees need feedback from their supervisors on the quality of their work and their performance. This feedback will provide them with the information on what they are doing right or wrong, what are the conditions for being rewarded, how they can get some advice or be praised. On the other hand, employees need to have the opportunity to express their opinions on company matters. Regular measurement of employee satisfaction will deliver the information what are the subordinate satisfaction antecedents and how employee motivation and engagement can be enhanced. It is important to apply to employee survey results in the company HRM policies, so they would have the impact on the bonus and promotion system and trigger corrective and preventive actions supporting job satisfaction improvement.

The development of corporate social responsibility originates in top management levels. Organisation leaders and corporate governance play a crucial role here. Corporate governance is responsible for the creation of efficient mechanisms of cooperation with the stakeholders aiming at the creation of joint values, such as open communication, transparency, honesty, justice and trust. All the values have a great chance of becoming the foundation for cooperation with each of the stakeholder groups. This could be best exemplified by the well designed communication system, based on

employee survey results included in HRM policies, discussed above. Similar communication system can be created in relation to the external stakeholders such as customers, suppliers or shareholders. If an organisation, within the framework of regular reporting, will communicate not only the previous year's performance but also the data on the generated intellectual capital or implemented strategy, the indicated above values can also be embedded into relationships with their external stakeholders.

Trust has a special position within the framework of the discussed above values. It is one of the key POP areas with the identified critical elements for organisational development. The shortage of trust refers to the lack of employee conviction in the value of the managerial decisions what results in employee resistance. This refers also to dishonest behaviours among employees who are competing among themselves and their unwillingness to share their knowledge with other employees. The development of the trust based culture is a difficult task, as seen in Figure 11.8. The main role is played by middle managers, though the role model of top management is also significant in the process. As mentioned above the key tool for trust development is the proper language of communication supported with an efficient communication system. Employee trust in their co-workers, supervisors, subordinates and board grows in line with the conviction that truth is spoken about company success and difficulties faced, about company strategy and everyday operations, about employee achievements and mistakes. Consequently, supervisors should treat their employees as partners in dialogue with due respect, not as objects or instruments. Hence companies need 'high quality' managers, able to present such attitudes.

Middle managers are the next key POP area with critical factors to examined companies development. The shortages in the area refer to the level of personal development, their awareness, and competencies, especially with reference to soft skills which allow fulfilling the roles of coordinators and relationship creators. Here, we need to come back to employee satisfaction recognised as one of the organisational development indicators. Among many methods of job satisfaction measurements developed in the last 40 years [Haffer, 2013], practically each of them indicates the immediate supervisor as one of its key determinants. According to the Gallup Institute the relations with supervisors are – as far as the willingness to stay in a given company – more important than pay or fringe benefits [Low and Kalafut, 2004].

Managers cannot expect their subordinates to be engaged in work if they are not developing their own skills and their self-development cannot be seen by their subordinates. Positive Organisational Potential exists in people and their relationships. It originates in the awareness and attitudes of top management, then it is manifested in the middle manager awareness and attitudes, and finally is visible in the employee attitudes and relationships. Managers administrating teamwork should play the role of team coordinators and relationship creators. Their effectiveness relies to a large extent on their own 'core competencies' (intellectual and emotional) and 'core values' (according to the 4P model discussed in point 11.2.2) as well as on the ability to build the skills in their subordinates. A good indicator of managerial effectiveness in interpersonal relationship creation can be the intensity of citizenship attitudes and behaviours among employees which were also indicated in Figure 11.9 as factors critical to organisational development.

However, citizenship behaviours are relatively rare in the companies examined, but they can strongly stimulate their development. It is about employees exceeding their standard organisational roles, so acting for the benefit of other organisational stakeholders. It is about the interest in company life and taking a responsible part in it. Research results show that such attitudes are uncommon among the employees in companies examined. The activation of such attitudes in an organisation is determined by many factors, some of them were discussed above, but all of them constitute a given cultural context supporting employee altruistic attitudes. Particularly, the atmosphere of trust and good interpersonal relationships are indispensable and, as mentioned above, the top and middle managers are the key factors in creating them.

Summing up, according to the results of our research, Positive Organisational Potential, and the discussed key POP areas in particular, determine most the people employed in organisation, including their job satisfaction which is seen as one of the modern company development indicators. This, in turn, determines other indicators such as productivity and innovativeness of the employees, those, in turn, determine the quality of processes and products, customer satisfaction, company reputation and their financial results.

At the same time positive potential is in people and their relationships. It may be thus strengthened by individual employees, but most of all, it

must be stimulated by the top and middle managers. Their interest in positive psychology in theory and in practice, and particularly, in co-worker emotions, quality of interpersonal relationships and employee satisfaction is today an indispensable determinant of the development acceleration in Polish companies.

Notes

[1] Pearson's r coefficient determines the degree of mutual proportionality of the two variable values. In other words it measures the intensity of dependence between two qualitative features (variables). It amounts to 0 when the features are independent. The negative value of the coefficient indicates a negative relation and a positive value refers to a positive relation [Steczkowski and Zeliaś, 1997].

[2] Path coefficients were obtained as a result of the modelling of structural equation models (SEM) and their measurement with the methodology of the partial least squares (PLS). Structural model path coefficients can be interpreted relative to one another. If one path coefficient is larger than another, its effect on the endogenous latent variable is greater. More specifically, the individual path coefficients of the path model can be interpreted just as the standardized beta coefficients (β) in an OLS (ordinary least squares) regression. These coefficients represent the estimated change in the endogenous construct for a unit change in a predictor construct.

Chapter 12

MECHANISMS OF STRATEGIC MANAGEMENT OF KEY POSITIVE ORGANISATIONAL POTENTIAL AREAS – THE REFERENCE MODEL FOR COMPANIES

Marek Jacek Stankiewicz

12.1. The aims of strategic management of key areas of Positive Organisational Potential

The key areas of Positive Organisational Potential (KA POP) play the role of an “engine” pulling all the fundamental company resources. They are targeted at such states that are in keeping with the model presented in this book – Positive Organisational Potential. Positive Organisational Potential refers to such states, levels, configurations, characteristics of organisation resources that create the positive organisational culture and climate, which in turn stimulate positive employee behaviour, that is, the behaviour supporting organisational development [Stankiewicz, 2010a, 10–11]. Fulfilling the aforementioned role requires their (key areas) stability seen as a long-term unchangeability /permanence of their state. Only then can they stimulate all the activities connected with the creation, building, altering or renewal of the organisational resources directed at their (resources) approximation to the model set by the Positive Organisational Potential construct. The key area, stability, does not mean „petrification” but a constant and dynamic support

and strengthening of the desired states, so that they would be effective indicators of shaping other organisational resources. That is the source of the imperative behind the strategic approach to the POP management, in particular, the key areas of the POP management. That gave rise to the objectives of the strategic management of the key areas, that is, their desired model states and the attainment and support of such states.

