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ADAM P. BALCERZAK
ILONA PIETRYKA



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**Theoretical and practical aspect of employees and their activity
evaluation model (in example of statutory institution)**

JEL Classification: *M12*

Keywords: *employees, employees and their activity evaluation, evaluation model*

Abstract

Research background: The evaluation of employees and their activity requires precise and responsible preparation, it is a process, having a large impact to successful implementation of strategic goals of institution. The evaluation of official work of civil servants in Lithuania does not have deep traditions. Thus, the main analyzed problem is the following: if the criteria of statutory institution employees and their activity evaluation (possibilities and results) are significant to the evaluation results of statutory institution employees and their activity.

Purpose of the article: to make the analysis of theoretical aspects of employees and their activity evaluation and to provide an evaluation improvement model of statutory institution employees and their activity.

Methodology/methods: while analyzing the theoretical peculiarities of employees and their activity evaluation, the analysis, systematization and generalization of scientific literature, scientific articles as well as legislation of the Republic of Lithuania acts have been performed. A quantitative research method was used for the performance of the empiric research; and the qualitative content analysis, descriptive statistical data analysis as well as comparative analysis were used for the analysis of the gathered data. The used in this part researches methodology and results combine the identification of interconnection of statutory institution

employees and their activity evaluation possibilities (leadership, people and processes) as well as measuring of their importance.

Findings: Seeking for useful and effective employees and their activity evaluation process in a statutory institution, a theoretical model of employees and their activity evaluation in a statutory institution improvement was developed on the basis of general evaluation model, which has been successfully adapted in a statutory institution. Having identified the problematic fields of employees and their activity evaluation and determined the reasons of their occurrence and possible improvement opportunities, on the basis of the obtained results, a model of statutory institution employees and their activity evaluation improvement with the indicated in a research problematic fields, improvement possibilities and expected positive results is provided.

Introduction

Evaluation of employees and their activity is one of the most important components of activity management, which helps to increase employees' act productivity and employees' constant development.

Goal of the article – to analyse theoretical aspects of evaluation of employees and their activity and to present a model of improvement of statutory institution's employees and their activity evaluation.

The number of scientific books and articles speaks about some maturity in the area of research of evaluation of employees and their activity. The topic of evaluation of employees and their activity was analysed by Lithuanian academics: A.Sakalas (2003), S.Pivoras, R.Dapkutė (2004), R.Vanagas (2014), R.Tumėnas (2008), E.Gustas (2003), M.Kaselis, S.Pivoras (2012), A.Savanevičienė (2008), E.Gimžauskienė (2007), L.Lobanova, A.Stankevičienė (2006), T.Tamošiūnas, A.Šalkauskaitė (2010), A.Župerka, E.Župerkienė (2010), B.Leonienė (2001), I.Bakanauskienė (2002, 2008), F.S.Butkus (2003), E.Bagdonas, E.Bagdonienė (2000), R.Adamonienė (2014, 2015) and foreign scientists K.R. Murchy, J.N. Cleveland (1995), James A.F.Stoner (1995), D.Grote (1996), T.Coens and Mary Jenkins (2000), G.Dessler (2001), G. Latham (2006), J.Edelenbos (2013), M.Fejfarova, H.Urbancova (2015), Z.Skorkova (2016), Jui-Lan.Wu (2013), S.P. Robbins (2003) et.al. The results of theoretical and empirical researches performed by T.Tamošiūnas, A.Šalkauskaitė (2010), S.Pivoras, R.Dapkutė (2004) and other scientists confirmed that model or evaluation of career development of civil servants in Lithuania is imperfect and should be corrected.

Research methodology

Analysing theoretical peculiarities of evaluation of employees and their activity, there was performed analysis, systemizing and summarizing of scientific literature, scientific articles, and legislation of Lithuanian Republic. Qualitative research method was used to perform empirical study, and qualitative content analysis, descriptive analysis, descriptive statistical data analysis and comparative analysis were used for analysis of gathered data. Research methodology used in this part combines identification of interrelationship between possibilities of evaluation of statutory institution's employees and their activity (leadership, peoples and processes) and results as well as measurement of their significance.

During the quantitative research of evaluation of statutory institution's employees and their activity, there was a striving to determine a significance of criteria of evaluation of employees and their activity by questioning statutory civil servants and career civil servants of selected institutions. To form a research sample, there was selected a method of selection according criteria, which is effective in gathering of qualitative data (Bitinas, 2008).

Having performed calculations, there is obtained a required value of representative sample, and given 5% of error, and the number of the questioned was determined - 244 statutory civil servants and career civil servants.

The questionnaire of the research consists of 4 parts (Table 1).

Table 1. Toolbox of quantitative research - questionnaire

No.	Parts of questionnaire questions	Grounding of parts of questionnaire questions
I.	Social demographic questions: gender, age group, police station the respondents are working currently, education, work experience, position.	Purpose of the questions – to find a relationship between demographic social characteristics of respondents and results of the questions related to the research problem.
II.	Possibilities of statutory institution (criteria: leadership and people).	By the questions there is a striving to research style and methods of management of statutory institution's leadership.
III.	Methods of evaluation of employees and their activity.	By the questions, there is a striving to determine significance of methods of evaluation of employees and their activity.
IV.	Process of evaluation of employees and their activity.	By the questions, there is a striving to identify problem areas of process of evaluation of employees and their activity.

Source: own work.

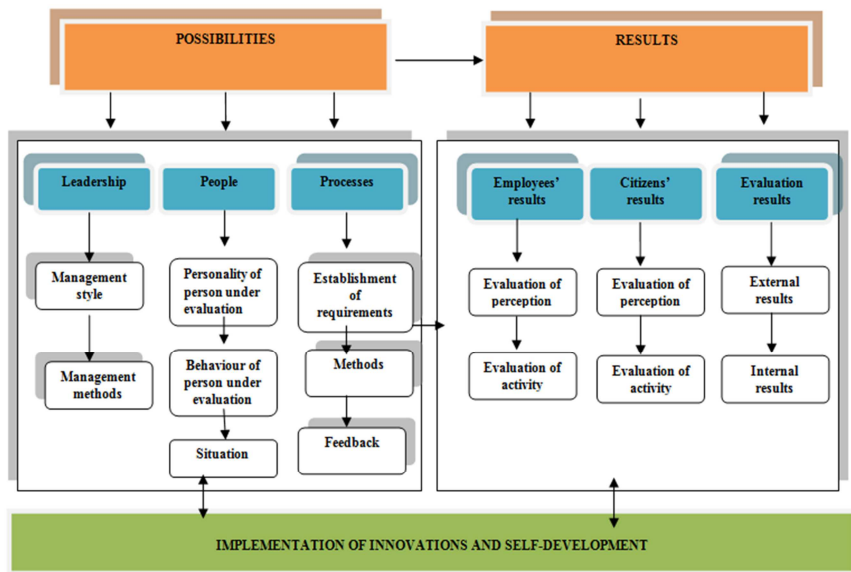
To process research data and draw graphics and to process obtained data, there were used Microsoft Office Excel 2010 and SPSS Statistics 22 programme packages.

Theoretical model of improvement of evaluation of employees and their activity in statutory institution

Goals of theoretical model of improvement of evaluation of employees and their activity in statutory institution are following:

- 1) to present principles of evaluation of employees and their activity to statutory institutions and stimulate statutory institutions to apply them in the process of improvement of evaluation of employees and their activity;
- 2) to make statutory institutions familiar with a cycle of improvement of process of evaluation of employees and their activity PPCA (PLAN, PERFORM, CHECK, ACT);
- 3) to use advantages of different methods of evaluation of employees and their activity for improvement of process of evaluation of statutory institution's employees and their activity.

Figure 1. Theoretical model of improvement of evaluation of employees and their activity in statutory institution

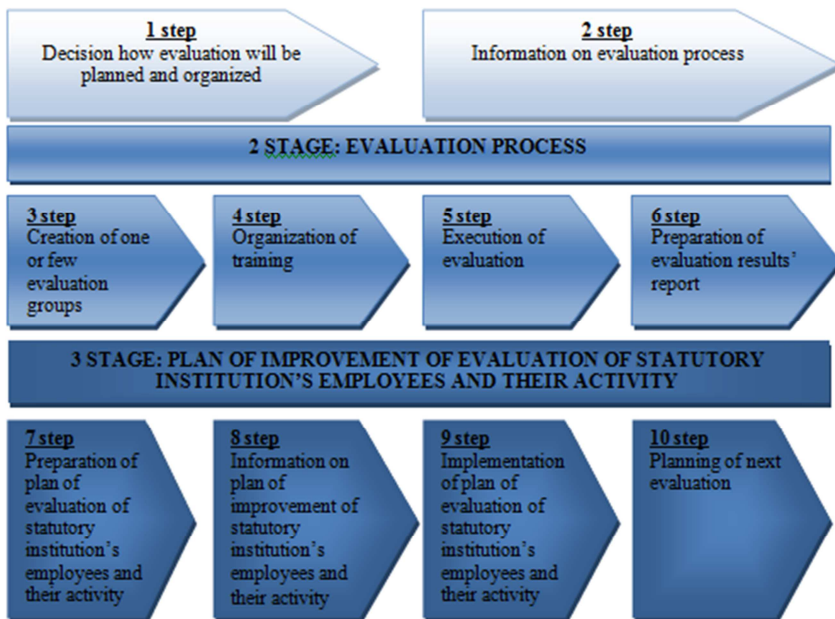


Source: own work.

Structure of theoretical model of improvement of evaluation of employees and their activity (further ETM) in statutory institution consists of 6 criteria that comprise the most important aspects that should be analysed by statutory institution by applying ETM: leadership, people, evaluation processes, citizen's results, employees' results, results of evaluation of employees and their activity. This process creates a constant cycle of implementation of innovations in statutory institution and training, which helps statutory institution to improve (Figure 1).

During evaluation, statutory institution is recommended to follow the main elements of EVM (6 criteria, 14 partial criteria) and to follow established recommendations of EVM application. ETM application process is divided into 10 steps (from beginning of evaluation of employees and their activity to implementation of plan of improvement of evaluation of employees and their activity). These steps warranty a consequent improvement of evaluation of statutory institution's employees and their activity, and are supposed as guidelines of efficient EVM application (Figure 2).

Figure 2. Steps of statutory institution's activity improvement by applying ETM



Source: own work.

Main goal of the method of improvement of evaluation of employees and their activity is to determine strengths of statutory institution's employees and their activity, the main areas of improvement of statutory institution's employees and their activity.

Based on general evaluation model, theoretical model of improvement of evaluation of employees and their activity in statutory institution, the goal of which is: to provide statutory institution with the principles of evaluation of employees and their activity and stimulate to apply them in process of improvement of evaluation of employees and their activity, as well to make statutory institution familiar with the cycle of process of improvement of evaluation of employees and their activity PPCA (PLAN, PERFORM, CHECK, ACT).

Problem areas of evaluation of statutory institution's employees and their activity identified during the research

Having performed the research of evaluation of statutory institution's employees and their activity, there were identified problem areas of evaluation of statutory institution's employees and their activity, determined possible reasons of their occurrence and presented measurements and possibilities of improvement of these problematic areas.

Management of statutory institution creates only a partial possibility to evaluate quality of management abilities of own managers, because method of this evaluation is not foreseen in legislation and its process is not being performed. There would be a possibility for employees to evaluate quality of management abilities of own managers, if evaluation of employees and their activity in statutory institution would be performed by using method of 360-degree evaluation. Most respondents participating the research wish that they would be evaluated not only by direct manager, but by colleagues, citizens as well. 360-degree evaluation method selected by respondents would be more objective in evaluation of employees and their activity, because information on activity evaluation is being gathered from different people surrounding employees: managers, subordinates, colleagues, citizens. Part of respondents also wish that evaluation of employees and their activity would be performed twice a year, because evaluation of employees and their activity performed once a year gives no constant feedback between employees and managers.

Having performed the research, having analysed and systemized the results obtained during the research, it was determined that for evaluation of employees and their activity all criteria and partial criteria presented by the

article authors in theoretical model of possibilities (leadership, people, processes) and results (employees' results, citizens' results, evaluation results) of improvement are significant. *In case no criteria exist or one of the possible criteria is executed improperly – indices of results' criteria will be satisfied.* Also, *the dependence exists between criteria and partial criteria of results and possibilities*, for example, during research it was determined that in case of absence of proper trust and respect stimulation between management and employees, the persons under evaluation won't understand sense of evaluation and results of their evaluation will be satisfied. *Quality of results of evaluation of employees and their activity depends on relationship between character of possibilities and intensity of that relationship*, for example, in case statutory institution's leaders improperly strengthen trust and respect between managers and employees, not only team work and cooperation. *Possibilities of evaluation of employees and their activity are related in the level of main criteria and partial criteria.*

Having performed research analysis and having determined that in statutory institution a dependence exists between criteria of results and possibilities and their partial criteria, and having identified problem areas of evaluation of employees and their activity and their reasons, model of improvement of evaluation of statutory institution's employees and their activity can be presented.

