



The Dimension of Values

Whether genuine corporate values or ones pushed sky-high, the assessment of enterprises in the course of structural change, the value of our human capital or rather human resources, the added value of our products and services: we constantly concern ourselves with how we can reliably evaluate certain parameters and ultimately the quality of our economic action. This family of concepts is joined – in a more or less close connection – by moral or ethical values. Yet, what is the value of values?

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Editorial

Whether genuine corporate values or ones pushed sky-high, the assessment of enterprises in the course of structural change, the value of our human capital or rather human resources, the added value of our products and services: we constantly concern ourselves with how we can reliably evaluate certain parameters and ultimately the quality of our economic action.

This family of concepts is joined – in a more or less close connection – by moral or ethical values. Yet, how much more links these ideas than the same sequence of letters? Can values in terms of an assessment or a

balance sheet benefit from the »soft« values, the formulated social norms? What, in general, is the value of values? Has a change in values taken place in recent years and if so, in which direction? What »new values«, also in the direction of corporate culture, are offered to us by social networks?

In this edition, too, we have endeavoured to collect a broad spectrum of well-grounded opinions and knowledge from research and estimates from practice. We have asked experts from the practice of HILL to what extent values affect co-operation in international projects and held an interview on the compatibility between social claims and cost effectiveness. It will become clear how broad and how exciting dealing with the topic of »values« is.

We hope you will find something valuable for you. May you have a successful 2011!



Valuable Research

Third-party Funding – the Economy and Universities Benefit

With the aim of being in a position to present more details of co-operation in the field of so-called third party funding, a follow-up project to the basic study by HILL-AMC Management introduced in Management Mailer 2/2010 included further universities in the investigation. Now, research projects with a total volume of about 46 million have been examined, which corresponds to about 30% of the annual third-party funding volume of the Austrian universities.

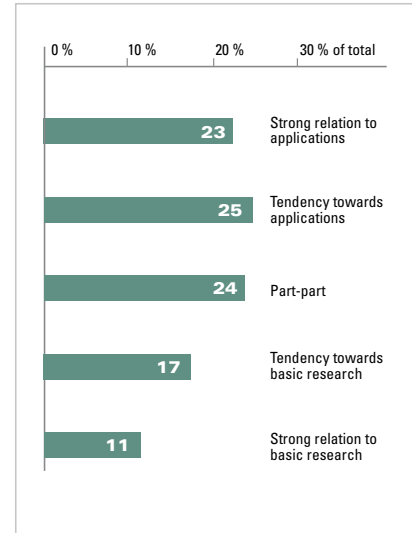
In the case of about 50% of the R&D projects, the initiative was taken by the economy. With 40% of the projects the initiative came from the university, which can be assessed as a successful acquisition of third-party funds. The assessment by the university project managers themselves shows that an increase in third-party funds is difficult or even impossible without modern R&D facilities or laboratories. In 90% of the projects their employment was indicated as being »important/quite important«.

High commitment on the part of SMEs

The project share of small and medium-sized enterprises is interesting, as the view is often held that they co-operate only to an inadequate extent with the universities. In the projects under examination, the share of SMEs came to about 40%. It is particularly remarkable that the average project volume was higher than that of larger enterprises. Hence, it would be interesting to investigate to what extent a bonus for granting research premiums to enterprises on proof of project co-operation with universities might constitute an especially efficient means to increase third-party funding in the field of the universities.

Strong basic research

28% of the projects investigated evince a tendency towards or a strong relation to basic research and 48% a tendency towards or a strong relation to applications.



Source: HILL-AMC Management

With a further 24% including both basic research and applications, the relation to basic research of co-operations with the economy is relatively high. Projects in the field of »Chemistry/Pharmaceuticals/Bio-technology« are more than averagely related to basic research, whilst those in the »Human Life Sciences« »Information Technologies/Media« are strongly related to applications.