The desired states of the key areas of Positive Organisational Potential were characterised and set on the basis of the expert opinions in a Delphi session and correspondence method. The expert responses were confirmed by the questionnaire survey results in companies. The details were presented in the previous chapters. In this chapter, the synthetic summary of the particular objectives of the strategic KA POP management will be given.

The strategic objective – *model corporate governance* – has been defined as such governance that effectively stimulates managerial engagement in the attainment of those of the company objectives which are in the company interest harmonised with all the stakeholders' interest.

The strategic objective – *model leadership* – has been defined as the art of triggering employee engagement and the will to act in order to fulfil ambitious objectives, expectations and aspirations. This is the leadership based on leader's authority, competencies, social sensitivity and vision.

The strategic objective – *model middle managers* – have been determined as people with a high level of vocational, emotional and social competencies, who interpret and introduce the top management decisions concerning company development. They are the ambassadors between the top management and employees, and among various units and teams in a company. They are the "glue" that bonds together parts of the company into a single body.

The strategic objective – *model interpersonal relationships* – have been described as the relations among employees based on positive attitudes and emotions such as kindness (friendliness), liking (favour shown to others), respect, acceptance and engagement in creating a joint system of values and the accomplishment of mutual goals.

The strategic objective – *model trust* – has been defined as a deep and widespread belief in co-worker's, subordinate's and supervisor's reliability and mutual friendliness, as well as the acceptance of the attitudes, decisions and behaviours presented in a company.

The strategic objective – *model talent management* – has been described as the process of searching, identifying, attracting, recruiting and making use of the abilities of people with above average intellectual and skills potential according to their aspirations as well as company's needs.

The strategic objective – *model language of communication* – has been described as such form and content of internal organisation which is understandable and adjusted to the recipients, explicit, complete, prompt, true, as well as explains and supports important organisational values. It is the precision of thought and words “sweetened” with a note of friendliness.

The strategic objective – *model employee citizenship behaviour* – has been characterised as the readiness of the employees to be involved in activities which exceed their basic organisational roles/ tasks, activities undertaken to increase the effectiveness of the company. Employees engage in everyday (not only on special occasions), spontaneous acts of cooperation and mutual help, using their creativity, come up with ideas and suggestions on the company functioning, at the same time being identified with and co-responsible for the company.

The strategic objective – *model corporate social responsibility* – has been described as the responsibility towards all the stakeholders from the long-term perspective. A responsible company is reliable with regard to its obligations towards the owners, employees, country, customers, suppliers, contractors and is also environmentally friendly. The fundamental company rule is the responsible profit-making, not only profit-sharing.

In order to attain the aforementioned strategic objectives for every key area of POP, the company needs to have a system aiming at the key area construction and maintenance targeted at their model characteristics. Our further considerations in the chapter will be devoted to the modelling of such a system.

12.2. System architecture of strategic management of key Positive Organisational Potential areas

The dynamic system functioning for the constant and repetitive attainment of the desired effects needs to contain certain instruments which are reciprocally coherent components. The use of such components should lead

to the desired effects. The system of the strategic management of KA POP should hold such instruments which could be and should be consciously initiated and shaped in the process of strategic management in every company. Certainly, every instrument's shape and principle of operation needs to be adjusted to the aim of its application. The basic criterion for adjusting should be the conviction (or at least the supposition) about the existence of the cause and effect relations between the instrument's structure (the form and content) as the cause, and certain, desired state of the aim, as the effect. The aims in the management system of KA POP are the attainment and maintenance of their desired model states. On the basis of the previous research on Positive Organisational Potential [Stankiewicz, 2010a] and general knowledge on management [e.g. Thompson. Jr. and Strickland, 1987; Ivancevich et al., 1989; Quinn et al., 2003; Czermiński et al., 2002], it was assumed in the research project which is the foundation of the deliberations here that the management tools fulfilling the role of the instruments used for creation and maintenance of the desired KA POP states are the following:

- company mission, vision and strategy,
- deliberately shaped organisational culture,
- organisational structure,
- information and communication system,
- HRM policies,
- motivation system,
- control system,
- organisational procedures and instructions,
- budgeting.

The task of all the enumerated management tools is the stimulation and channelling of the determined opinions) and emotions of people who are the subjects of the individual key areas of POP. They are such opinions and emotions which trigger employee behaviour, supporting the targeted model states of the POP key areas.

In order to reach such effects, it is necessary to have the appropriate internal substantive structure (content) for the individual management tools. They have such characteristics that can stimulate the creation of the desired states. The main characteristics of the proposed management tools are summarised in the table below.

Table 12.1. Management tools and their characteristics containing the desired features from the influence on KA POP perspective