Model of evaluation of statutory institution's employees and their activity consists of the main and partial criteria of possibilities and results and implementation of innovations, process of improvement of evaluation of employees and their activity. Problems of criteria and partial criteria of possibilities, determined during empirical research, are related to result criteria and their partial criteria. Presented possibilities of improvement of identified problems will help statutory institution to reach the results to be reached. Most important, that having eliminated determined problems, it is necessary to implement innovations in statutory institution and improve evaluation of employees and their activity with reference to method of cycle PPCA (PLAN, PERFORM, CHECK, ACT).

Conclusions

Based on interpretations of concepts of evaluation of employees and their activity by different authors, the concept of evaluation of employees and their activity is presented – this is a purposely created and constantly developed process that reflects statutory institution's standard, goals and tasks, by which there is a striving to improve employees' (managers and

employees): working activity (work results, possibilities of development, improvement and refreshment, increase of motivation), interrelationship (constant mutual feedback, cooperation, trust, team work), personal competencies and criteria (leadership, professional, special, general and managerial knowledge and similar).

Evaluation of career civil servants and statutory civil servants activity is being performed according to regulation of different legislation, because status and service of statutory civil servants is regulated by the law of confirmation of statute of in-house service of Lithuanian Republic and regulations, and status and service of career civil servants is being regulated by the law of civil service of Lithuanian Republic and regulations.

Creation of theoretical model if improvement of evaluation of statutory institution's employees and their activity enabled identification of problem areas of evaluation of statutory institution's employees and their activity, determine relationship between possibilities of improvement and positive results.

In striving to implement innovations in statutory institution and improve evaluation of employees and their activity results of the performed research supposed further directions of improvement: to perform the process of evaluation of employees and activity with reference to the method of cycle PPCA (PLAN, PERFORM, CHECK, ACT); to strengthen inter trust and respect between management and employees; to create conditions suitable for team work; to stimulate cooperation; to increase objectiveness of selection, career development, wage; to develop managerial, leadership, communication abilities for career civil servants; to create possibility for employees to evaluate quality of managers management abilities; to recommend legislation creators to legalize evaluation of employees and their activity to be performed by using the method of 360-degree evaluation; to execute the process of evaluation of employees and their activity twice a year; during annual dialogue, direct managers should discuss career planning with every employee.

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**The Conceptualization of an Innovative Business
Model – the Case of a Technology Enterprise**

JEL Classification: *O21; O31; O32; O33*

Keywords: *business models; entrepreneurship; intellectual potential; sustainability; technological solutions*

Abstract

Research background: The complexity and dynamic changes of external conditions necessary for enterprises to function and increased competition in the local and global markets impose constant search for the most effective business model for the development of organizations. Its accurate identification and measurement influence the utilization of internal capacity of organizations, market opportunities and application of adequate instruments of competition.

Purpose of the article: The scientific purpose of the study is to conduct a creative synthesis of the theoretical framework concerning business models. The empirical part of the paper is an attempt to present the conceptualization and descriptions of a real business model. It has been developed by young Polish IT enterprise for the implementation of a service for creating modern technological-programming solutions on the international market.

Methodology/methods: The paper is of analytical and conceptual character. The application of the empirical method of a case study has made it possible to characterize the essence of creating an innovative business model and illustrate the progress of the studied phenomenon in business practice. The exploratory research has been conducted with regard to technological solutions offered by MindsEater Ltd.

Findings: The research results reveal the existence of interdependencies between intellectual potential of staff members and success in business practice. By creating and implementing innovative business model, the enterprise must take into account the context of micro-business as well as social, economic and political environment in which it operates and the goals and mission of its activity. The conducted re-

search is an authorial attempt to explain the concept of an innovative business model.

Introduction

Young and innovative companies, particularly those operating in the IT sector, more and more often decide to offer their services abroad. Export of goods and services constitutes an important aspect of their development. Domestic market often turns out to be too small for the needs of growing companies in the IT sector. Enterprises are looking for broader perspectives, new business partners and engaging and promising projects, which involve the need to present their offer in foreign markets. This determines the development of innovative and sustainable business models because organizations are forced to compete with new and often more innovative entities.

The phenomena that take place in today's economy contribute to the creation of a new framework that is mapping the fundamental assumptions of success, constitute the foundations of currently adopted business models (Jabłoński, 2009, pp. 27-37). Societies should be looking for a new balance which would reconcile short-term profitability and long-term durability: a new model of society known as "Sustainable Development" (Bruntland, 1987) that should be embedded in the pragmatism of the legal national economy. The conceptualization of an innovative and sustainable business model is as a complex phenomenon that still needs explanation in the rapidly changing environment (Raczkowski *et al.*, 2016, 123-150).

The scientific purpose of the study is to compile the views of scholars on business model concept. Attention was paid to a widely accepted conceptual apparatus and the multidimensionality of this phenomenon. The paper identifies the terminology used to describe a business model and try to build the foundations to clarify understandings in the business model concept. The empirical part of the paper is an attempt to present the conceptualization of a real business model. It has been developed by young Polish enterprise for the implementation of a service for creating modern technological-programming solutions in the UK market. For this purpose, Business Model Canvas template by Osterwalder and Pigneur (2010, pp.16-44) has been used. The application of the empirical method of a case study has made it possible to characterize the essence of creating an innovative business model. Particular attention was paid to the potential of intellectual resources and the value proposition offered by the enterprise on the international market. Creative and innovative entrepreneurship involves

processes through which organizations generate value from their intellectual capital and knowledge-based assets (Badzińska, 2017, pp. 46-64). This paper may provide a starting point for an in-depth empirical research and contribution to the discussion on the methodological dilemmas associated with conducting research in this area.

Method of the research

The first part of the study is both theoretical and analytical. A review of scientific literature has been conducted along with the analysis of secondary research results on the nature of business models. Attention has been drawn to the concept and the characteristics of this phenomenon. The following methods were used: defining, comparing, attribute analysis, inference. A further part of the study is empirical in its nature as it is based on a qualitative case study analysis of a technology firm. The cognitive aim of this research is to identify the potential of intellectual resources and the value proposition offered by the enterprise on the international market.

In order to ensure the reliability of data, the triangulation principle was adopted. The logic is based on the fact that a single method can never adequately solve the problem of rival causal factors (Jick, 1979, pp. 602-611). The confrontation of multiple data sources justifies the cyclical nature of data collection procedures in the case under examination. Qualitative data was obtained from in-depth interviews conducted with three owners of the analyzed enterprise. A semi-structured interview questionnaire was prepared. To expand the database on the company an analysis of materials from the available secondary sources was also conducted. They included websites, publications and opinions of cooperation partners.

The wide problem area of innovative and sustainable business models requires the acceptance of the limitations of the study area. The empirical method makes use of a case study involving the analysis of processes implemented in the selected enterprise (Dyer & Nobeoka, 2000, pp. 345-367). The rationale for the use of a case study is its usefulness related to the timeliness of the analyzed phenomenon and the dynamism of its effects. The findings of case studies can help practitioners in a better allocation of resources and better efficiency in general (Czakon, 2013, pp. 92-113; Salerno et al., 2015, pp. 59-70). The studied technology enterprise was selected with a purposeful sampling technique (Maxwell, 2005). The purposeful selection of MindsEater resulted from the following (i) the pragmatic criterion of availability of data, (ii) clarity of the explained phenomenon of innovative business model, (iii) the diagnosed unique value proposition. The

above criteria lead to the conclusion that a single case study would help to attain the objectives of the research. The applied case study has helped to recognize the studied phenomenon under real conditions (Yin, 1984). Both descriptive and explanatory techniques were used in the presented case study.

Business model concept – theoretical background

A review of the literature shows a broad diversity of understandings, usages, and places of business model concept in business practice. The multidimensionality of this phenomenon raises a number of difficulties in assessing a widely accepted definition. The topic of business models is discussed in various different domains, such as e-business, information systems, strategy, and management (Szpringer, 2012, pp. 67-82). The popularity of the term “business model” is a relatively young phenomenon. Initially, the notion of the business model was used in the context of data and process modelling for IT systems (Konczal, 1975, pp. 12-15). It rose to prominence towards the end of the 1990s and was often used in relationship with the Internet (Osterwalder *et al.*, 2005, p. 7-9). That is, the business design choices for managers increased substantially based on cheap and available information technology.

From a company perspective, it can be distinguish between a more value/customer oriented approach, a more activity/role related sphere, as well as a conceptual/tool approach. These different viewpoints refer to the conceptualization of the way a company does business in order to reduce complexity to an understandable level. In other words, for business models, the quest is to identify the elements and relationships that describe the business a company does. Chesbrough and Rosenbloom (2002, pp. 529-555), for example, see business model as a mediating construct between technology and economic value, and its role in capturing value from innovation. In turn, Osterwalder, Pigneur, and Tucci (2005, pp. 1-25) as well Morris, Schindehutte, and Allen (2005, pp. 726-735) see a business model as a building plan that allows designing and realizing the business structure and systems that constitute the company’s economic, operational, and strategic form.

A review of the business model literature shows that the expression “a company’s business model” essentially focuses on value creation and customers (Afuah & Tucci, 2003; Applegate, 2001, pp. 79-87; Linder & Cantrell, 2000, pp. 1-15; Weill & Vitale, 2001). It is generally understood as the way of value creation for the client and the owners of the business

unit, as a statement of how a firm will make money and sustain its profit stream over time (Stewart & Zhao, 2000, pp. 287-296). A more dynamic way of the business model definition indicates that it describes the rules of business operation and gives an explanation of the competitive advantage sources (Porter & Kramer, 2006, pp. 78-92).

A practical distinction describes business models as a system that shows how the pieces of a business fit together, while strategy also includes competition (Magretta, 2002, p. 86-92). In contrast, others understand the business model as an abstraction of a firm's strategy that may potentially apply to many firms (Seddon & Lewis, 2004, pp. 427-442).

Many authors emphasize that a business model needs to be understood as a much more holistic concept that embraces all such elements as pricing mechanisms, customer relationships, partnering, and revenue sharing (Linder & Cantrell, 2000, pp. 1-15; Dubosson-Torbay *et al.*, 2001, pp. 5-23; Weill & Vitale, 2001; Alt & Zimmerman, 2001, pp. 3-9; Betz, 2002, pp. 21-24; Afuah & Tucci, 2003; Osterwalder & Pigneur, 2010). Business models are a firm's strategic response to their environment and require adaptation to new challenges and expectations (Voelpel *et al.*, 2004, pp. 259-276; Morris *et al.*, 2005, pp. 726-735; Zott & Amit, 2007, pp. 181-199). There is a common agreement that for the companies to be effective they need to develop novel business models.

Today's global social, environmental, political, and technological trends shape the foundations of current business models. Regardless of the accepted definition, it is always most common to include into the business model the Corporate Social Responsibility (CSR) of companies. This novel approach to the business model provides new directions of business activities that are focused not only on the exclusive objective of profit generation and value creation, but also on acting in a "responsible" way. This responsibility embraces new fields: actions towards creation of a more comfortable workplace, taking care of the environment and strengthening relations with shareholders (Rackowski *et al.*, 2016, pp. 123-150; Sułkowski & Fijałkowska, 2013, pp. 60-75). Designing a coherent business model where all the elements are mutually reinforcing or at least optimized individually is not an easy task. Because business models are quite complex, their success is often based on the interaction of a number of apparently minor elements.

Research results and discussion

The subject of the study is a young technology firm MindsEater that has been on the market since 2013. In its ICT solutions the company uses modern tools of communication and focuses on the customization of modern technological-programming services dedicated to individual business customer needs. The involvement of the team, a shared vision of the present and the future of the company constitute the basis for its development and directly translate into global market success. The creativity, capabilities, dynamism, and innovativeness of the entrepreneurs in a country are important aspects of the absorptive capacity, which is such a distinctive characteristic of successful development experiences (Szirmai *et al.*, 2011). According to Foss and Klein (2012, p. 69) an entrepreneur has to be alert, creative, and leader – and not some abstract, hypothetical discoverer – who is the driving force of the market.

External funding of the innovative platform ITProjectPlace (created by MindsEater with support from the European Regional Development Fund under the OPIE 8.1., 2014) has enabled the company to develop its range of online services and support customers in the implementation of projects, which resulted in further development of the company. The company's commitment to the development of export to the UK market has stemmed from its desire for self-development and growing importance in the international arena. The process of spreading activities across other countries can not only provide tangible economic benefits, primarily related to the diversification of the sources of income, but also increase its value and image on the domestic market. An important goal in the development of exports is also to strengthen the company's position on the international market and increase its online market share.

The conceptualization of an innovative business model

The business model describes rationale behind the way in which organizations create value and profit from it. By simplifying and clarifying the described reality the business model allows entrepreneurs to make right decisions and achieve efficient management. Fundamental to the concept of an innovative business model is to establish a common definition of the model and develop a comprehensive, factually adequate concept. This allows verifying assumptions systematically regarding own business model and formulating subsequent tasks and alternatives. The competence of the company to compete internationally depends on a set of endogenous as well as

exogenous factors. The obtained results and the concept of an innovative business model are presented synthetically in Table 1 using Canvas model template¹. The elements of the business model concern essential, interdependent areas of each company's business activity.