The economy needs state research funds

Replacing the chiefly public funding of about 50% of the university budget for R&D by a private one, i.e. by the economy and sponsors, to relieve the state budget would be the wrong objective. Wherever the economy recognizes advantages for its R&D projects, enterprises, even SMEs, almost »automatically« seek co-operation with the universities. Hence, the state pre-financing of excellence, and only this is of interest to the economy, among researchers and equipment is the only lever for universities to obtain more third-party funding from the economy. Reducing state research funding and at the same time demanding more private research financing produces the opposite result and is thus unwise.

Free Values for All?

Relationships, Values & Web 2.0

Success requires relationships! This insight applies to all persons and projects, irrespective of their standing and status. Fostering and cultivating relationships is just as important for the positive development of any enterprise as are career for employed persons and recognition for artists.

But merely doing what is demanded correctly is much too little today. People want to know what is behind a matter, an offer or a service. The reason for this in our highly differentiated society can chiefly be found in the fact that consumption no longer provides satisfaction on the purely functional level. The emotions people or things are in a position to trigger off determine their happiness or pain. »What suits me?« is the question that concerns us today, no longer »Where do I get it?«

A lack of personal contacts

Who has not experienced it: no time for work due to nothing but appointments and meetings? Critical minds sometimes regard the »meeting tourism« gracing many concerns with suspicion and constantly have the feeling that on days like these they have done no work or accomplished nothing. We have arduously acquired efficiency and are annoyed when it does not work the same way elsewhere.

Of course, the time for personal conversations is too short. We are well aware of that. And we lament it unanimously. For knowing others« positions is naturally important. Being able to have a better view of the whole and seeing a complete picture – that would be really something! All the same, work has to be done.

Digital brothers and sisters

Of late, 500 million people are resorting to a »relationship machine«. As Facebook users, they also experience their relationships via virtual space. On average, they spend 55 minutes a day in Facebook. But not at one

time. Time and again a couple of minutes are pinched off to comment on a message, to find something good or simply to catch one's breath with a pointed remark on one's emotional status.

Web 2.0 and social networks such as Facebook, Foursquare, XING and co. enable taking part in the lives of many people at the same time. 60 million messages a day speak eloquent testimony to the importance of relationships for the Facebook community. A new cultural technique of making digital brothers and sisters is emerging, in which a total of more than 1 billion people participate worldwide. And in the case of the underforties, it even beats television in terms of time expended. Similarly, social networks leave the previous number one of online offers, eroticism, far behind and beaten.

Taking one's bearing from people

These facts may induce one person or the other to cling to the view that we are here faced with a large-scale decline in values. However, students are confronted with the fact that many of the most coveted positions today did not exist as jobs ten years ago. At the end of their studies, these students can look back on the already completely obsolete learning material at the beginning of their studies and laugh and before their 40th birthdays they will have had 15 and more jobs. Life is a long and tranquil river. Not by any means! From what should these persons take their bearings, if not from their peer group?

About the person

Johannes L. Zeitelberger is the founder of several technology enterprises such as recently u.enterprise (www.uenterprise.eu) and a speaker much in demand on the topics of communication, management, strategy and innovation. E-mail: jlz@lkult.at, www.xing.com/profile/Johannes_Zeitlberger, facebook.com/johannes.zeitlberger.



Where should people take their bearings from?

Johannes Zeitelberger



Cultural techniques do not develop coincidentally and not without reason. Today as yesterday, man as a social creature is aware of the significance of his relationships with other persons – and many forecasts allow this consciousness to be transferred to the future. Enormous efforts and investments throughout the world are being put into the compatibility of efficiency and personal needs. The definition of Web 2.0 marks an important turning point in the evolution of mankind into a holistic image of homo sapiens.