Management tools	Characteristics of individual management tools
Company mission, vision and strategy	<p>Company mission is clearly and communicatively stated, taking into consideration stakeholders' values and aspirations, in particular, the internal stakeholders: top management, managers at all levels and ordinary employees [Stankiewicz, 2005, 40–44].</p> <p>The company vision is inspiring, ambitious, exciting imagination and appealing to emotions.</p> <p>The company strategy takes into account the sustainable development imperative: the equal importance of the economic, social and environmental objectives [Stankiewicz, 2012, 148–153; Eccles and Serafeim, 2013]. Stakeholders' opinions are drawn and taken into account in the construction of the strategy. The strategy is clearly formulated and communicated to all its executors as well as precisely determines their tasks and responsibilities. The implementation progress is promptly, fully and frankly communicated to employees.</p>
Deliberately shaped organisational culture	<p>The supported values are: cooperation, "team spirit" [Zieleniewski, 1969, 553–557], continuous drive for perfection and respect for all the stakeholders and natural environment. The supported and rewarded attitudes are: innovativeness, creativity and engagement.</p> <p>The rule of justified risk and the right of employees to make mistakes are applied in a company. Conflict resolution is reached through negotiation. There is a small structural, functional and psychological distance between the organisation members. Important company events are celebrated jointly. Organisational culture is clear and understandable to all.</p>
Organisational structure	<p>The structure is clear and unambiguous, at the same time, possibly flat and flexible. The level of formality is optimal: the indispensable is formalised, where necessary non-formalised is acceptable. There is the possibility to have a free hand in a selection of team members, specially, project team members. Tasks, rights and responsibility of individuals and teams are precisely and clearly defined.</p>
Information and communication system	<p>The system ensures the access to information to all employees who need the data. The system encourages and "forces" feedback. The system encourages and "forces" the informers to provide truthful and objective information, prompt and comprehensive from the receiver's point of view. The construction and expansion of the system is based on opinions and needs of all the users. The system of information and communication is "open" to all stakeholders, the internal stakeholders in particular (but not entirely). That means they can enter information (problems, suggestions, opinions and comments) which can be shared with other employees in the company, at the same time, it is "safe", i.e. inaccessible to unauthorised persons. The system informs about all the issues relevant for company objectives also about the problems with the realisation.</p>
HRM policies	<p>The company expects the job candidates to satisfy demanding requirements, at the same time it is an attractive and desired employer. The company provides the employees with a clear system of career and promotion paths. The employee choice and transfer embrace the fit between the company values and personal employee values. The recruitment process involves using the techniques allowing the identification of the key potential candidates for the development and functioning of the company. The posts are filled with people with such personality and competences: knowledge, experience and aptitudes [Stankiewicz, 2005, 106–107] that are relevant to the tasks and roles assigned to given posts. In appointing the President of the Board a significant criterion involves personality (knowledge, imagination, leadership abilities), social and psychological characteristics of the candidates. The criteria for managerial posts appointment cover the following competencies of the candidates: factual (knowledge and experience), social (being a good communicator, ability to socialise with others as well the ability to work with and within a team), emotional (empathy, self-awareness, self-control, self-motivation) and predisposition towards effectiveness (decision-making, stress control, desire for best results, development and success). HRM policies determine the regulations concerning the destructive conflict prevention as well as management tools. Moreover, if the company processes allow it, the personnel system describes the rules and methods of creating constructive conflicts (competitiveness, "development through self-development" contests).</p> <p>The company has an accessible to all training system developing employee competencies and the subjects of training take into consideration the feedback from the employees (if it fits the accepted strategic development of the company). The training system covers team building and coaching as well as age management.</p>

Management tools	Characteristics of individual management tools
Motivation system	<p>The company has manuals with clear rules and criteria of employee appraisal as well as the reward and sanction system. Those criteria are known to employees and applied in practice. The personnel decisions are connected with employee appraisals. The criteria of the employee appraisals are based on real work results and are designed to promote the desired values and attitudes in a given organisational culture. The company uses a wide range of tangible and intangible motivation instruments. The promotion rules cover both the “ladders” of vertical promotion and the “paths” of horizontal promotion. The ratio between the fixed and flexible ingredients of the remuneration package stimulate continuous initiative, innovativeness and the drive to perfection and development. In a company there are used multiple solutions for increasing the employee impact on company functioning and their responsibility for company future (e.g. delegation of authority or empowerment). Top management is motivated by the instruments for the long-term growth in company value.</p>
Control system	<p>The main objective of all the control is to obtain the information for improvement and/or perfection of the subject of control (an activity, issue, position, process, object, etc.). All the employees regardless of their position are accounted for their results. Where possible, to the justifiable range/ degree, self-control is applied. The control is run on the basis of the known criteria embodied in formal, open and accessible documents or in superior regulations. The results of the control are clearly connected with the personnel decisions and the decisions to apply specific motivation instruments, at the same time the connection is determined by formal and accessible regulations. On the basis of the control results, each controlled person has the right to appeal to the bodies included in the external or internal company regulations.</p>
Organisational procedures and instructions	<p>Procedures are the formalised (written down) rules of behaviour in certain situations. The procedures and instructions useful for strategic management of KA POP should be explicitly formulated, consistently applied by all and to all company members and should cover in particular:</p> <ol style="list-style-type: none"> 1. for the strategy formulation and decision-taking measures: <ul style="list-style-type: none"> — taking into consideration the sustainable development of a company, — taking into consideration stakeholders’ opinions, — promoting positive management values, norms, and standards as main cultural models; 2. for staffing functions and positions: <ul style="list-style-type: none"> — the rules of appointing corporate governance members ensuring the participation of the stakeholders according to the ownership structure, representation of the key stakeholders, transparency of ownership and the participation of independent members of the supervisory board, — the rules of appointing the board and other managerial positions take into consideration knowledge, social psychological and ethical criteria as well as the adjustment of their personal values to the cultural values of the company in keeping with the positive management principles; 3. for organisational relationships: <ul style="list-style-type: none"> — taking into consideration the “internal customer” principle in organisational links, — if technically possible preference for “face to face” personal contacts, — where possible applying the rules of free shaping of cooperation relations for solving creative problems, — in relation to external partners applying the mechanisms that ensure mutual respect and ethical behaviours as well as the identification of the situations that violate the values, — using effective instruments for fighting all forms of corruption.
Budgeting	<p>The company is able to use financial means for the creation of budgets adequate for realisation of particular strategic management objectives of positive Organisational Potential and its key areas. The responsibility for the realisation of the tasks set in particular budgets is clearly described and consistently enforced.</p>

The usefulness of the enumerated management tools for the creation and maintenance of the desired states of a particular KA POP may be and is diverse. The order of a particular management tool implementation has

some significance, due to their mutual influence, and most of all, due to mutual and sophisticated relations/dependencies among the KA POP.

12.3. The usefulness of particular management tools for the creation of the KA POP desired states

The correspondence Delphi method was applied for the assessment of the usefulness and indirectly the expected effectiveness of particular management tools for reaching strategic objectives of KA POP management (i.e. the desired states of KA POP). In case of any assessment the accuracy depends on the competencies of the experts, which is why all the efforts were made to put together the expert team from the people with large theoretical knowledge on management, as well as outstanding practitioners (managing successful companies). The experts expressed their opinions by assessing the usefulness of the management tools on the following scale: 1 – 5 (1 – very little usefulness, 2 – little usefulness, 3 – average usefulness, 4 – high usefulness, 5 – very high usefulness). The average results of the assessment are shown in the table below.