Table 1. The Concept of Business Model for innovative ICT Solutions

Building Blocks	Explanation
Customer Segments	B2B Segment: small and medium-sized enterprises on the UK market B2C Segment: programmers, IT professionals, freelancers
Value Proposition	Original and unconventional ICT solutions, high quality services, dedicated offers for the B2B market, individualization and customization, lower cost of services
Channels	Own and direct: Internet sales, distribution network, representative office Affiliate and indirect: a foreign agent, a local distributor, joint venture
Customer Relationships	A prerequisite for success → customer satisfaction Direct support, dedicated guardian, value co-creation, automated service
Revenue Streams	Transaction revenue and periodic revenue Sales of IT services, subscription fee for the use of certain services, commission from intermediation, after-sales services and advertising fees
Key Re-sources	Intellectual assets: knowledge, experience, creativity, competence of management, management style and leadership, organizational culture Material resources: developer server, IT infrastructure
Key Activities	Copyright, advanced technology and software solutions, professional IT consulting, implementation and after-sales support
Key Partners	Specialized companies, micro and small enterprises offering technology and programming, graphic and ICT services Consulting companies in the field of marketing, finance, business law
Cost Structure	Fixed costs: maintaining own intellectual, administrative, technological infrastructure and office resources Variable costs: salaries for business partners for specialist services

Source: own research based on conducted survey.

MindsEater focuses on serving specific customer segments – on the one hand those ordering specific services, and on the other, ICT and software projects performers. Moreover, value proposition, distribution channels and customer relationships shall all be adapted to specific requirements of the representatives of these particular segments.

Modern technology and software solutions offered by MindsEater on UK market must stand out, above all, with quality aspects such as expertise, experience, competence, service customization, customer recommendations and positively evaluated international projects, which had been previously implemented. Value proposition offered by the enterprise can satisfy both the new and previously undiagnosed set of needs (due to a lack of an ap-

¹ The author is a co-founder of the concept of the business model for the analyzed enterprise. Due to the confidentiality of certain information, the paper presents only certain aspects, which exemplify an innovative approach to create a business model on the demanding foreign market.

propriate offer on the market), and expand the existing needs of specific customers through a dedicated, profiled offer. The concept of the individualization of products and services and the co-creation of the offer by customers, and the possibility of assessment at various stages of formation of a particular service are all desired by the discerning business customers on the British market.

Conclusions

By engaging in something as important as creating and implementing innovative business models, a company must take into account the context of micro-business as well as social, economic and political environment in which it operates and the goals and mission of its activity. An effective management of the business model is a necessary factor. It requires constant monitoring of all elements of the model and observing competitive environment.

Young enterprises should keep evaluating the effectiveness of their business models and work on generating new value propositions. They should always look for and address the unmet needs of customers and use them as an axis to build new sustainable business models. It is worth ensuring that there are appropriate mechanisms of obtaining feedback and recognizing the early signals of shifts in market trends. Moreover, it is extremely important to skillfully manage uncertainties and use project-based approach, involving the search for a number of different solutions, and their testing by a group of target customers. The lack of adaptation of even a very profitable model and breakthrough solutions to changes in the competitive environment may cause difficulty in maintaining market position.

Smooth functioning in business ecosystem requires taking flexible actions. It is worth experimenting with different types of relationships with business partners to seek alternative sources of income, looking for new opportunities beyond the current customer base and observing the potential role of new distribution channels. On the basis of additional information about the supported market, it is possible to successfully improve strategy and increase profitability. An innovative approach to the development, implementation and modification of the business model should be a common method of ensuring sustainable development.

Innovative companies need to create appropriate methods for the presentation of their impact on the environment and focus on greater accountability for their activities. It requires changes in the business models

concerning introduction of responsibility for the activities with the environment.

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**B2B digital marketing strategy:
A framework for assessing digital touchpoints and
increasing customer loyalty**

JEL Classification: *M31; L1*

Keywords: *digital marketing, customer loyalty, touchpoints, B2B digital marketing strategy, B2B industrial companies*

Abstract

Research background: Digital marketing has changed the nature of company-to-customer communication. With rising information overload and reduced decision-making time, touchpoints have gained additional importance by yielding customer loyalty. Yet the existing digital marketing tools have failed to keep pace with these trends. Companies are lacking a simple framework that focuses on a digital marketing strategy built around touchpoints and customer loyalty. This is especially relevant for B2B companies, which due to their specifics are more dependent on customers and less flexible in adapting of new digital trends.

Purpose of the article: A B2B business strategy tailored to digital trends demands a re-evaluation of prior understanding of a product portfolio, a company's internal and external environment. The purpose of the article is to present a framework that helps to undertake the necessary changes and enables the connections with industry.

Methodology/methods: The suggested model has been drawn from the literature review and been extended based on the findings of an empirical multiple case study.

Findings: Aspiring to follow trends in digital marketing and to help B2B companies to adapt their strategy to ongoing changes in company-to-customer communication, a new framework has been developed. The framework aims to increase customer loyalty and focuses on channels/touchpoints, assets, skills, audience and customer journey. The model could be beneficial for Chief Marketing Officers (CMO) and other C-levels by offering a simple and reliable tool for improving a

company's position in the digital marketplace. Moreover, it enables continuously adjustment of an already existing business strategy.

Introduction

Digital marketing goes beyond traditional understanding of marketing. Its role has become more strategic and aggregative. A customer has begun to play an active role in brand and company value co-creation. As a result, customer loyalty has become a core element of customer relationship management. Moreover, the growth of omni-presented and multi-channel marketing pushes touchpoints in the center of a digital marketing strategy. As a result, companies have to re-evaluate prior understanding of a product or a service portfolio, a company's external and internal environment.

B2B companies are usually more dependent on customers than B2C companies, and are less flexible in adoption of new trends (Järvinen, Tollinen, Karjaluoto, & Jayawardhena, 2012; Karjaluoto, Mustonen, & Ulkuniemi, 2015). It could be more difficult for them to undertake strategic changes. Digital marketing strategy requires clear understanding of a product, a company's and an industry's specific factors. The current paper aims to address these factors and develop an easy tool to evaluate digital marketing in a B2B company. Digital marketing trend occurs in the light of skepticism of C-levels regarding the necessity of the foregoing changes. The information derived from the analysis will provide an action plan for further development of digital marketing in organization, and present arguments to explain to C-levels the necessity of the foregoing transformations.

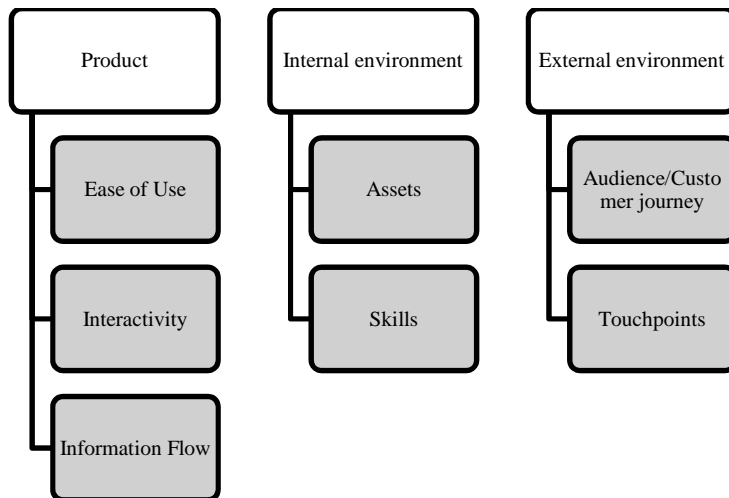
The remainder of the article is organized as follows: first, a theoretical framework based on literature review will be presented. Second, the methodological section will present a case study approach to deepen the theoretical findings. Subsequently, the cross-case findings will be used to adapt the theoretical framework to the specifics of B2B industrial companies. In the final section the research implications, study limitations and suggested avenues for future research will be discussed.

B2B digital marketing framework

Strategic decisions usually refer to three company levels: product, internal and external environment. Digital marketing penetrate in almost every level, becoming more strategic. Therefore, companies need a framework that, on one side, reflects a holistic approach to a business strategy and, on the

other side, helps companies to identify weak strategic areas and the potential for future development. The framework presented in Fig.1 explores seven key areas: Ease of Use, Interactivity, Information Flow, Assets, Skills, Audience/Customer journey and Touchpoints.

Figure 1. B2B digital marketing framework



Source: author

Product

Ease of Use

The construct of Ease of Use is often used in connection with adoption of new technologies (Ngai, Tao, & Moon, 2015). In recent years this construct has been mostly used in relation to mobile marketing (Jung, 2014; Lee & Park, 2008; Sinisalo, Salo, Karjaluoto, & Leppäniemi, 2007).

Interactivity

The construct of Interactivity has been recently used in connection with websites (Harder & Jordan, 2013; McMillan, Hoy, Kim, & McMahan, 2008; Nacar & Burnaz, 2011), social media (Levina & Vilnai-Yavetz, 2015; Michaelidou, Siamagka, & Christodoulides, 2011), mobile touchpoints (Sinisalo et al., 2007).

Information Flow

Digitalization has made the access to data and insights easier. Due to the fact that decisions in B2B are mostly made based on values, the quality of Information Flow is very important.

Internal environment

Assets

Lack of resources could hinder B2B digital marketing. Reliable IT assets (hardware, software, networks) help companies timely to provide analysis of B2B marketing campaigns.

Skills

Digital marketing expands borders of professional knowledge and skills. Nowadays marketers have to be experts in different areas, directly and indirectly connected with marketing (Royle & Laing, 2014).

External environment

Audience/Customer journey

In order to understand customer needs and know what motivates customers to take a purchase decision, companies have to map a customer journey. Customer journey represents a life curve of customer needs from the stage of gathering information about a brand or a product to a post-purchase experience (Vázquez et al., 2014). The goal of any customer journey map is to build relationship to a customer by meeting her or his exact needs in order to increase customer loyalty to a brand or a product.

Touchpoints

Under a touchpoint is usually understood every interaction with a company or a brand (de Haan, Kannan, Verhoef, & Wiesel, 2015; Schüller, 2016). The challenge of digital marketing is to build a digital strategy in a way that any contact point of a customer with a company transforms into a touchpoint. Straker et al. (2015) in their study distinguish 34 different digital touchpoints. Based on budget and time allocation, the most commonly used touchpoints for B2B companies are website, mobile applications, email and social media networks and search engine (e.g. Leeflang, Verhoef, Dahlström, & Freundt, 2014).

Method of the research

To identify the status quo of digital marketing among B2B industrial companies, a case study approach has been selected. Case studies are often used to investigate emerging phenomena in real life context. To better understand the situation on the market, a multiple case study approach has been used. Two case companies operate internationally in one industrial area – Heating, Ventilation and Air Conditioning (HVAC). Both companies have their headquarters in Austria.

The choice of industry was determined by author's personal interest. Moreover, there is lack of empirical research on digital marketing in the HVAC industry. The companies have been chosen from the list of companies representing HVAC industry on the website of Austrian Chamber of Commerce and Industry. The total number of 21 companies has been reduced to 9 mother companies. Then the selection has been reduced to two case companies having similar characteristics (number of employees, revenue, market coverage, etc.). This simplified the process of comparison and increased the reliability of the analysis.

The data have been collected by means of personal interview. To increase reliability of the data, triangulation techniques were employed. The interviews have been provided not just with marketing experts but also with sales personal. Moreover, multiple materials from the companies' websites, social networks and newsletters have been used. Table 1 presents the core data about the companies.

Table 1. Background information of the case companies

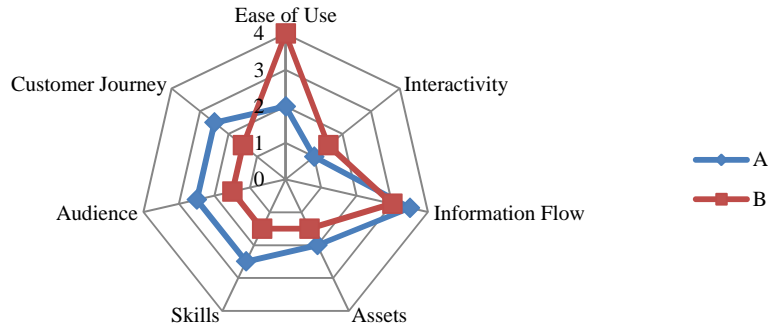
Company	A	B
Ownership	Public limited company	Public limited company
Number of business areas	One main business	One main business
Annual revenue	200+	250+
Number of employees	ca. 1000	ca. 1200
Number of employees in marketing department	2	3
Headquarters	Austria	Austria
Market coverage	Global, representatives in 16 countries	Global, representatives in 12 countries
Interviewee	Sales manager, marketing specialists	Marketing manager, senior business developer

Source: interview, company websites

The interviewees were marketing and sales experts. The interviewees had first to fill a questionnaire. The answers are presented on Fig. 2. The results present average scores for every company. The interviews were focused on obtaining interviewees' opinion about the statements from the question-

naire. The interviews were open-ended and did not consider any rigid structure; the questions were guided by the statements in the questionnaire.

Figure 2. Survey results for companies A and B



Source: own calculations based on the answers to the questionnaire

Data analysis of the case data followed an abductive research process (Dubois & Gadde, 2002). Abductive research ensures continuous interaction between theory and practical data. The intention of the author was to use a mixed method of a confirmatory and an abductive research. The objective of the confirmatory study was to investigate, whether the suggested framework is confirmed by an empirical research.