Change in corporate culture

Pilot projects throughout the world indicate that especially more complex assignments produce clearly better results when those concerned use a social network. The gratifying aspect is that the use of a Web 2.0-based tool requires no special schooling. Most colleagues are familiar with the community principle from their own private use and experience the possibility of working in a person-centred way as highly positive. Nevertheless, any new approach in any organization absolutely requires governance and accompaniment. This also applies, of course, to the introduction of social networks.

Social networks provide another overwhelming asset for motivation. A self-determined procedure has been proven to contribute towards producing better performance. The question only remains: why doesn't everybody do it? The reason, as with so many things in practical life, is that it is hard to imagine as long as you have not had the experience yourself. So, get into it and try it out!



Reversing the Omens

Combining a Social Mandate and Cost Effectiveness



Loyal also in difficult times

Astrid Lamprechter



Apart from publicity-effective charity, how do cost-effectiveness and social commitment fit together?

As regards this issue, integrative enterprises find themselves in a special situation, as for these companies the social mandate is important, not social commitment. This mandate has a different cause-objective dimension to social commitment that many other enterprises use to set up a CSR in the form of charity measures, sponsoring etc. The link between cost-effectiveness and social mandate on the part of the legislator is the right to exist for integrative enterprises and hence the central element of their activity.

In my view, cost-effectiveness and social mandate complement each other very well under the right conditions and under the premise of benefit to the public, i.e. without the task of maximizing profit. Apart from the price, the quality and the reliability of supply, buying a product or a service from an integrative enterprise has for many of our clients the decisive asset of safeguarding jobs for persons with disability, in short also of doing »something good« in entrepreneurial activity.

You yourself came to the company with the task of restructuring. How can you safeguard survival?

The restructuring and rescue operation of the company covers practically all sectors of the enterprise. It is a question of dealing with the whole spectrum of corporate and socially critical factors. We are dealing with all the relevant sectors from the positioning and branding of GWS, human resources development to reporting, marketing and

production structures. In this stage of restructuring, which must pay high attention to economic aspects, a special challenge is the link to the specific conditions of an integrative enterprise.

80% of our 450 staff members are people with the most varied disabilities. Here, it is a question of sensitively handling pressure and incentives and at the same time demanding enough to enable the survival of the enterprise.

Of course, the very rigid labour law conditions – including job protection and the possibility of flexible working hours and shift work – impose a great challenge in times of restructuring.

What kind of management is required? What are the greatest challenges?

In short, I would write the following title over this project: »Hard in the matter, but gentle to the person«. I am convinced that appreciation and respect in the employment of persons with disability also implies that the management demands the efficiency possible to these employees. Hence, in my view, it can be deduced that it is necessary to master the tightrope act between demanding and heeding the special requirements of our staff.

In my opinion, many »rescue managers« wrongly assess the sensitive communicational and organizational needs in an integrative enterprise. So, in my role as the managing director of an integrative enter-

prise in times of restructuring I see it as my central task to provide assurance and certainty in my direct communication with my staff. In the management it is a question of reaching clarity, consistency and discipline to the extent and in the form that can be implemented in an integrative enterprise.

What could other enterprises learn from successful integrative companies? What is the long-term asset?

From successful integrative enterprises they can, above all, learn that the employment of persons with disability can be an asset, both in economic terms and as regards culture and communication in a company.

Employees with and without disability benefit from good, clear structures, from accompanying measures such as the social service, a kind of internal counselling service for members of staff, well thought-out safety and working conditions and stable opportunities for development. They are loyal to the enterprise – even in difficult times.

Ultimately, the socially stable, economically and in terms of infrastructure well drawn network in Central European countries is the basis for the success of all those enterprises that have secured their livelihood here for decades. Employing persons with disability is a logical part of this stable foundation and thus an integral component of responsible behaviour. It implies perceiving entrepreneurial responsibility from a holistic perspective.

About the person

Since November 2010, Astrid Lamprechter has been managing director of GWS Produktion Handel Service (www.gws.at), the largest integrative enterprise in Austria with three locations in the province of Salzburg. The 36-year-old native of Salzburg with an economic background is thus the head of 450 employees, 80% of whom are persons with disability.