Table 12.2. The usefulness of particular management tools for KA POP management

KA POP	Usefulness of management tools in 1–5 scale								
	Mission, vision and strategy	Culture	Structure	Information and communication system	HRM policies	Motivation system	Control system	Procedures and instructions	Budgeting
1	2	3	4	5	6	7	8	9	10
Corporate governance	4.43	3.93	3.50	3.93	3.50	3.43	3.57	2.93	3.86
Leadership	4.86	4.64	3.50	4.07	4.29	4.14	2.64	2.00	2.79
Middle managers	3.79	4.43	3.86	4.29	4.29	4.64	3.50	3.21	3.50
Interpersonal relations	3.36	4.71	3.00	4.07	4.14	4.21	2.71	2.57	2.29
Trust	3.36	4.50	2.57	4.07	3.93	3.64	2.93	2.29	2.29
Talent management	3.50	3.79	3.21	3.14	4.86	4.50	2.50	2.29	1.86
Internal communication	3.43	4.36	2.86	4.50	3.14	2.71	2.36	3.00	2.14
Citizenship behaviours	3.86	4.36	2.43	3.43	4.07	3.21	1.71	1.86	1.43
CSR	4.36	4.07	1.93	3.43	2.86	2.29	1.79	1.50	1.86

An analysis of the table contents shows the general expected usefulness of particular tools of KA POP management, as well as their usefulness in stimulating the desired states of the individual key areas. On the basis of the obtained information and the knowledge of relations between the key areas and organisational development, we can try and formulate a logical reference model of the management tools application for the strategic management of KA POP. Assuming that the key areas “pull” the other elements of Positive Organisational Potential, the model can also be used for managing the whole POP in an organisation.

The overview of the management tool usefulness is following:

- clearly, the highest usefulness/ effectiveness is assigned to the consciously shaped organisational culture, which obtained 38.79 points (out of the maximum of 45), i.e. the average of 4.31;
- the second place is taken by the HRM policies, with the total of 35.08 points, i.e. the average of 3.898;
- the mission, vision and strategy hold the third place, with the total of 34.96 and the average of 3.883;
- the information and communication system is number four in terms of its assessed usefulness, with the total of 34.93 and the average of 3.881;
- the fifth is the motivation system, with 32.77 and 3.64. The five enumerated so far management tools are characterised by high usefulness, the other four are firmly behind the first five, namely:
- the sixth – organisational structure had a total of 26.86 and the average of 2.98, which makes it ‘almost’ moderately useful;
- the seventh – the control system, with 23.71 and the average of 2.63, is not that close to the average usefulness;
- the eighth – budgeting is characterised with the total of 22.08 points and the average of 2.45 points, clearly less than the average for all;
- the ninth, last place was taken by the procedures and instructions, which is surprising at the first sight, but understandable after a deeper thought. The procedures and instructions obtained the total of 21.66 points with the average of 2.41.

The presented “ranking” of the management tools supports the idea that the effective construction of POP needs the tools that influence both the reason and emotion. The requirement is least fulfilled by the procedures

and instructions (as they appeal most of all to the reason), which is why they are relatively less useful.

General analyses show some regularity, but they fail to help drawing strong conclusions on which management tools need to be recommended for KA POP management practice. An indispensable step for formulating such recommendations is the analysis of the individual management tool usefulness for constructing/ stimulating the desired states of individual key areas.

In stimulating the model/ desired **corporate governance**, according to the experts, the most useful turn out to be the mission, vision and strategy with an average assessment of 4.43, which denotes more than high, but still not very high usefulness. The usefulness of the next two management tools: the deliberately shaped organisational culture as well as information and communication system is exactly 0.5 point lower, i.e. 3.93. The assessment of budgeting was a bit worse and amounted to 3.86. Still lower, but on the relatively same level, was the grading of the four further management tools: the control system ($\mu = 3.57$), organisational structure ($\mu = 3.50$), HRM policies ($\mu = 3.50$) and motivation system ($\mu = 3.43$). According to the experts, the procedures and instructions clearly turned to be least helpful ($\mu = 2.93$).

For the stimulation of the model **leadership** the mission, vision and strategy could be the most useful management tool, graded at 4.86, close to the maximum usefulness. The deliberately shaped organisational culture is characterised by a little lower, but still high usefulness with the average of 4.64. Three further management tools could be highly useful, i.e., the HRM policies ($\mu = 4.29$), motivation system ($\mu = 4.14$), as well as information and communication system ($\mu = 4.07$). Organisational structure had higher than average usefulness amounting to 3.50. Budgeting ($\mu = 2.79$), the control system ($\mu = 2.64$), as well as procedures and instructions ($\mu = 2.00$), were graded below the average.

The model **middle managers** can be reached with the use of the four management tools in particular, namely, the motivation system ($\mu = 4.64$), deliberately shaped organisational culture ($\mu = 4.43$), information and communication system ($\mu = 4.29$) and HRM policies ($\mu = 4.29$). The other assessed management tools are characterised by the distinctly lower but higher than the average usefulness: the organisational structure

($\mu = 3.86$), mission, vision and strategy ($\mu = 3.79$), control system and budgeting (both $\mu = 3.50$) as well as procedures and instructions ($\mu = 3.21$).

The model **interpersonal relationships** can be developed, most of all, through the deliberately shaped organisational culture, assessed at 4.71. In the expert opinion, the further useful instruments could be: the motivation system ($\mu = 4.21$), HRM policies ($\mu = 4.14$) and information and communication system ($\mu = 4.07$). The rest of the management tools were graded as the average or below and cover: the mission, vision and strategy ($\mu = 3.36$), organisational structure ($\mu = 3.00$), and control system ($\mu = 2.71$). The procedures and instructions and budgeting were characterised by the lowest usefulness with 2.57 and 2.29, respectively.

According to the experts, the desired level of **trust** can be reached mostly through the deliberately shaped organisational culture, assessed at 4.50. The usefulness of the information system also exceeds 4 points and amounts to 4.07. The assessment of the HRM policies is slightly lower, i.e., 3.93. The two further management tools were graded somewhat above the average, namely, the motivation system ($\mu = 3.64$) and mission, vision and strategy ($\mu = 3.36$). The remaining management tools were considered to be less useful than the average: the control system ($\mu = 2.93$), organisational structure ($\mu = 2.57$), moreover, procedures and instructions as well as budgeting (both $\mu = 2.29$).

The model **talent management** should be triggered, most of all, by the personnel policy and motivation systems that were graded at 4.86 and 4.50, respectively. The four following management tools were characterised by considerably lower than the previous, but higher than the average usefulness: the deliberately shaped organisational culture ($\mu = 3.79$), mission, vision and strategy ($\mu = 3.50$), organisational structure ($\mu = 3.21$) and information and communication system ($\mu = 3.14$). The control system ($\mu = 2.50$), procedures and instructions ($\mu = 2.29$) and budgeting ($\mu = 1.86$) were not graded as useful.