Data analysis of the case data followed a three step approach, suggested by Miles & Huberman (1994), including data reduction, data display and verification conclusions. Data reduction has been fulfilled based on the constructs used in the theoretical framework of the research. The constructs included the levels and the sublevels of the theoretical framework, for instance, channels, touchpoints, people skills, interactivity, etc. At the second step of the data reduction, by means of descriptive coding the categories have been grouped according to the content. Data from both cases have been compared and organized by contrasts. At the step of display, the suggested theoretical framework has been updated. To verify the data the results were sent to the interviewees. No major comments or changes have been requested from the case companies.

Results

The companies recognize that communication with customers has to be improved. They understand emerge of digital marketing, although see their

companies as “too conservative” to immediately respond to this trend. As one of the main boundaries of the digital marketing in a company they name skepticism of a company manager, low digitalization of services and relatively low activity of customer in digital marketplace.

Product

Ease of Use

Ease of Use is considered mostly in regards to a website and a mobile application. It is expected to expand due to the growth of mobile devices (e.g. smartphones and tablets).

Usefulness

Interactivity has not been mentioned as an important characteristic of digital marketing in the case companies. Contrary, entertaining content is seen as unimportant and distracting. Instead of Interactivity all interviewees name Usefulness as a factor facilitating customer loyalty.

Information Flow

Both case companies draw attention to the quality of the information they provide. However, they have stated that the willingness to provide maximum information could negatively impact Ease of Use and Usefulness.

Internal Environment

Assets

Both case companies poorly assess the quality of the assets been used for the assessment of digital marketing. The case companies have no special hard- and software to measure the effectiveness of marketing campaigns. Moreover, companies mention high connection of digital marketing with product and service digitalization. They argue that a prior step of digital marketing should be digitalization.

Skills

There is no division of traditional and digital marketing in both case companies. The marketing departments are small and have to concentrate all tasks in one hand. Even though the companies are interested in increasing analytical skills, lack of resources, both time and financial, as well as lack of demand from the manager's side to bring this idea to life hinder further actions.

External Environment

Audience/ Customer journey

Company A tries to consider customer journey and identifies several customer groups, namely, first contact, irregular customer or regular customer. Company B distinguishes customers only according to customer groups, namely, construction companies, plumbers, plumber schools, blue printing companies, etc. Both companies state a lack of a systematic approach in communication with customers and distinguish a crucial role of a product/project manager in choosing a marketing (also digital) campaign.

Touchpoints

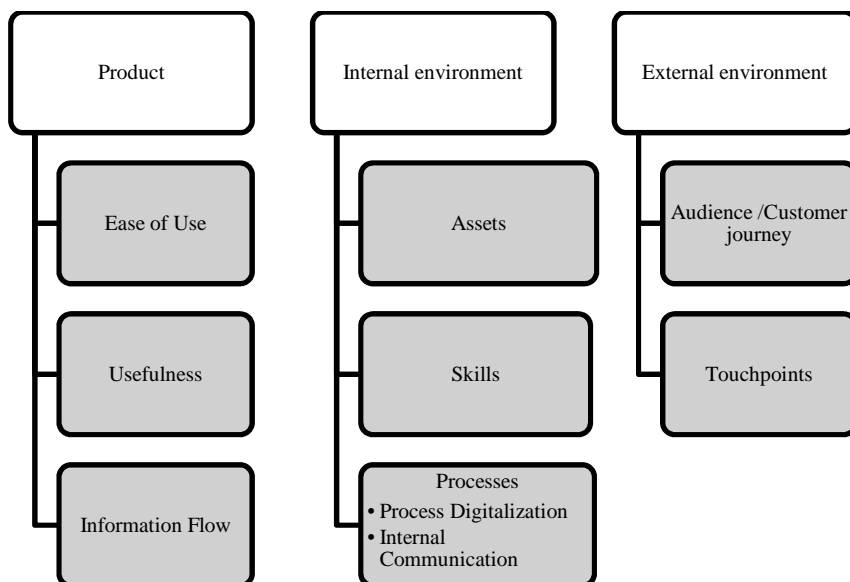
The case companies use several digital channels to interact with customers in Internet. Although companies see a company website as a main communication tool, no or limited (Company B) measuring tools are used. Social media is used only by Company A, and mostly as a broadcasting tool to post updates about the main achievements, social events, exhibitions and vacancies. The E-Mail marketing is actively used by both case companies, but only Company A uses it to get in touch with customers. Company B uses newsletters for internal purposes. Both case companies are familiar with mobile applications. Company A uses three mobile applications. The applications are aimed to inform about the latest news, serve as an installation and user guide and provide contact information. Company B uses four mobile apps with the purpose to simplify the use of the products. These apps provide data sheets and guidelines for certain products, and also help in calculations. Both companies see a potential in mobile applications due to specifics of the HVAC industry and the necessity to work out of the office.

Discussions

The interviews have shown that the theoretically based framework, suggested at the beginning of the article, highlight the core elements of the strategy but does not reflect the actual state of the market. Despite increasing popularity of the idea that interactivity important also in the B2B area, the case companies do not prove that in practice. Both case companies state the importance of such constructs as Ease of Use, Usefulness and Information Flow as facilitator of customer loyalty. Among the internal elements important for digital marketing, the experts name factors, not directly connected with digital marketing, namely, internal communication, manage-

ment optimism and digitalization of the processes. Fig. 3 presents the framework adapted to the specifics of HVAC industry in Austria.

Figure 3. B2B digital marketing framework adapted to the specifics of Austrian HVAC companies



Source: author

Conclusions

The article provides several theoretical contributions. First, the article presents a framework that focuses on B2B digital touchpoints and has an aim to increase customer loyalty. Second, despite the focus on digital marketing the article shows that the development of B2B digital touchpoints depends on the organization's strategy and the level of internal communication. Third, the data derived from the article imply that in general digital channels are dependent on the level of digitalization in a company. Digital channels alone could not increase customer loyalty if no service is performed digitally. As the fourth major theoretical contribution, the article does not support the view that entertaining content is important for increasing customer loyalty in B2B area. Contrary, B2B companies focus on the usefulness of the provided information, whereas entertaining content is seen as distractive. As its fifth theoretical contribution, it provides analysis

of HVAC companies, which are poorly examined in terms of digital marketing.

The interviews show the importance of personal attitude of the C-levels and responsible project or product managers for the development of digital strategy. The provided framework based on theoretical and empirical research presents arguments to explain to the C-levels the necessity of the foregoing transformations. Moreover, CMOs and other managers involved receive a detailed action plan to assess digital marketing in organization and identify ways for improvements.

The results of the study contain some limitations. First, only two case companies have been covered, and in total four interviews have been provided. The results cannot be generalized to other settings. Second, the companies only from a HVAC industry have been interviewed. The results can be different for other industries. As it often happens in a case study research, the interviews provide different levels of information. In this article, certain parts of digital marketing had more importance for one company as for another. This results different levels of analysis.

In light of these limitations, future research in the field is merited. Research could cover more representatives from the HVAC industry, or compare the outcomes from different B2B industries. Other researches could also examine the customer perspective for the role of digital touchpoints in B2B marketing.

Acknowledgement

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**Maria Bernat, Anna Bruska, Anna Jasińska-Biliczak
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**Influence of the cultural background at small and medium
sized-enterprises innovations in regional dimension**

JEL Classification: *O31; O47; R11*

Keywords: *innovations in small and medium enterprises; SME's growth; innovation; cultural background; SME's regional dimension*

Abstract

Research background: SME's play crucial role in economy's development. In EU they make up 99% of all enterprises and are at the forefront of technological innovations (Kotler et al., 1999, pp. 139-140; EC 2013, p. 2; Jasińska-Biliczak, 2016, p. 30). Being the flywheel for economies (Soininen et. al., 2012, p. 614) are called "hidden champions" of 20th century. Over past few years Europe-wide analyses (Griffin, 2004, p. 424) have emphasised the importance of investing in SME's. Taking into consideration that cultural environment is the background to decisions: social, managerial, development (Hofstede et al., 2011, p. 46), so innovations, knowledge, skills and competences as well as culture reinforce each other.

Purpose of the article: Research is the attempt of pointing the cultural background role in the SME's innovations and in the regional economy at the example of Opole Region. Results will contribute to stimulate, develop and adopt the policies at regional level, which aim regional dimension of SME's growth and their cultural base.

Methodology/methods: Methods of desk research were applied with fields research using in-depth interviews to achieve research purpose. Mapping as the interdisciplinary visualization technology permitted to clarify research results.

Findings: The phenomenon of cultural background for innovations in SME's was studied in regional dimension. Research allows to state that in analysed region, strongly settled in multicultural environment, cultural background turns out to be factor influencing innovations in SME's. So regional authorities should take that finding into account when planning regional policy, especially focused on enterprises' development. The use of cultural factor as strong side of the enterprise

should be promoted as well as experiences based at the cultural backgrounds exchanged between SME's in region. So integrated action plans may enhance the best practise spreading in region and contribute innovative growth in SME's sector.

Introduction

Taking into consideration the problem of entrepreneurship it is impossible do not mention the sector of small and medium enterprises, constituting the majority of enterprises in economies of the EU. Supporting SME's sector, promoting entrepreneurship is the key to economic boom. The role of SME's in development of the region constitutes the source of actions concerning supporting that sector of the economy.

23 million of European SME's are representing 98% of the economic activity, are delivering the 67% of places of employment, creating 85% of all newly created places of employment. To help these enterprises with administrative formalities and accommodating for legal requirements, supporting their trans-border activity, facilitate the access to funds and other actions addressed to this sector, some supporting instruments were developed (EC, 2013, p. 2).

Present research is focused on the cultural background role in the SME's innovations at the example of Opole Region.

Method of the research

Authors collected research data in two steps. First, data was collected from qualitative methodology using an in-depth interview. Next, there was used mapping technics completing the survey, also being the interdisciplinary visualization technology. Methods of desk and field research were used to achieve so stated research purpose.

Anonymously representatives of Opole Region enterprises – owners and managers - took part in the questionnaire survey. 383 enterprises were evaluated, in it 366 microenterprises, 12 small enterprises and 3 medium-sized enterprises, what corresponds to the number and the structure of the SME's sector in the Opole Region (PARP, 2015, pp. 37-42).

Cultural background at the Opole region

Culture is the way in which people solves problems and resolves dilemmas (Crozier, 2009, p. 17). It affects all societies functioning aspects including research activity as evidenced by the notion of *homo oeconomicus* of Smith. That notion was challenged by economic schools (Schmoller, 1925, p. 52; Weber, 2007, p. 71, Veblen, 1958, p. 13-27) as simplistic and rooted in culture of individualism, or by Marx as a result of economic processes (Bernat & Bruska, 2014, p. 48). Currently, science of complexity proponents question the former approaches to the study of economic processes according to national group (Wojtyna, 2008, p. 14).

Culture shapes paths of development and the competitive position of domestic economies (Porter, 1991, p. 596). It can be a source of new value and lead to a higher level of needs satisfaction (Hampden-Turner & Trompenaars, 2002, p. 114). Confidence as measurable pragmatic value, the ability to rely on partner word (Fukuyama, 1997, p. 179) and related values such as loyalty and truthfulness are examples of externalities, which are considered to be cultural feature determining success.

Strategic approach to building national wealth treats culture as a lasting component of this process (Kotler, Jatusripita & Maesincee 1999, pp.139-140). But it would be wrong to perceive any culture as an obstacle to the economy modernization (d'Iribarne, 2002, p. 243-256). Cultural explanations of national innovations difference are ambiguous: Shane found that risk-avoiding cultures are less innovative (Hofstede, 2011, p. 218), while D'Iribarne proved that greater avoidance of uncertainty does not necessarily lowered creativity, so cultural determinism in the innovations creation processes doesn't exist (Hofstede, 2011, p. 219). Bell added that people with collective ethos spread information faster (Hampden-Turner & Trompenaars, 2002, p. 41).

Opole Region is characterized by a fully unrecognized cultural mosaic - result of historical processes. It formed the populations' structure with the lowest in the country percentage of Polish inhabitants (80.9%), thus preserving the historically well-known Poland's multi-ethnicity feature, destroyed by the Second World War. The regional background was mainly shaped by Polish and German cultures assigned to type 4 (Polish: moderately relations-oriented, formal, polychronic, expressive) and to type 7 (German: deal-oriented, moderately formal, reserved) (Gesteland, 2000, p. 26).

Table 1. Polish and German cultures dimensions

Culture dimension	The scale of answers	Poland	Germany
Universalism – particularism	32-97	75	87
individualism – communitarianism	40-88	80	62
specific – diffuse	11-89	71	75
neutral – emotional	15-81	70	35
achievement – ascription	50-94	80	74
Time horizon	4,18-6,17	4,81	5,29

Source: Hampden-Turner & Trompenaars, 2002, p. 83.

Cultural dichotomy of the region imposes a differentiated approach toward economy, inducing both: assimilation process and tendency to maintain one's own distinctness (Hofstede, 2011, p. 60).