Thank you for the interview!



Ethical Corporate Value?

European Enterprises »Discover« Reporting on Sustainability

The factors influencing corporate value are undoubtedly of a manifold nature, although it is determined as a one-dimensional sum during transactions etc. Corporate value is not least the result of the extent and the quality of stakeholder relations. A fundamental component of an effective dialogue with stakeholders is a high level of transparency, which can mainly be achieved by proficiently reporting on sustainability.

Recording performance

Sustainability coverage refers to determining, publishing and reporting on the sustainability performance of the enterprise towards its stakeholders. Coverage takes the form of a sustainability report giving information about the economic, ecological and social aspects of the enterprise (the so-called 3-pillar model or triple bottom line) and recording results and progress in individual areas.

In recent years, there has been increased interest in such information, in keeping with the discussion concerning CSR and other corporate, communicational and ethical trends promoting the transparency and obligation to legitimacy of corporate strategies. Enterprises are increasingly being regarded as »quasi-public« institutions, and their objectives are being subjected to a legitimacy clause. It is no longer merely the purely »legal« procedure that is assessed, but the legitimacy of the entire corporate strategy.

Continuous coverage

Besides the business report, the sustainability report is a significant instrument for the dialogue with stakeholders, an important component of information policy and, at the same time, also a tool of marketing and sustainability management itself. The essential reporting motives comprise:

> Market-oriented motives, above all when the reporting enterprise works in a seg-

ment of the market in which ecological and social aspects represent important buying criteria,

- > management-oriented motives, primarily to inform and motivate the employees of the company as well as
- > public-oriented motives mainly acting to present the products, the services and the enterprise itself in a positive light to the public.

Guidelines on drafting

The Global Reporting Initiative, abbreviated to GRI, provides worldwide applicable guidelines for drafting a sustainability report, to be used voluntarily by enterprises and independent of any enterprise-specific features.

These GRI guidelines especially cover the GRI report framework, forming a universally applicable framework for reporting and the GRI code of practice stipulating the principles to be heeded in reporting, the contents to be covered and the standard information regularly to be presented in the report. They enable reporting to be standardized and to bring the quality of the sustainability report close to the level of the business report or the annual report.



Increase in social claims

Stefan Grbenic



Opportunities of sustainability

The basic corporate ethical principles and the methods of sustainability reporting according to the GRI guidelines result in two opportunities for the enterprise. On the one hand, the risk is reduced of unthinkingly jumping on a PR train called »business ethics' or »CSR«, without taking the underlying measures seriously.

As a consequence, a possible increase in the reputation among stakeholders and, in association, the opening up of additional market opportunities can be squandered. On the other hand, due to growing media observation, enterprises are increasingly being faced with social claims demanding legitimation of the corporate interests and objectives in the public discourse. This discourse must be held with all stakeholders



and affects, for its part, the strategy, the structure and the culture of the enterprise.

Sustainability and »triple bottom line« are particularly suitable for a permanent stakeholder discourse by means of regular reporting. If the – justified and legitimate – stakeholder interests and claims feed back into the report, then the enterprise fulfills what is today often traded under the name »licence to operate«: an enterprise's right to exist in society beyond its economic efficiency.

About the person

Stefan Grbenic is an associate professor at the Polytechnic in St. Pölten. The focuses of his research and teaching are corporate assessment stressing transaction multipliers, corporate analysis and risk management. Besides his teaching and research work, Mr. Grbenic is an internationally certified valuation analyst and the author of specialist publications in the fields of MA, corporate assessment, controlling and tax law.