The **language of internal communication** can be primarily modelled by two management tools: the information and communication system ($\mu = 4.50$) and deliberately shaped organisational culture ($\mu = 4.36$). Three management tools were characterised by medium usefulness: the mission, vision and strategy ($\mu = 3.43$), HR policies ($\mu = 3.14$), as well as procedures and instructions ($\mu = 3.00$). The remaining management

tools were assessed below the average: organisational structure, motivation system, control system and budgeting with the results amounting to 2.86, 2.71, 2.36 and 2.14 respectively.

According to the experts, the desired **citizenship behaviours** may be successfully stimulated though the deliberately shaped organisational culture and HRM policies, which were graded at 4.36 and 4.07. The mission, vision and strategy were also characterised by high usefulness at 3.86. The information system ($\mu = 3.43$) and the motivation system ($\mu = 3.21$) obtained the average grading with respect to their usefulness. The remaining management tools were clearly less useful: the organisational structure ($\mu = 2.43$), procedures ($\mu = 1.86$), control system ($\mu = 1.71$) and budgeting ($\mu = 1.43$).

Social corporate responsibility can be stimulated through the mission, vision and strategy (assessed at $\mu = 4.36$) and deliberately shaped organisational culture ($\mu = 4.07$). The information system was characterised by the above average usefulness at 3.43. The remaining management tools were graded lower than the average or even below. So, the HRM policies were valued at $\mu = 2.86$, motivation system at $\mu = 2.29$, organisational structure at $\mu = 1.93$, budgeting $\mu = 1.86$, control system $\mu = 1.79$ and procedures $\mu = 1.50$.

It needs to be mentioned, however, that the last two key areas of POP, i.e., the citizenship behaviours and corporate social responsibility are the passive areas. That means that they do not 'pull' the foundation elements of the organisational potential to the positive level; they rather co-exist with the already shaped/modelled positive potential as its *sui generis* manifestation. That is why many management tools can stimulate the key areas indirectly through the earlier activation of the other active key areas.

Summing up the management tools usefulness assessment, it needs to be stated that although the grading is highly varied, it needs to be treated in the aggregate. It means that some management tools stimulate some key areas more clearly and directly, being the prime movers of the given key area, and some management tools are less clear and direct creating the less evident, but indispensable foundations for the prime movers to exist. It is best exemplified by the procedures and budgeting that have relatively low indexes of direct usefulness for KA POP creation, but are indispensable for every contemporary company to function.

12.4. The model for KA POP strategic management process

The major premise for Positive Organisational Potential creation is the will to trigger pro-developmental behaviours of the organisation members: its stakeholders, especially, the internal stakeholders. The pro-developmental behaviours are sparked off through the positive characteristics of all the basic elements (broadly understood tangible and intangible resources) of positive Potential. The modelling of such positive characteristics is generated by the early triggered positive characteristics of the elements forming the key areas of POP. In other words, in order to initiate the pro-developmental human behaviour, the key areas need to be triggered first. The pro-developmental human behaviour, to earn its name, needs to be a significant factor of organisational development. The development of companies may be seen in many internal and external results. Three of those, from the economic point of view, seem to be unquestionable and they concentrate the final effects of human behaviour in a given company. Those are: the growth of productivity, the growth of innovativeness and growth of/ maintaining the competitive advantage. At the same time, productivity and innovativeness can be treated as the causes of the final result: competitiveness. If that is so, then the logical behaviour in shaping the KA POP management processes would be to adjust their order and structure to the cause and effect direction on the continuum of the pro-developmental events, resulting ultimately in company competitiveness. In order to do so, first we need to learn the strength of each individual key area impact on each of the three enumerated indicators of organisational development (productivity, innovativeness, competitiveness).

With that intention, the Delphi session was applied, where selected expert panel represented (as much as in the classic correspondence Delphi) the full theoretical knowledge (management professors) and the practical experience (Presidents, CEOs).

Work productivity was first of the graded development indicators. According to theory, it depends on the workplace equipment, intellectual and physical effort of the employees, as well as work organisation which is the result of the previous intellectual effort of the work organisers. Workplace equipment, in turn, is the result of the previous investment decisions.

Hence, we can accept the general fact that people are the main creators of productivity.

Innovativeness is the second assessed development indicator, at the same time, one of the key factors of gaining and holding the competitive advantage. Its main activator is the human knowledge and intellect, as well as the modernity of the scientific and research equipment people can use. The scientific and research equipment, as well as the workplace equipment, are the result of the earlier investment decisions, again in this case the main creators are people.

The last of the evaluated indicators of development, i.e. competitiveness, is characterised by the fact that it ‘consumes’ the productivity and innovativeness results, as such depending on a human being. Secondly, it is the result of some particular competitiveness strategy conceived and implemented by people. Therefore, competitiveness also depends on people working in the company.

The key areas of Positive Organisational Potential stimulate human behaviour and, according to the argument above, they should have direct or at least indirect influence on productivity, innovativeness and competitiveness. Expert opinions on the strength of such influence are presented in the table below. It covers the average opinions resulting from the six-grade scale between 0 and 5: 0 – lack of influence, 1– slight influence, 2 – little influence, 3 – medium influence, 4 – significant influence, 5 – very significant influence.

Table 12.3. Influence of the key areas of POP on work productivity, innovativeness and company competitiveness

Key Areas of Positive Organisational Potential	Work productivity	Innovativeness	Competitiveness	μ
Corporate governance	3.0	3.4	3.9	3.43
Leadership	4.2	4.6	4.8	4.53
Middle managers	4.7	3.6	3.5	3.93
Talent management	2.8	4.8	4.5	4.03
Interpersonal relations	3.8	3.8	3.3	3.63
Trust	3.3	3.5	2.5	3.10
Language of communication	2.9	2.7	2.5	2.70
Corporate citizenship behaviours	2.5	2.5	2.0	2.33
Corporate social responsibility	1.9	2.3	2.8	2.33

As you can see three out of nine key areas are characterised by almost very high influence on the synthetic measures of company development. These are:

- leadership, the strongest variable in terms of its impact on competitiveness, and the second strongest variable in terms of its impact on productivity and innovativeness;
- talent management, which is number one in terms of its influence on innovativeness, and second in terms of its impact on competitiveness;
- middle managers, which do not have a very high average assessment, are the strongest variable in terms of its impact on work productivity.