Regional culture is a blend of the features that can be described with the cultural attributes. The "Silesian stereotype" meaning the fast way to the profession and the achievement of self-reliance by young people (Kania, 2007, p. 49), limits their willingness to pursue higher education. If studies are taken, then - by German influence – with a technical profile, which creates the predisposition to technological innovation. German long-term orientation (Hofstede & Minkov, 2010, p. 493) influence the tendency to save and create financial reserves (Fukuyama, 1997, p. 58). Reduced propensity to create business entities is characteristic for the migrant population earning social benefits in Germany (Jończy, 2006, p. 49). Collectivism characteristic for German culture translate into a high propensity to create family businesses (Bernat, 2012, p. 277–294). Diversity is a valuable capital of the region (Bruska, 2007, pp. 243-244). The role of the cultural factor is complementary to the others, and the nature of the relationship often takes the form of feedback.

Innovations in small and medium-sized enterprises

Horizon 2020 is a part of EU regional policy which supports SME's by providing direct financial and indirect support to increase their innovation capacity (EU, 2015, p. 12). *Europe 2020 Strategy* assumes supporting by dialogue, cooperation and technology transfer among the scientific and business communities - so constructed inventions can become products simultaneously (Jasińska-Biliczak, 2013, p. 141). Innovativeness, risk-taking and proactivity are the basic characteristics of entrepreneurial orientation. Innovation has been defined as any and all processes of research and development aiming to applying solutions to current techniques, new technology within an organization (Griffin, 2004, p. 128). In accordance to

Schumpeter - first implementing the notion "innovations" for economic studies – the innovations can be related to a few coincidences:

- new products's creation or provision of existing product with features being some *novum*,
- new production's implementing methods,
- new market's opening for some type of domestic industry,
- new source's of raw materials or semi-finished products acquiring,
- new organizational structure's introduction in industry (Schumpeter, 1960, p. 104).
- The concept of innovation also comprises:
- the ability to develop products to meet the market needs,
- the ability to use existing technology to develop products,
- the ability to develop new products or update existing products to meet the market needs,
- the ability to acquire new technology to create new opportunities (Alder at al., 1990, pp. 25-37; Probst et al., 2002, pp. 14-15) understood the "innovation" as newness, success, and change (Damanpour, 1996, pp. 693-716; Pettigrew & Whipp, 1991, p. 319).

EU countries fall into four performance groups: innovation leaders (more than 20% above the EU average), innovation followers (less than 20% above or more than 90% of the EU average), moderate innovators (relative performance rates between 50% and 90% of the EU average) and modest innovators (less than 50% of the EU average) (EC, 2015, p. 16).

The investment activity of SME's sector in Poland quote an increase amounted to 13% (2011/2010 yr/yr) reaching PLN 80 billion (approximately € 20 bln) that mean 50 % of all enterprises investment outlays PLN 161 bln (approx. € 41 bln). Outputs' on a company risen in SME's sector in 2011 to PLN 45 400, PLN 4 000 more than in 2010. Investment outlays rose in 2011 (compared to 2010): micro – by 13.8%, medium – by 14.1% and big enterprises - by 13.9%. In SME's sector investment outlays are made by 2/3 of firms, in it 35% are service companies and 31% - industrial. 2/3 of investments realized by the SME's sector in 2011 was financed by own resources. In 2010 Polish enterprises increased outlays on fixed assets by approximately 1000€, whereas, the majority of European enterprises significantly limited outlays compared to 2009 (EC, 2013, p. 2; Kowal et al., 2016, p. 30).

Innovations implemented and their correlation with cultural conditioning in Opole Region

The Opole Region, the smallest region in Poland, stands out nationally due its large economic and investment potential and quick rate of ownership transformations. Industry is characterised by a uniform distribution across the region and by a diversified structure.

Companies with foreign capital account for 26% and SME for 90%. To maximise benefits from foreign investments and trade, local governments of the Opole Region allocate new sites for business and industrial development, modernize technical infrastructure, promote local business, create investment friendly climate for business, provide information, as also legal and business assistance to the potential investors.

Innovative changes in enterprises marks their internal development at using own resources and development of the innovative capacity. These enterprises are increasing their self-awareness of the own development's need, including the innovative one. Analysed sector often displays the tendency of seeking and implementing innovative solutions.

Taking above up into account, an analysis was conducted of particular types of innovations in SME's in Opole Region, which results are pointed in following table.

Table 2. Innovations implemented in the sector of small and medium enterprises of the Opole Region in years 2013-2015

Implemented innovations in %	Enterprise					
	Micro		Small		Medium-sized	
	Service	Industrial	Service	Industrial	Service	Industrial
Product	4,6	7,4	12,9	23,2	8,1	29,7
Process	1,7	5,8	4,2	11,8	6,3	14,8
Marketing	0,4	2,5	11,7	16,9	7,3	14,6
Organizational	0,6	2,1	14,9	12,4	16,3	15,1

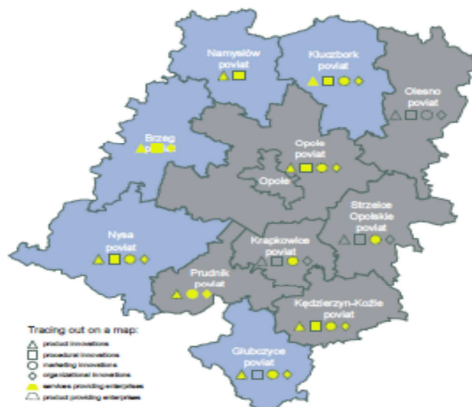
Source: own elaboration.

Data allows to state, that industrial enterprises are characterized by a higher level of innovation than services providers. In the entire sector dominate implementations of product and organizational innovations. Implementations of process and marketing innovations in medium enterprises reached the similar level, but in small enterprises (including micro) marketing innovations outweigh the process.

In poviats with a dominant share of residents of a German minority, innovative activity is carried out mainly in manufacturing companies. The full spectrum of all innovations was introduced in 8 out of region's 12 dis-

tricts. Following map depicts territorial schedule of implemented types of the innovation.

Map 1. Spatial view of SMEs innovations in Opole Region (in 2013-2015) versus German minority presence



Source: Own elaboration.

The innovative orientation in the manufacturing of SME's sector reflects the pragmatic and cautious attitude towards risk and uncertainty typical of German culture. In poviats with domination of Polish population, innovations are introduced in both production and service enterprises, sometimes only in the latter (Brzeg poviat).

Conclusions

There was studied the phenomenon of innovations in SME's with their cultural background in regional dimension. Research allows to state that in analysed region, which has strong settling in multicultural environment, it is possible to point cultural background as the factor having influence at innovations in SME's as well as to point the need to take that finding into account by regional authorities during regional policy planning, especially connected to enterprises' development. Innovative activity of enterprises, the influence of culture in Opole Region is manifested in the activity profile of entities. Counties dominated by residents who identify with German culture undertake innovative activity in manufacturing companies. The other territorial units of region exhibit innovation in production and service sectors. The structure of surveyed entities reflects the proportion of SME's

in region, this type of research should be systematically conducted to determine the direction of changes in innovation activity.

The use of cultural factor as strong side of the enterprise and cultural backgrounds exchanged between SME's in region should be promoted. Integrated action plans may enhance best practise spreading in region and contribute innovative growth in SME's sector. As the future directions of this research it would be interesting to deepen current results by verifying the presence of "close neighbourhood effects" likewise to study the confidence degree and its role in innovation processes at the individual firm level.

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The use of IT tools for knowledge management in companies

JEL Classification: *D83; L63; O31; Q19*

Keywords: *knowledge management, information technology, IT, computer, internet users*

Abstract

Research background: Knowledge management is currently one of the most important factors determining the company's market position. It depends not only on the skilful use of resources, but also on obtaining a synergistic effect. To manage knowledge, managers must possess not only the appropriate resources of knowledge, but also must have determined management structure with the assistance of the IT tools.

Purpose of the article: The purpose of the article was to present how the modern enterprise knowledge management process is supported by information technology. For this purpose, was summarized selected indicators characterizing the use of ICT in various types of enterprises in the country. It assumed that it is important not only the equipment the companies with information technology tools, but also the degree of use of these tools.

Methodology/methods: In this paper was used data published by the Central Statistical Office (GUS), Eurostat, the World Data Bank and Gartner Group. The analyzed indicators of ICT usage are presented in Polish enterprises divided according to the type of activity and size (small, medium, large). National indicators were related to the values occurring in the EU.

Findings: Usage of ICT in Poland reaches ratios much lower than the average for the European Union. Large differences in the use of information technology occurs in individual groups of companies. Larger companies have reached a much higher degree of saturation of IT tools than smaller objects. For example, the number of Polish enterprises with computers was 94.7%, in the case of large companies it is 99.8%. Even greater discrepancy relates to access to the Internet. You may also

notice differences in each province. Introduction of modern technologies related to computer science and computers (eg. cloud computing, big data, social media, e-commerce etc) enables effective knowledge management in companies. The indicators show that the management team appreciates the importance of knowledge and consistently invests for its development.

Introduction

One of the most important tasks that enterprises face nowadays is the streamlining of business processes. This enables their effective development as well as implementation of innovations enabling introduction of new significant solutions, work methods and new services. This is only possible in enterprises of a high technological and organisational culture. Such opportunities are created by the knowledge-based economy that is dominated by products and services whose value emphatically depends on knowledge and not material resources.

In the modern economy, a process can be observed that involves gradual transition from the material-intensive businesses based on economies of scale to economies based on knowledge and modern technologies (Siesfeld, 1998 pp.191-202; Loshin, 2001, pp. 1-24). The way of competing for resources is changing. The so far most important material resources are being replaced with non-material resources and above all with knowledge and technology (Venkataraman, 2004, pp. 153-167). The basic factors that characterise the knowledge-based economy are: high-tech industry, information society services, services saturated with knowledge and education.

Knowledge management is currently one of the most essential factors that determine the position of an enterprise in the market. It does not only involve skilful use of the available resources but also obtaining the synergy effect. In order to manage knowledge, the managerial staff must have at their disposal not only appropriate resources of knowledge but also a definite structure of management aided by IT tools (Del Giudice et al., 2016, pp. 484-498).

The knowledge management system is responsible for providing the user with information that, after being processed, enables them to make efficient decisions (Cairó & Tejeda-Hernández, 2010 p. 87). The role of the tools that process data and provide information necessary for this purpose is played by IT systems. Their function is to aid knowledge management in an organisation while the knowledge itself remains in the competence of people.

The objective of the paper was to present how the process of knowledge management in modern enterprises is aided by information technologies. The publication was financed with a grant from the Ministry for Higher Education for statutory activities.

Research methodology

In order to visualise the aiding of the process of knowledge management by information technologies, selected indicators characterising the utilisation of ICT in various types of enterprises across the country were compiled. It was assumed that it is not just the availability of IT tools at the facilities concerned that matters but also the extent to which these tools are utilised.

The paper makes use of data published by GUS (the Polish Central Statistical Office), Eurostat, World Data Bank, Gartner Group and Computerworld. The ICT utilisation rates being analysed were compiled for Polish enterprises divided acc. to the kind of activity and their size (small, medium, large). The domestic rates were compared with the values prevalent in the EU.

Knowledge management tools

The tools supporting knowledge management fall into two groups, non-IT and IT ones. The non-IT resources include: Cross-functional project teams, KM training & education, Storytelling, and Mentoring (Vaccaro et al., 2010, pp. 1076-1089). And the majority of the IT tools supporting knowledge management belong to one of the following categories (Bali & Lehaney, 2009):

- Groupware systems & KM 2.0
- The intranet and extranet
- Data warehousing, data mining, & OLAP
- Decision Support Systems
- Content management systems
- Document management systems
- Artificial intelligence tools
- Simulation tools
- Semantic networks

Generally, it can be stated that they belong to the three basic groups: online tools, IT systems (computer applications), data resources together with relevant software managing access to them.

The universal access to the internet has meant that more and more users take advantage of the global network. The use of the internet is becoming increasingly intensive, which manifests itself in the fact that internet users spend a lot of time online and use diverse online applications. The notion of Web 2.0 refers to the more and more popular tools that enable two-way online communication. These tools, referred to as social, are blogs, wikis, internet fora, commenting, shared work areas, social portals and different sorts of instant messengers (Bebensee et al., 2010, pp. 22 -41; Gurteen, 2012, pp. 5-13). The enormous popularity of the social networking sites (mainly Facebook) means that apart from the members of the community, these resources are also used by companies and institutions. These are not only tools for communicating with the customer but also a huge database that can be utilised e.g. for marketing purposes and other (Jimenez & Barradas, 2010, pp. 273-301). The nomenclature originating from the 'Web 2.0' is transferred onto other notions related to the use of the online social resources. An example can be knowledge management – KM 2.0. As argued by Cronk (2011, pp. 74-87), the Web 2.0 tools 'facilitate the development of the social capital by sharing knowledge, which in turn increases the potential for creating the intellectual capital.' He defines social capital as the total resources existing in the social networks.

Integrated management-supporting IT systems include a whole range of software intended for companies and organisations. This software includes complex auxiliary systems that are in many cases even indispensable for the functioning of modern enterprises.