Sustainability recording according to enterprise

Country	until 31 Oct. 2010	2009	2008	2006	2004
Europe as a whole	618	643	508	272	147
Austria	26	12	17	7	8
Germany	48	50	43	16	10
France	26	25	25	20	11
Greece	27	27	13	5	2
Italy	30	42	39	17	9
Croatia	-	1	2	1	1
Russian Federation	3	4	11	5	1
Romania	-	5	-	-	-
Switzerland	44	33	28	12	8
Slovakia	-	2	1	-	-
Slovenia	1	-	-	-	-
Czech Republic	2	1	1	2	-
Turkey	-	2	-	-	-
Hungary	16	30	8	2	3
UK	50	45	47	25	15
Others:					
Brazil	57	68	70	17	8
China	45	52	16	6	3
India	8	20	-	-	5
Japan	93	89	66	19	19
Mexico	12	19	12	2	-
USA	126	139	115	44	35

Who is taking part?

An empirical analysis shows that European enterprises are increasing realizing the value of sustainability reporting. In the table

above you can get an overview over trends in the enterprises covered by the GRI Report List.



A question of the common will

Natalia Kulikova

Different values influence international projects... insofar as projects can literally »die«, because different parties involved understand the same words in different ways.

Most misunderstandings on the part of the Russians... concern access to money. The European tendency to act economically, to save money and to present oneself modestly is often interpreted as parsimony by Russians.

To intensify intercultural co-operation, I advise clients... to listen to their Russian colleagues carefully and to converse with them.

It is important for a common basis even at the stage of recruiting that... the values and culture of the enterprise are discussed very early and are part of the project docu-

mentation.

For me, good co-operation across borders... is mainly a question of the common will. If the partners participating want to work together, then everything else will be very simple.

Values should... not be undervalued!

Natalia Kulikova is branch office manager of HILL International in Russia.



The Culture of Good Co-operation

Perspectives and Misunderstandings in Practice

For this issue of the HILL Management Mailer, we asked those responsible for three international HILL subsidiaries to give brief interviews on the significance of values in intercultural co-operation, misunderstandings in practice and professional recruiting as the basis for flourishing co-operation in the enterprise.

Different values influence international projects... in my opinion not so much. The requirements I experience can be quickly reduced worldwide to the parameters of appreciation, honesty, straight-forwardness and the willingness to co-operate.

It is important that all those involved in a project, i.e. the commissioner, the service provider and also candidates ultimately wanting something from one another mutually support one another. If this is not understood by one project partner, the balance is missing and the two other partners will have to compensate for it.

Most misunderstandings on the part of Germans... occur because one of the three co-operation partners mentioned is not willing to meet these requirements. But country-specific communicational behaviour can also be misunderstood. Selecting managers, for instance, are sometimes sur-

prised that applicants from abroad, e.g. from the Czech Republic or Slovakia, do not enter the talks with an enormous sense of euphoria, even when the position concerned is a prestigious one. If this reticence is wrongly interpreted as disinterest, there is a great need for explanation.

To intensify intercultural co-operation, I advise clients... to gather information about intercultural necessities and customs before they go to a country and to have themselves schooled.

It is important for a common basis even at the stage of recruiting that... honesty, straight-forwardness and trust are understood as the basis for co-operation. From the very first contact, attention should be paid to this, which, of course, is also possible by assessment of the HILL Competence Analysis®. Of course, all those involved must make clear statements.

Different values influence international projects... and therefore open, clear, close collaboration and the extensive exchange of information between the participating parties are extremely important from the initial phases and continuously in order to ensure that common understanding is achieved and objectives are met.

Most misunderstandings on the part of Romanians... when verbal and non-verbal »messages« have no identical correspondence or are differently encoded/decoded; in other words, misunderstandings can occur from too limited or distorted information provided from the other side, differences between expectations and acknowledged attitudes/behaviors, communication/behavioral/individual/cultural barriers.

To intensify intercultural co-operation, I advise clients... to prepare in advance, to

learn about new, potential boundaries and specific social and cultural norms, to communicate as much as possible and to convey one's own ideas concerning values, norms, convictions, expectations, experiences, acceptance of cultural diversity etc.