Interpersonal relationships, corporate governance, trust and language of communication do not have a strong direct impact on the considered indicators of organisational development. The passive areas: organisational citizenship behaviours and corporate social responsibility, as expected, made a very slight impact. The explanation of such expert assessment, which according to the methodology, is the emanation of the state of the cognition of the examined phenomena [Stankiewicz, 1988], requires consideration between individual KA POP (described in Chapter 1 of this book). Some of those have a cumulated impact on organisational development, some have an indirect impact: their influence supports the direct impact of the first set that is why their indirect impact becomes less apparent.

The description of the relations among the POP key areas and their relations with the organisational development indicators, as well as the earlier analyses of the management tool usefulness for the stimulation of the desired states of individual KA POP, may be crowned with the synthetic, reference and strategic management model of the areas.

In this case, the reference model, to provide the cognitive and practical values to the reader will have a form of a “roadmap” for companies willing to rely on positive management in their long-term and sustainable growth – the management which seems to be a good recipe in this turbulent and crisis-prone environment.

The general shape of the proposed model is presented in Figure 12.1, where the acronyms of individual KA POP and management tools have the following forms:

- for the Key Areas: L – leadership, TM – talent management, MM – middle managers, IR – interpersonal relationships, CG – corporate

governance, T – trust, LIC – language of internal communication, OCB – organisational citizenship behaviours, CSR – corporate social responsibility;

- for the management tools: DSOC – deliberately shaped organisational culture, HRMP – human resources management policies, MVS – mission, vision and strategy, ICS – information and communication system, MS – motivation system, OS – organisational structure, CoS – control system, B – budgeting, PI – procedures and instructions.

Productivity	Innovativeness	Competitiveness
Pro-developmental employee behaviour indispensable for company effects		



L	TM	MM	IR	CG	T	LIC	OCB	CSR
Key Areas of Positive Organisational Potential								



DSOC	HRMP	MVS	ICS	MS	OS	CoS	B	PI
Management tools								

Figure 12.1. General view of the model on the pro-developmental activities of a company based on positive management mechanisms

The development of the general view of the model should reflect the recommended order of applying particular management tools to stimulate, in the appropriate order, the individual key areas of Positive Organisational Potential. The criterion of the order would be the previously identified and described strength of interdependence between the individual management tools and the key areas, as well as the key areas and the pro-developmental employee behaviour leading to the growth in the company productivity, innovativeness and competitiveness. According to the criterion, the first phase of KA POP stimulation should be divided into 9 reference sub-models concerning the application of the management tools to activate individual key areas. They are presented in the subsequent nine figures.