The data used in the tools supporting knowledge management are gathered in databases and data warehouses. Additionally, modern business software enables acquisition of information from outside, from the internet network, including social media. Data gathered in databases and warehouses have a definite structure, which facilitates the storage, retrieval and processing thereof. The huge quantity of data gathered in the present-day systems causes some difficulties but at the same time, it provides very extensive analytical options. Modern decision support systems can rapidly calculate indicators that managers need in order to manage the enterprise. Such a function is fulfilled by Business Intelligence systems (with included OLAP cubes) (Techapichetvanich & Datta, 2005, pp. 293-304).

It is obvious that Industry 4.0 would not be possible without the use of IT tools supporting knowledge management. Industry 4.0 is made up of: IoT – Internet of Things and CPS (cyber-physical systems), support for a

great number of data and advanced analyses (e.g. Big Data) as well as an appropriate communication infrastructure. This combination of technology, industry and digitalisation has created a new quality referred to as the fourth industrial revolution (Bahrin, et al., 2016, pp. 137-143).

ICT in enterprises

Table 1 presents the use of ICT (information and communication technologies) in enterprises in Poland; the data concern the year 2016. The table specifies selected kinds of activity; additionally, the companies have been divided into small (10 to 59 people), medium-sized (50 to 249 people) and large (250 people and more).

Table 1. Use of ICT in enterprises in Poland in 2016 (in percentages)

Specification	Enterprises				Employees		
	using computers	with internet access	providing employees with mobile devices	providing employees with remote access to the company's resources	using computers for business purposes	using computers with internet access for business purposes	equipped with mobile devices
Manufacturing	95.1	94.1	63.1	76.0	33.5	28.3	12.7
Construction	91.5	90.2	66.6	75.9	30.9	29.7	17.2
Trade; repair	95.1	93.9	64.0	77.2	54.6	45.3	20.8
Transportation and storage	94.9	94.3	67.3	80.1	44.1	41.7	15.4
Information and communication	99.3	99.0	89.1	94.5	96.0	94.8	63.1
Financial and insurance activities	99.8	99.8	68.1	84.4	94.1	88.7	43.4
Total	94.7	93.8	65.3	77.7	46.0	41.1	19.6
Small	93.7	92.5	61.0	74.3	39.2	36.3	17.8
Medium	99.0	98.8	80.8	90.7	40.3	37.4	17.1
Large	99.8	99.7	96.8	98.9	53.0	45.8	22.0

Source: own calculations based on GUS (2016).

In total, 94.7% enterprises use computers and 93.8% have internet access. The best situation is in the large companies where 99.8% of the objects of study are computerised and 99.7 have internet access. Even though in our days it is hard to imagine an enterprise that does not use IT tools, among the small companies as many as 6.3% do not have a computer and 7.5% have no internet access. The most advanced companies (among those analysed) pursue activities in the scope of finances and insurances.

The changes in technologies and the development of software have meant that mobile devices are more and more frequently used with business

software and for remote access to the company's IT resources. The data presented show that also in this respect, it is above all the large companies that implement the innovative technologies. The use of IT technologies by employees shows that even though over 90% of companies have an IT infrastructure, a significant percentage of employees do not use it.

IT resources in enterprises mainly comprise integrated management systems. Table 2 summarises the shares of companies using ERP and CRM systems in 2014 and 2015. The summary takes account for the division acc. to the size of the enterprise as well as for selected scopes of activity. Even though computer-aided management is very important in present times, merely every fifth enterprise has an ERP system at its disposal. The best situation is in large enterprises where these systems occur in 83.2%, it is significantly worse in the small ones where only 14.2% have this system. It turns out that the CRM systems are much more popular among the small companies while in the large companies they are less popular than the ERP software.

Table 2. ERP and CRM systems in enterprises in Poland in 2014 and 2015 (in percentages)

Specification	Enterprises using system			
	ERP		CRM	
	2014	2015	2014	2015
Manufacturing	25,2	24,7	20,6	24,2
Construction	10,8	10,0	9,6	10,0
Trade; repair	24,1	22,6	26,4	28,2
Transportation and storage	18,0	13,6	18,7	19,1
Information and communication	45,5	40,9	57,2	58,1
Financial and insurance activities	28,0	28,7	55,0	55,9
Total	22,0	20,9	21,8	24,4
Small	15,3	14,2	17,6	19,9
Medium	48,9	46,5	37,7	42,2
Large	82,2	83,2	62,7	65,2

Source: own calculations based on GUS (2015)

The struggle to gain customers turns out to be more of a priority for entrepreneurs operating on a smaller scale. Among the kinds of activity, best equipped with software for company management (both ERP and CRM) is the IT and communication industry. It can be stated that while large companies are already to a large extent computerised, implementation of business software is taking place with great intensity in the SME sector (small and medium-sized enterprises). Even though the global and domestic markets are dominated by large suppliers, like SAP, Microsoft or Oracle (acc. to Gartner Group; Computerworld Top200 report), the current situation

also provides opportunities for smaller software producers, including domestic companies.

The dynamic development of IT and communication technologies generates the need for improving ICT competencies among people employed in enterprises. In 2015, only 5.4% of companies provided trainings for ICT specialists and 9.9% had trainings for other employees. The problem of the lack of trainings occurs in the small companies; in the large companies, such trainings were organised in 46.0% and 50.7% of them respectively.

Knowledge management in an enterprise does not only include acquisition of information but also making it available. In 2016, 91.8% of large companies had a website of their own; the average for enterprises was 67%. Irrespective of the size of the enterprise and the kind of activity, the basic function of a website is to present products, catalogues or pricelists, or the serviced offered by the enterprise.

More and more commonly, enterprises take advantage of social media in business as a new communication channel in order to promote their products and brands and to acquire information on prospective customers. Social marketing allows creating a group of loyal customers and quickly acquiring new ones. In the study year, 23.4% of enterprises used social networking sites, wherein 49.8% of large companies.

One of the modern IT technologies of our time is cloud computing. The cloud computing services were used by 8.2% of Polish enterprises. They gained the greatest popularity among companies employing at least 250 people (31.1%) and those operating in the information and communication sector (33.7%). In turn, the percentage of enterprises conducting so-called big data analyses was 5.9%, wherein 17.6% of large companies. Due to the specificity of the activity, the highest share was noted in IT and communication section (17.2%).

The importance that enterprise managers attach to IT tools is evidenced by the fact that over one third of enterprises incur expenditure on purchase of ICT equipment (IT and/or telecommunication). Among these entities, it is the large companies that dominate as they made purchases of ICT equipment more frequently than the small enterprises. More common were investments on purchases of computers and IT accessories than on telecommunication equipment.

It can be stated that the so far rapid development of modern IT tools will be continued. Gartner Group has shown the most prospective trends for near future. These technologies are tools the vast majority of which are already and will be used in the further for knowledge management. This utilisation will first take place in enterprises.

Conclusions

Within the utilisation of the ICT technology, Poland achieves indicators that are significantly lower than the average for the European Union. The considerable diversity in the rate of utilisation of IT technologies occurs in the individual groups of enterprises. The larger companies achieved a significantly higher rate of saturation with IT tools than the smaller facilities. By way of example, while the percentage of Polish enterprises having computers is 94.7%, in the case of large companies it is 99.8%. An even greater discrepancy concerns internet access. Also, a diversity between the individual provinces can be noticed. Implementation of modern IT and computer technologies (like e.g. computing clouds, big data, social media, e-commerce) allow effective knowledge management in enterprises. The indicators presented herein show that the managerial staff appreciate the importance of knowledge and invest in its development.

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The integrated relationship management framework

JEL Classification: *L250; D230*

Keywords: *relationship management; relationship assets; resource based view (RBV)*

Abstract

Research background: Relationship marketing has been capturing the interest of scholars and practitioners since this term was first brought to light by L. L. Berry and T. Levitt in 1983. Numerous publications and billion – dollar software industry validate its vitality, but plethora of relationship oriented practices and isolated models spread it to thin. Therefore there is a need to synthesize the existing body of knowledge.

Purpose of the article: This article presents discussion on maturity of relationship management merging it with the other complementary concepts: resource based view (RBV), human resources management (HRM), knowledge management (KM), customer relationship management (CRM), corporate social responsibility (CSR). Its main aim is to discuss the integrated relationship management framework – a step towards a relationship management grand theory.

Methodology/methods: The main research method applied in this paper is an extensive literature review focused on identification and comparison of existing fragmented relationship interrelated concepts. The focal point of this work is the synthesis of various isolated (customer) relationship models, their integration and confrontation with complementary relationship oriented concepts.

Findings: The main contribution of this paper is the adumbration of relationship management integrated framework, which links the maturity of corporate relationship management with proficiency in three interrelated dimensions: strategy / business model, the information technology and organizational change management.

Introduction

Since more than two decades, the term “relationships” occupies prominent position in management sciences. The relationship concept as an important alternative to transactional style of doing business was defined and reinvented for the whole bunch of areas and fields of research, including industrial marketing, services marketing, strategic management, customer relationship management (CRM) – to name only a few. This diversity indicates that the relationship management (RM) has a good potential for a fruitful scientific discourse, yet simultaneously it still lacks a more complex and generalized theory (Gummesson, 2017a).

Although the logic and reasoning of relationship approach seems to be correct, it is blurred in diverging business practices and theoretical perspectives. Hence the article synthesizes the mainstream of contemporary body of research on RM and attempts to establish links between the RM and other complementary concepts which base on the premise of relationship assets like resource based view (RBV) in strategic management, human resources management (HRM), knowledge management (KM), CRM and corporate social responsibility (CSR). As a result the new broader scope of RM is outlined.

Method of the research

This article offers a discourse based on contemporary theoretical developments, literature and personal reflection based on author’s ongoing research and contact with business people (compare e.g. (Deszczyński, 2016b, 2013)).

The body of scientific work on RM is huge. Google Scholar found approx. 66.000 publications directly referring to RM in the last ten years. Therefore it is impossible and does not make sense to review all of them. Instead, this article presents a comparative analysis of models or mature concepts of internationally recognized authors who have won their names thanks to many years of research on relationship management or relationship marketing. In this article both terms are treated as marketing-oriented management, as the relationship between marketing and other disciplines of management is only a matter of perspective (Gummesson, 1999, p. 75). The term relationship marketing is therefore applied predominately to reflect original work of a given author, while relationship management works as a basic term.

Definition of relationship management and relationship assets

In the subject literature the RM is perceived as a bundle of strategies and methods devoted to strengthening the loyalty (e.g. of a customer or partner) and reducing operating costs of sales, promotion and acquisition (Reichheld & Markey, 2012), organizational philosophy oriented on value creation (Piercy, 2003), managerial process aimed at meeting shareholders' goals by reinforcing relations with selected customers and partners (Doyle, 2003). These characteristics enable to clearly distinguish it from functional and operational marketing strategies and to interpret it in the light of strategic management (Tvede & Ohnemus, 2001). Thus customer or partner relationship management is situated as part of incremental strategic management (Deszczyński, 2016a) and should be interlinked with global strategy.

The core characteristics of relationship business model are: long-term perspective, reciprocity of internal and external relations, partner dialogue and orientation on value creation process (Injazz & Popovich, 2003; Galbreath & Rogers, 1999). For companies pursuing this concept, the source of competitive advantage are relationships with the customers, which in turn are fueled by the knowledge of customer needs gained by committed employees and partners (Smith, 2006) and proper use of information and communication technologies (ICT) (Stachowicz-Stanusch & Stanusch, 2007). Hence relationships can be viewed as strategic assets falling within J.B. Barney's VRIN model (Valuable, Rare, Inimitable, Non-substitutable (1991) and RM as a distinguishing interpretation of RBV.

The nature of relationship assets implies that they are created in the process of communication and that their existence can be identified by the creation of knowledge with an economic utility value. Moreover the relationship assets emerge as an accumulated sum of experiences, trust, commitment and mutual learning processes developed during longer period of time (Doney & Cannon, 1997). Thus relationship assets can be defined as intangible resources, an effect of a process of continuous interactions creating useful knowledge and leading to development of positive associations with the organization, its brands and representatives, what in turn brings benefits for particular individuals and reinforcement of competitive position of the company itself (Deszczyński, 2014).

Relationship management models

One of the most prominent authors on RM are A. Payne and P. Frow. In their CRM strategy framework they identify key processes which are re-

sponsible for development of customer relationship business model, its organizational implementation and technical support (Payne & Frow, 2013, p.205). They link the overall success of organization with the incorporation of core characteristics and objectives of relationship marketing to the global strategy development process. This involves inspiring the mission and vision statements with the relationship spirit, but also definition of key groups of customers, including the distribution channel partners.

The value creation process should define how to maximize the lifetime value of desirable customer segments reflected both in benefits for the customers and the company. The best way to achieve this goal the authors propose is the shift from making, selling and servicing to listening, customizing and co-creating. The co-creation experience is facilitated by integration of multi-channel communications exposing opportunities for customer – brand/company encounter on cognitive, emotional and behavioral levels. This requires seamless cross-functional integration assisted by ICT, which should deliver exceptional satisfaction, because only superior customer experience can guarantee the loyalty effect occurs (Jones & Sasser, 1995).