It is important for a common basis even at the stage of recruiting that... both sides are open-minded. This produces relaxed communication and assures the permanent exchange of information. Thus, milestones can be reached and common and fair attitudes emerge, comparable with a win-win situation.

For me, good co-operation across borders is an issue... of genuine partner enterprises.

Values should... guide groups and individuals in their co-operation. Co-operation

»
*Honesty, straightfor-
wardness and trust*
Carola Scheffel «



For me, good co-operation across borders... is a question of respectful co-operation, no matter on what level, and reliability concerning what has been agreed upon, no matter on what level.

Values should... come from the depths of the heart and be experienced.

Carola Scheffel
is the managing director of
HILL International Germany.

»
*Support, respect and
understanding*
Monica Vrabiescu «



should be distinguished by joint performance and mutual respect and understanding for general and individual particularities, in keeping with generally accepted principles.

Monica Vrabiescu
is the managing director of
HILL International in Romania.





Renaissance of Values?

In the hurtling societies of the western world, we face an acceleration of our lives that overtaxes us. As early as in 1970, Alvin Toffler prophesied this development in his book *Future Shock*. Whoever is moving at speed cannot afford to lug heavy luggage. The pace forces society to reduce its values radically, and for decades we have been sacrificing moral, ethical, political, ideological, family and religious values.

This value drift ends in a kind of »light value society«: life stage partnerships, little employer and employee loyalty, ideology and conscience-free politics, economic crime, protectionism, cyber attacks, predatory financial management, religious conflicts, deportation and isolation practices. Can a Renaissance of values come about in such an environment?

The clear answer is: No. In the global conflict between First, Second and Third Worlds, the greed resulting from fear of survival will continue to constitute an important existential and psychological influence. At the same time, a second course is emerging, one that wants nothing to do with the economic competitive mentality and political warfare. The world of co-operative, sustainable, non-confrontational managing has begun. Thou-



The business psychologist Othmar Hill is founder and CEO of HILL International.

sands of project partnerships in development partnership work, millions of networks in the internet (Facebook will shortly make 600 million people into »friends«), sustainability projects, social commitment in firms, i.e. CSR, but also social entrepreneurship and the growing power of NPOs and NGOs speak a very clear language.

Within firms, conservative values such as amount of pay and performance are being replaced by work-life-balance concepts, burn-out prevention, corporate health schemes, the integration of marginalized em-

ployee groups such as migrants and a new awareness of respectful co-existence. Recently, many managers have wanted to know what the staff think and feel. This explains the increased demand for work satisfaction analyses.

The corporate atmosphere is being rediscovered as being neuralgic for sustainable entrepreneurial development. Coaching, mentoring and mediation are not only being hyped verbally, but are also gradually becoming accepted in enterprises. In difficult times especially, the inner cohesion of an enterprise will decide over progress or decline.

From this perspective, J. Rifkin was completely correct in his book »The Empathetic Civilization«. In it, he very clearly describes to what extent empathetic economic ideas are fighting the powers of entropy – exploitation, suppression and pollution. From these trends, the emerging value worlds can be deduced very simply and safely. In all probability, virulent capitalism will be exported to Asia, and an integrative humanism might gradually find a home in Europe. Where else?

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Imprint: Owner and publisher: HILL International GmbH | 1030 Vienna, Schwarzenbergplatz 7, Austria | Phone +43 1 796 97 98-0, Fax +43 1 796 97 98-12
E-mail hill@hill.co.at, www.hill-international.com | Executive editor: Othmar Hill, 1030 Vienna | Editorial office composition: Barbara Amon | Birgit Pfannhauser |
Layout & typesetting: Ewald Frühwirth

Sender: HILL International GmbH, Schwarzenbergplatz 7, 1030 Vienna, Austria, www.hill-international.com