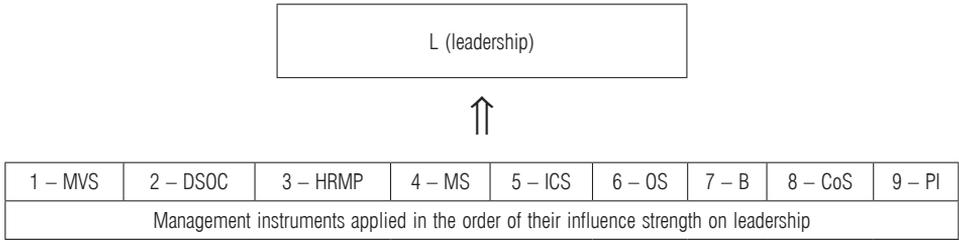


Figure 12.2. Sub-model for desired/model **leadership** creation

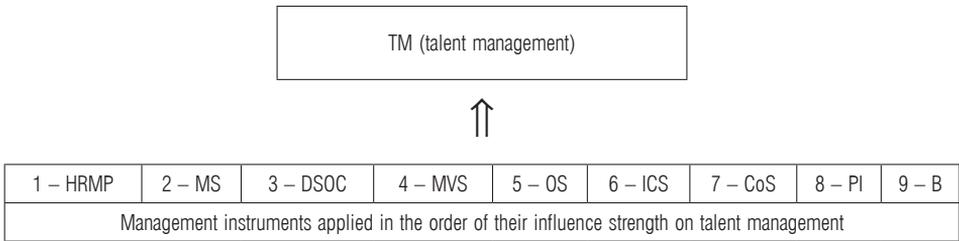


Figure 12.3. Sub-model for desired/model **talent management** creation

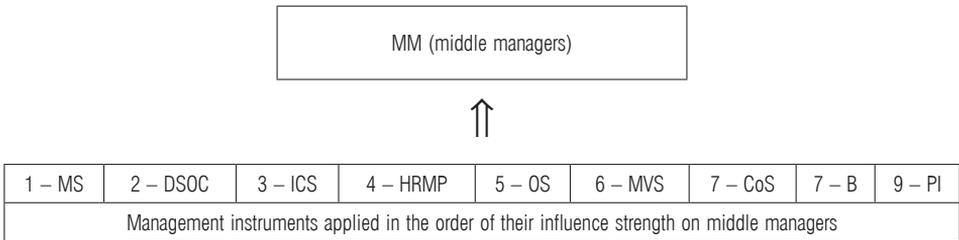


Figure 12.4. Sub-model for **desired/model middle** managers creation

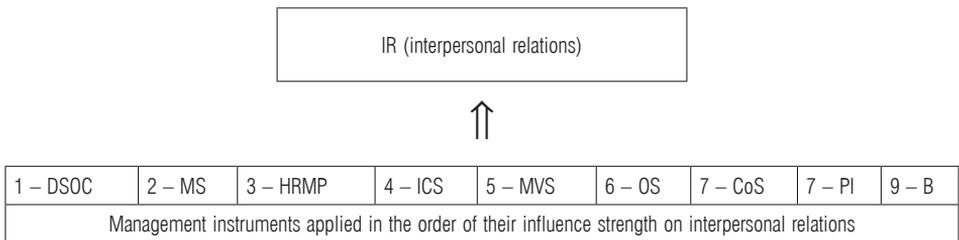


Figure 12.5. Sub-model for desired/model **interpersonal relations** creation

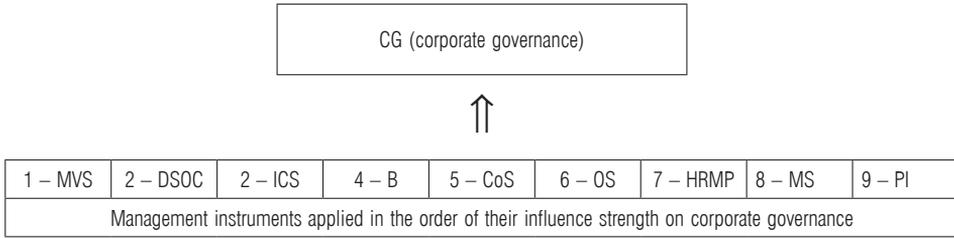


Figure 12.6. Sub-model for desired/ model **corporate governance** creation

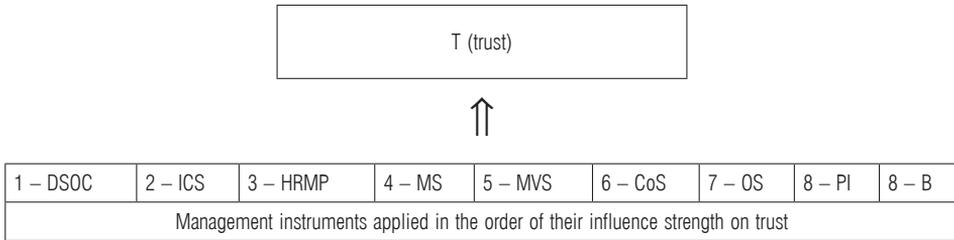


Figure 12.7. Sub-model for desired/model **trust** creation

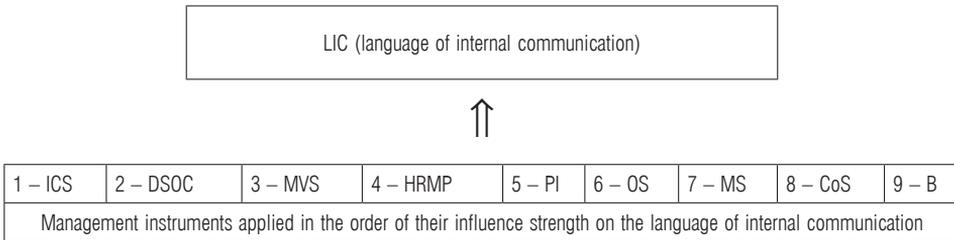


Figure 12.8. Sub-model for desired/ model **language of internal communication** creation

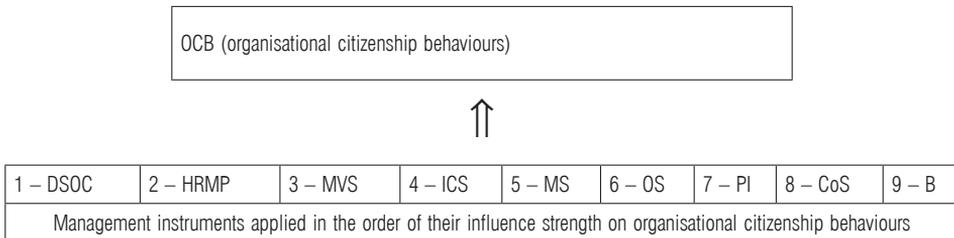


Figure 12.9. Sub-model for desired/model **organisational citizenship behaviours** creation

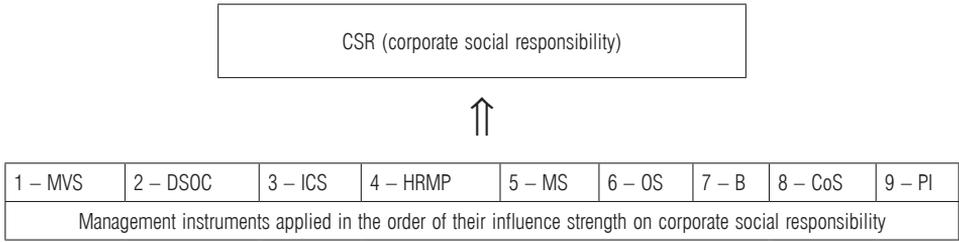


Figure 12.10. Sub-model for desired/ model **corporate social responsibility** creation

As a result of the first phase of the model POP management, the key areas of the Potential will be created. In the second phase, those key areas will trigger the employee behaviour supporting the growth of company productivity, innovativeness and competitiveness. The schematic presentation of the influence of the individual KA POP on organisational development and their order according to the strength of their influence are figured in the further three sub-models in the figures below.

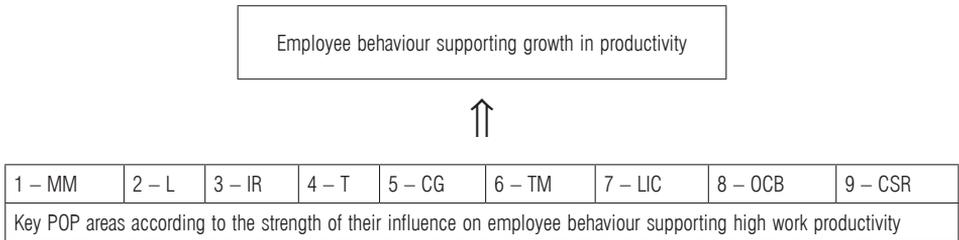


Figure 12.11. Sub-model of the individual KA POP influence on behaviours supporting **work productivity**

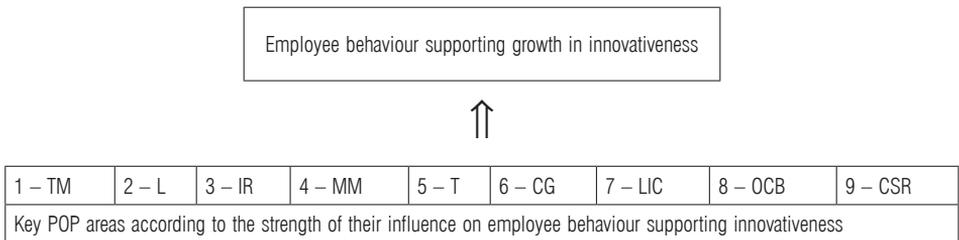


Figure 12.12. Sub-model of the individual KA POP influence on behaviours supporting **innovativeness**

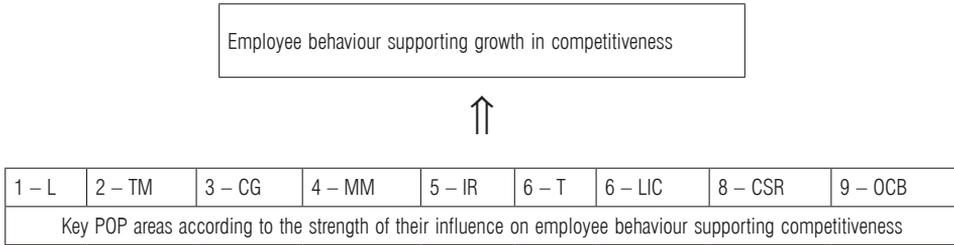


Figure 12.13. Sub-model of the individual KA POP influence on behaviours supporting **competitiveness**