The information management process should enable to build-in a “corner-shop principle” into a practice of every organization, by implementing 360° customer view concept and creating working memory of a customer. This process starts and ends in two-way dialogue between the customer and the company represented by diverse actors assisted by front- and back-office applications linked to one central data repository.

Finally the performance assessment process delivers KPIs showing the rate of progress in customer RM. Unlike the traditional approach to business metrics, the financial performance is understood as the end-effect, but not an ultimate goal of a company. Just like in the J.L. Heskett's, W.E. Sasser's and L.A. Schlesinger's Service-Profit Chain (1997), the right sequence starts in open and inspiring behavior of the leaders and the management of the organization, followed by an active engagement of the employees and finally the satisfaction of the customers. Therefore business performance has to be reflected in customer, employee, shareholder value, as well in cost reduction (Peck, Christopher, Clark & Payne, 2013; Payne & Frow, 2013).

For E. Gummesson marketing is about managing relationships, networks and integration. In this context the role of a company is to offer an attractive value proposition. In co-creation with the customers and a network of contributors the proposition is actualized into service (Gummesson, 2008). Like other representatives of the Nordic School, he sees the market encounter in network lenses, therefore instead on concentrating on dyadic relationships centered on two parties only, he advocates

the “many-to-many marketing” or “total relationship marketing” (Gummesson, 2017a).

In his book he identifies 30 forms of relationships: mega (e.g. personal and social networks), special (e.g. e-relationship) and nano (e.g. relationships between operations management and marketing) (Gummesson, 2017b). Referring to the services marketing principle E. Gummesson states that marketing is performed by everyone, not just by the personnel of marketing department. Moreover, the traditional idea of a company limits the perception of relationships, which occur in a reality of complex “imaginary” organizations, beyond the control of a single entity.

This does not mean the relationships are an abstract phenomenon to much of contemporary companies, which are governed in a conservative way. However the economies of relationships can turn into scalable profit only for those companies, which try to convert the intellectual capital (especially knowledge and relationships) into financial capital by adopting a good mix of short- and long-term goals and support these choices with investment in people, processes and technology. This sequence is not unintended, as human beings are seen as primarily enabler of an organization (Gummesson, 2014, 1999).

Another big name in RM representing the Nordic School is Ch. Grönroos. In his research he focuses on the role of the customer in value creating process and envisages the proper respond of the company to take advantage of value co-creation. Grönroos calls a traditional approach a closed system. If the provider has no or very limited contact with the end-user, he cannot influence the individual value creation process and his role comes down to mere value facilitator. In an open system, where the use of service activities and of goods embedded in a service system gives a space for active collaboration with the customer, the company advances to a position of value co-creator (Grönroos, 2011; Grönroos & Strandvik, 2008).

The value co-creation challenges the company in terms of adaptability, flexibility and requires intensified interactions. Grönroos’s vision of such a system is embodied in his CSS model (conceptualizing – systematizing – servicing), which describes the way how to use service inherent advantages for the valuable offer creation. Conceptualizing is the process of development of value proposition, which involves designing the platform for interactions with the customers before and after the transaction is concluded. Systematizing is determining what resources and processes are needed to support customer’s activities in a mutually value-generating way and making them available to the customer. Servicing is the actual interaction with the customer which creates real value-in-use (Grönroos, 2007).

The integrated relationship management framework

The analysis of presented models reveals a common basis for proficiency in RM, which is to know the customers really well, to share this information throughout the organization and to use it to increase the value that benefits both the company and its customers. This goal can be achieved through multi-channel interactions, customer segmentation upon diverse criteria including behavioral customer buying patterns and customization what requires unbundling of value proposition building elements with special focus on service part of the offer.

A common characteristic of all evoked models in the appliance of S-D logic to customer value creation and communication, a multi-stakeholder approach and relatively high attention to strategic framework of the company. This includes global strategy and relationship strategy alignment, corporate culture and employee management. Hence it seems an integrated relationship management framework should address both strategic and change management dimension of the company with ICT as a technological enabler of communication and knowledge processes. The strategic dimension can be associated with an overall idea how to serve the customers, where does the value they expect migrate and how to align own resources to develop and update capabilities to keep pace with these trends. The change management is about assuring that the organization (with people and processes on top) is ready to deploy this general idea in a day-to-day work. Nonetheless the presented models touch rather superficially the internal, non-direct customer issues without establishing significant links to RBV, HRM, KM and CSR.

Meanwhile in mature relationship-driven company HRM activities should be redefined. The most important goal is the identification of key groups of employees characterized by one or more of distinguishing marks like: possession of VRIN skills, high potential for development of sought-after skills or an extraordinary commitment. In this context the goal of a company is to adapt the same processes as in customer portfolio management to workforce management.

The link between the internal and external RM is knowledge created in the process of communication. Knowledge creation is not a traditional input-output sequenced process but forms a spiral moving, which goes through interrelated organizational units accompanying other processes with more specified problem-solving objectives (Nonaka & Peltokorpi, 2006). The main task here is to transfer knowledge into corporate assets. It can be done by creation of positive environment and procedures for ex-/internalization of tacit knowledge and codification of explicit knowledge.

Relationship oriented companies will introduce some specific measures enabling fast bottom-up communication but also appraisal system based on integrity and engagement. In such circumstances so called high-performance work systems can emerge (Amann & Stachowicz-Stanusch, 2013). The core idea behind these systems is the extraordinary employee commitment which in turn derives its strength from the employee needs fulfillment all across the Maslow pyramid. Correspondingly one of the factors that distinguishes companies advanced in RM is the application of CSR. There exist a tangible relation between such improved strategy, customer loyalty, employee motivation and investor attraction (O’Riordan et al., 2015).

Conclusions

The RM seems to be penetrating virtually every aspect of corporate life, just as the relationships are the essence of life in general. Therefore a broader integrated relationship management framework should interpret the RBV in search for competitive advantage based on relationship assets focusing not only on customers, but also on other stakeholders, especially the employees. It should also integrate HRM, KM and CSR as vital parts of employee-related management. Finally it should distinguish three dimensions of relationship approach: the strategy, which defines the overall business model, the ICT as technological strategy enabler and the change management as organizational strategy enabler.

Although the outlined framework only highlights a possible direction in “zooming-out” of RM, it can serve as a possible bridgehead in developing a grand theory explaining the significance and diversity of corporate relationships. It can also be expanded into an applicable mid-range theory connecting business practice with normative guidelines in form of maturity models defining the levels of proficiency in RM.

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**The relation between management fees and the mutual funds`
performance in Poland in 2015**

JEL Classification: *D53; G11; G23; C58*

Keywords: *mutual funds; fees; rates of return; risk; regression*

Abstract

Research background: The investor`s expectation of better performance in case of more expensive mutual funds seems natural and fully justified. However the arise of passive funds and their surprisingly good results, especially when compared to their low fees, triggered the discussion. Recent years brought more and more studies, conducted mostly for the American market, discrediting high-charging, aggressive funds. First analyses in Poland also indicate, that the level of fees is not always linked with the fund performance.

Purpose of the article: The purpose of the study is to investigate the relation between the fees imposed by the mutual funds and the funds` performance. The idea is to verify, whether higher management fees are associated with top performance and whether it is rational to pay more for capital management.

Methodology/methods: In the first step of the study, linearity and direction of the dependency has been explored using scatterplots and correlation analysis. In the second part the regression has been analyzed to verify the strength of the relation. One-factor models have been built with rate of return and standard deviation as an independent variables for 1-, 3- and 5-year time horizons. Moreover two-factor models, with both rate of return and risk included has been created, to compare the significance of rate of return and risk factor.

Findings: The results indicated, that more expensive Polish mutual funds in 2015 tended to perform worse in all tested time horizons – both in terms of lower rates of return and higher risk. Especially unexpected are the results of rates of return regression analysis – it turns out, that within a sample 1% higher fee implied over 0.6% lower rate of return before fees (in yearly period). Nonetheless risk turned out to be more important, explaining the charges variability much better than the

rate of return. Another interesting finding of the study is that merely two simple factors (return and risk) explain even as much as 60% of the management fee variability.

Introduction

Behind all the contemporary mutual funds lies the old idea of common investing, enabling virtually everyone to share the risk and the costs of professional advice. It opened the possibility to take part in global financial markets and benefit from them to the ordinary people, not only highly professional and knowledgeable, often international, institutional entities.

Mutual fund may be perceived as a financial product, with its price and the value it brings to the customer. A customer may expect, that for higher price he or she would buy better product. In case of mutual fund one may assume, that “better” is more convenient and probably bringing higher rate of return for lower risk.

The goal of the following research is not only to review the state of the art in the area of fees and the funds` results, but also to examine the relation on the Polish market. The main purpose of the article is to answer the question, whether (basing on the information available) it makes sense to the investor to pay more for the investment fund management.

At first, the general characteristics of the relations will be tested (the linearity and correlations). The null hypothesis is that as the management fee goes up, so does the rate of return, at least before fees. One can expect, that portfolio managed by better paid fund would outperform in terms of returns. Yet in case of risk the direction of the dependency on the theoretical level is not clear. On the one side, higher price would suggest better product, therefore higher charge for decreasing risk - the unwanted good (maintaining returns). However the observation of the management fees structure shows, that the things go the other way around – more aggressive funds are more costly in maintenance, and although exposed to higher risk, they also offer chances for higher returns (at least in theory). That is why initially we would rather endorse the hypothesis, that higher risk would imply higher charges, which we will try to verify in the study.

Past research on mutual funds` fees and performance

In the past many researchers tried to investigate the topic of fees imposed by mutual funds on the investors, especially their impact on the rates of

return, fund flows, risk and the incentives they rise for the fund managers. Due to strong switch towards cheap index funds on western markets, broad studies has been conducted to test whether the high charges levied by active funds with aggressive strategies are justified.

Already in 1995 it was proved, that stock mutual funds on average did not beat the benchmarks neither before, nor after fees. The conclusion was, that previous research, suggesting attractiveness of active management, was unreliable due to survivorship bias¹ (Malkiel, 1995). A year later another study was published, where M. J. Gruber posed a question, why active funds grow so fast, although their results had been worse than the index funds (Gruber, 1996). The author identified two types of investors – the “sophisticated” ones, pursuing the funds exhibiting best performance, and the “disadvantaged” ones, who follow advertisement and broker advice². Only thanks to “disadvantaged investors” the inferior active funds can operate.

Another interesting research on mutual funds shows, that the average stock holding portfolio in the sample outperformed the benchmark by 1.3%, however taking the fees into account, it lagged behind by 1.0% (Wermers, 2000). The 2.3% of the difference was credited partly to lower results of non-stock holdings of the funds (0.7%), whereas the rest was assigned to transaction costs and fund expenses. Wermers published his further analysis three years later, proving that more active funds tend to achieve better outcomes than the risk averse ones, however even demonstrating aggressive investment strategy they are unable to beat their benchmarks in a long run (Wermers, 2003).

In 2009 Nobel Prize winners, Fama and French, using a bootstrapping simulations, provided an evidence that very few fund managers had the ability and skill to beat the benchmark (after fees). Moreover estimated alphas for the best active funds are no better than for large, efficient passively managed ones (Fama, French, 2009). Deep and sophisticated analysis were provided Petajisto in many of his research papers. Among others he unveiled that some funds declaring to be active are in fact so-called “closet indexers”, which means that their portfolios almost exactly reflect the benchmark composition. Those funds bring especially little value for

¹ Survivorship bias is a tendency to exclude failed companies from the studies, as they no longer exist.

² “Disadvantaged” clientele included also „institutionally disadvantaged”, mainly pension funds limited by restricted plan, and “tax disadvantaged”, holding funds long enough, that capital gain taxes would make it inefficient to withdraw the money.

the investors, while charging fees as high as genuinely actively managed funds (Petajisto, Cremers, 2009; Petajisto, 2013).

Finally in a broad review of existing academic work on profitability of active management on mature markets Wermers and Jones conclude, that risk-adjusted actively managed funds' rates of return after fees are close to zero, however they have a very important role in the capitalist economies. They act as a catalyst for efficient market allocation mechanism multiplying general wealth of the society. Active funds sometimes achieve extraordinary rates of return. This enhances the investors to seek for the best performing ones and avoid those making losses (Jones, Wermers, 2011).

First research on the topic of mutual fund fees and performance in Poland was conducted last year by the author of this paper (Fras, 2017). The data from Poland and the UK from 2015 has indicated none or slightly negative correlation between the fees and the rates of return before fees. When it comes to the rates of return after fees the correlations were significantly negative. This outcomes, contrary to hypothesis, enhanced further study on the topic.

Concluding, many researchers in recent years have contested the idea, that more expensive and active funds are more likely to outperform and bring higher value for the investor. The natural mechanism that paying more one can expect better quality seems not to work here. This remains in contradiction with all we know about the economy and human decisions and may be the case in favor of behavioral explanations.

Method of the research

The aim of the present study is to investigate the relation between Polish mutual funds' fees and their performance, taking into account both rate of return and risk factor.