The presented sub-models contain the instructions on activities aimed at individual targets. However, the KA POP management, due to their interrelations, should be implemented in a systematic and comprehensive way, so as to ensure the synergy between all the applied management tools (in the first phase of the modelled process), and as a result obtain the synergy in the combined influence of the key areas on the pro-developmental employee behaviour in a company (the second phase). However, we cannot eliminate the fact that in some situations a need could arise to strengthen some particular aspect of organisational development (e.g. either productivity, or innovativeness, or competitiveness) and stimulate one of the key areas, which will justify the application of detailed activities described in the individual sub-models. Thus, we can assume that although the mechanisms of KA POP management will support (most of all) the strategic and system (synergic and coherent) shaping of company developmental effects, they can also be used for “individual and selected” undertakings, applied on a short term basis for individual targets: as far as those targets are included in “the roadmap” for the strategic management of Positive Organisational Potential.

At the end of the discussion one question remains to be answered – who should create and apply the mechanisms discussed in this chapter? The answer is simple, both verbally and logically, though the situation is not so clear-cut in practice. The responsibility should rest with the company authority: the owners, board and managers. Those people should concentrate their self- improvement efforts on the “self-construction” of the desired states of the individual key areas of POP: corporate governance, leadership,

managers and then jointly focus on the development of the further key areas applying their worked-out management instruments.

The results of the positive path of organisational development will be revealed distinctly from the strategic and long-term perspective. This may not always satisfy the supporters of a “quick success”, but from the point of view of the sustainable company development is the best and most accurate solution [Stankiewicz, 2012].

CONCLUSION

This book is the result of the research project entitled: *Strategic management of the key areas of Positive Organisational Potential – determinants, solutions and models recommended for companies operating in Poland* (decision number DEC-2011/01/B/HS4/00835). This project has been a continuation of our previous work (the research project N N1 15 28 0034: *Positive Organisation Potential as a Key Factor in Company Development. Conditions, Methods of Stimulation and Application of POP in company management in Poland* conducted in 2008-2010) which demonstrated the causal effect between Positive Organisational Potential and a company development.

Since the development of every organisation is its strategic objective, the creation of such an essential foundation of its growth as POP must be taken from the strategic perspective. Consequently, there is a need to create a repetitive and permanent process of such shaping company resources so that they fulfil the defining terms and conditions of POP. The process needs to start with the construction of those elements which are vital for the existence of POP, only then the activation of the remaining elements will be effective. These elements stand for certain key areas on the organisation resources map, with unique internal configuration that creates the long-lasting environment supporting pro-developmental employee behaviours. Therefore, the basic task set in strategic management of POP is the identification of these key areas and such shaping of them so that they permanently fulfil their inspiring role in the whole POP system.

On the basis of the previous research as well as the literature studies we assumed that these are the following key areas that POP strategic management should refer to:

- corporate governance (CG);
- leadership (L);
- middle managers (MM);
- talent management (TM);
- interpersonal relationships (IR);
- trust (T);
- language of internal communication (LIC);
- organisational citizenship behaviours (OCB);
- corporate social responsibility (CSR).

In the research project we have realised several objectives, including the identification of the elements of key POP areas and their internal and external antecedents, the design and suggestion of the ways of activating (shaping) these conditions, the determination of the character and strength of the cause and effect relations between the key POP areas and the parameters of a company development, suggestion of the reference models for strategic management of these key areas.

In order to meet the objectives, a quantitative research method, interviews in companies and the expert panels were applied. The detailed results of the project have been presented in this book chapters in reference to every key POP area as well as regarding the whole POP system. Here, without going into details, it should be emphasised that our findings confirm the validity of assumptions underlying the project and allow us to verify its hypothesis. Notably, the research results made it possible to conclude that:

- triggering Positive Organisational Potential within its key areas becomes both an organisational development dynamising factor and an organisational performance improvement factor;
- the introduction of the positive features to the causative key POP areas (CG, L, MM, LIC, TM, T, IR) will lead to the positive changes within the resultant key POP areas (OCB, CSR) considered as the pro-developmental behaviours being an undisputed source of organisation development;
- the key POP areas determine most the people employed in organisation, including their job satisfaction which is seen as one of the modern

company development indicators. This, in turn, determines other indicators such as productivity and innovativeness of the employees, those, in turn, determine the quality of processes and products, customer satisfaction, company reputation and their financial results;

- the improvement of management quality which finds expression in the quality of corporate governance, leadership and middle managers generates a positive effect on the social capital in an organisation including interpersonal relations and trust. An important role in the relation between management quality and social capital in an organisation is played by talent management and language of internal communication;
- there are three causative key areas of POP which have the most significant influence on organisational development. These are leadership, language of internal communication and trust;
- the higher quality of leadership and corporate governance the higher quality of management on the level of middle managers;
- the middle managers play the major role in creating and strengthening the key POP areas. The improvement of their work quality is critical in particular when it comes to the improvement of interpersonal relationships, talent management and trust.

The above mentioned findings as well as identified determinants and approaches to develop the individual key POP areas were next used to develop several dependency models and the reference model for managing the whole POP system based on the use of the following management tools: DSOC – deliberately shaped organisational culture, HRMP – human resources management policies, MVS – mission, vision and strategy, ICS – information and communication system, MS – motivation system, OS – organisational structure, CoS – control system, B – budgeting and PI – procedures and instructions.

The positive movement in the management science is nowadays particularly current, noteworthy and highly innovative. Therefore, our research team assumes that the knowledge generated as a result of the project realisation, will make a considerable contribution to the development of this discipline. We hope also that the newly created knowledge will, according to the main objective of the research team, significantly strengthen the position of the Polish management science in the international arena. The suggested dependency models and especially the reference model for managing the

whole POP system, as well as the identification and measurement methods of the key POP areas, will be applicable to management practice in companies. As the investment in the growth of Positive Organisation Potential is relatively little capital-consuming, the recommendations for the management practice formed on the basis of the project results will be (or at least should be) the fundamental tool of the growth strategy in contemporary economies affected by crises and contradictory interests.

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