The data has been downloaded from Thomson Reuters Eikon database and covers sample of 93 Polish open-ended mutual funds. The fees data was only available for 2015, which is the most significant limitation of the research. All the open pension funds have been excluded from the sample. Their quasi-public, obligatory character and imposed regulations result in different way of functioning. The fees will be confronted with 1-year, 3-year and 5-year rates of return and standard deviations. The full dataset was available for 93 mutual funds. All the calculations were performed in R language, using R Studio programming environment.

In general the analysis can be divided into two parts. The first one was to check the linearity of the relation. The very first tool for investigating the

general shape of the relation was reviewing the scatter diagrams of the rates of return and the fees and also standard deviations and fees. The next one was calculating the correlations and assessment of their statistical significance.

The second part of the research is evaluation of the strength of the relation. Simple regression model was built and parameters calculated, to check, whether the rate of return is statistically significant, what is the time horizon (1, 3 or 5 years) that matters the most and how firmly the results affected the fees. Then two-factor models including rate of return and risk has been created to compare, which of the factors impacts more the fees level and how well this simple models explain the charges variability. Finally, the parameters of the models had been assessed in terms of their significance and strength of impact.

The general fit of the two-factor models will be assessed with the coefficient of determination (R^2 ratio). In the literature there is a common consensus, that the ratio at the level of 0.6 is considered to be satisfactory.

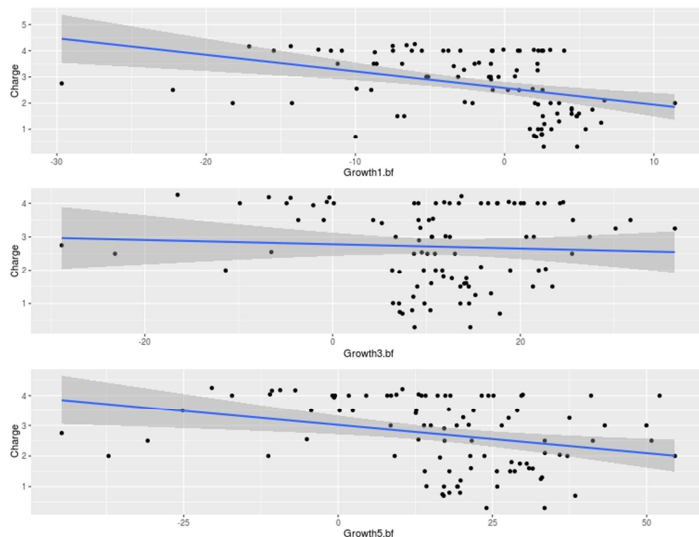
Results

As the first stage of the analysis, the scatter diagrams have been generated. Figure 1 and 2 present the relation between fees and rates of return before fees and fees vs standard deviation. The negative slope is easily visible, especially for 1- and 5-year time horizon.

As the opposite to the rate of return, standard deviation seems to be positively linked with the level of fees. This observation is in line with the expectation – rising risk implies more managerial work to be done and more expenses incurred by the fund. However what is observed in Figure 1 remains in contradiction with the hypothesis stated.

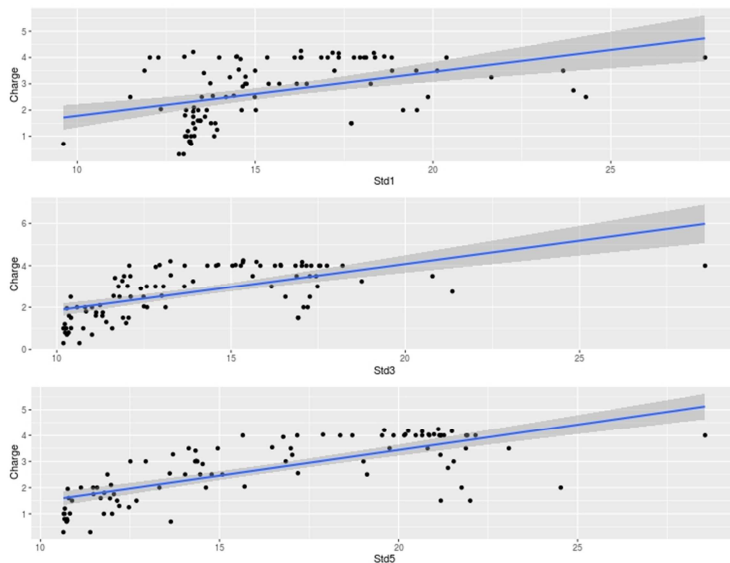
Table 1 contains all the calculated correlations. In all the tables the values, that turned out to be statistically significant within 95% confidence interval, are marked bold. In this case almost all the correlations are statistically significant. The strongest linearity can be observed for standard deviations, especially in 5-year time period. Moreover, the correlations are definitely positive in all cases. It indicates that more aggressive funds are likely to impose higher charges.

Figure 1. Scatter diagram: relation between fees in % and rates of return (before fees) in % (1-year, 3-years and 5-years) with regression line and its 95% confidence interval



Source: own calculations based on Thomson Reuters Eikon database.

Figure 2. Scatter diagram: relation between fees in % and rate of return standard deviation (1-year, 3-years and 5-years) with regression line and its 95% confidence interval



Source: own calculations based on Thomson Reuters Eikon database.

Table 1. Correlations between fees and rates of return (before and after fees) and standard deviations in 1-year, 3-years and 5-years time horizons

	1-year	3-years	5-years
Rate of return before fees	-0.37	-0.06	-0.30
Rate of return after fees	-0.51	-0.27	-0.46
Standard deviation	0.44	0.60	0.73

Source: own calculations based on Thonson Reuters Eikon database.

On the other hand, estimates of all the correlations for the rates of return (both before and after fees) are negative. That leads to the conclusion, that rate of return goes down with the rise of the fee. It is strongly observed for the rates of return after fees, which are the most important for the investor. Even on the level of portfolio performance (before fees) more expensive funds tend to deliver worse results.

Nevertheless, the correlation analysis results only provide the evidence on the linearity and the direction of the relation, not its strength. To assess the level of dependency in the next stage of the analysis the one-factor linear regression models has been build and its parameters estimated.

Table 2. Estimated parameters of the variables in one-factor models in 1-year, 3-years and 5-years time horizons

	1-year	3-years	5-years
Rate of return before fees	-0.63 (0.16)	-0.06 (0.11)	-0.19 (0.06)
Rate of return after fees	-0.80 (0.14)	-0.28 (0.10)	-0.27 (0.05)
Standard deviation	1.67 (0.35)	2.22 (0.30)	1.97 (0.19)

Source: own calculations based on Thonson Reuters Eikon database.

Table 2 presents the estimated parameters of all the variables for all three time horizons. There are also standard error values included (below the estimates, in brackets).

In all cases the intercept for rates of return is between 2.3-3%, which can be understood as a rate of return when there is no fee. For 1-year time horizon on average 1% higher fee implies 0.63% lower rate of return (or 0.80% after fee). The drop is smaller for longer time horizons, however still the outcome seems counterintuitive. In case of standard deviation the intercept is between -0.50-0.11. When rising the fee, meaningful growth in risk level is observed for all the time horizons. Every 1% of rise in fees goes with circa 2% of increase in average deviation from the mean rate of return.

Author took a look at the interrelations between risk and rate of return. Three models (for each time horizon) has been built, including as an independent variable both rate of return and standard deviations. This way the

author will try to see, which factor is more important for the fee level and how precisely this two-factor, simple models can predict the charge.

Table 3. Estimated parameters of the variables in two-factor models (rate of return and standard deviation) in 1-year, 3-year and 5-year time horizons

	Intercept	Rate of return before fees	Standard deviation	R ²
1-year	0.65 (0.68)	-0.03 (0.02)	0.13 (0.04)	21%
3-years	0.56 (0.48)	0.01 (0.01)	0.23 (0.03)	37%
5-years	-0.71 (0.41)	0.00 (0.01)	0.21 (0.02)	54%

Source: own calculations based on Thomson Reuters Eikon database.

In all three models the only statistically important factor is the standard deviation, reflecting the level of risk. In case of 5-year time period this very simple relation explains even as much as over a half of the fees variability. Rate of return seems not important when linked with risk in one model, however one needs to bear in mind, that for one-factor models all the rate of return variables have been significant.

Conclusions

The study indicates, that for open-ended funds in the Poland the relation between rate of return and the fees is definitely negative, however the risk explains the charges variability much better than rate of return. One-factor linear regression models` parameters exhibit, that one percent higher charge is linked with even 0.6% lower rate of return before fees in a yearly time horizon. On the other hand the risk goes up together with the charges, which remains in line with the entry hypothesis.

One possible explanation of the conclusions above is that there is a lot of inefficiency in the Polish mutual funds market. The inefficiencies appear especially in those areas, where the investors are less educated and knowledgeable. Low market maturity implies lack of education in matter of entrepreneurship and capital management, no traditions of investing money, low mutual funds popularity and citizens` awareness.

The Polish market immaturity hypothesis may lead to the conclusion, that further research needs to be done in order to verify that idea. One conception could be to compare open-ended funds with more professional type of funds in Poland, e.g. closed-ended funds. Another idea to test the hy-

pothesis of Polish market immaturity may be to compare the relation for Polish and some developed markets, like UK or Germany.

Another explanation for the counterintuitive outcomes of rate of return impact is the accuracy of the data and the sample size. The weakest part of the research is the fact, that due to the data availability the calculations are conducted for only one year, i.e. 2015. Admittedly, verified rates of return are also considered in 3- and 5-year time horizons, however revising the study with the charges data for a few years would for sure help strengthen the research credibility.

The last remark, that the author would like to emphasize is that at the end it is worth to come back to the initial idea. In the Introduction the Author described mutual fund as a product, which may be assessed basing on its performance. Clients are likely to pay more for better product, but what the research eventually demonstrates, is that for higher price one would receive lower rate of return and more risk. When continuing the research on that topic, for sure it would be worthy to check how fund efficiency ratios and risk-adjusted returns are related with the fee (e.g. Sharp ratio). So far it is not possible to say, why this phenomenon appeared and what is the reason, but further research may for sure bring more light to this outcomes.

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**Improving safety culture in the company based on attitudes
and behavior of its employees**

JEL Classification: *I1; D2; A3; L2*

Keywords: *safety management; organizational culture; safety culture; human factor; working environment*

Abstract

Research background: The paper presents basic issues related to safety culture. Moreover, there can be found an information about the factors determining the desirable and undesirable, as well as the good and bad safety culture, and the most important knowledge concerning its shaping. The empirical part presents the studies on the impact of attitudes and behavior of employees on the development of safety culture. Elements were tested such as: environment and working conditions, and behaviors and attitudes of employees.

Purpose of the article: The aim of the study was to analyze attitudes and behaviors of employees and their impact on shaping the safety culture in a given company. The learning goal of the project was an introduction to the opinion of surveyed employees about work safety culture in the company. The utilitarian aim of the study was to draw attention to the need of taking action to influence attitudes and behavior of employees on shaping the areas of work safety culture in order to improve safety culture and thereby improve safety in the company.

Methodology/methods: Research tools were: interview, documentation analysis and anonymous survey of company employees.

Findings: The study shows that the majority of employees act in accordance with rules and try not to take risky actions, they also feel responsible for the safety of themselves and their co-workers, the environment and working conditions are in line with legal requirements, and accidents rarely occur. In the surveyed company the safety culture is high, which is proven by features such as: a sense of personal responsibility of each employee for safety matters, lack of acceptance for people taking risky behavior, compliance with health and safety regulations and apprecia-

tion of their validity – those are most frequently mentioned features of performance of high culture safety in workplace.

Introduction

The paper presents the fundamental questions relating to the safety culture. It explains the ideas such as “culture” and “organizational culture”, which safety culture makes a part of. It contains also the information about the factors defining desired and undesired, good and bad safety culture and introduces a model of safety culture development. The empirical part presents the study of the influence of employees’ attitudes and behaviour on safety culture development, based on the model of safety culture development. The model elements studied are: environment and conditions of work and employees’ behaviour and attitudes, the research tools being: an interview, analysis of the relevant documentation and anonymous survey carried out among employees of an company.

The main goal of the study is to analyse employees’ attitudes and behaviour together with their influence on safety culture development in an company. The cognitive purpose assumed is getting to know the employees’ opinion regarding the work safety culture in the company studied. The utilitarian purpose is to draw attention to the necessity of taking action to influence the employees attitudes and behaviour with regard to development of the work safety culture areas, with aim to improve the safety in an company.

Safety culture at work

Safety culture determines the attitude of people towards risk and safety. It formulates the rules of conduct and the values recognized by members of a given group.

When discussing safety culture we must bear in mind three main areas of management: people, information and organization. This is due to the fact that people are the subject of all managerial activities, because it is up to them whether safety management should be effective. Lack of understanding and acceptance of any changes may result in rather unproductive management and will not give any effects. Cooperation between employees and employers is of vital importance, because communication based on mutual trust is an essential feature of high safety culture. The employer is responsible for the safety and hygienic conditions of work and the life and

health of his/her subordinates. However, the actions taken by the management will not suffice on their own, because this is mainly the employees, through their behaviour, sometimes risky and hazardous, who influence the safety level in workplace. Hence the importance of cooperation between the workers and employer. (Bugajska, J., Konarska, M., Kurkus-Rozowska, B., & Łuczak, A. ,1998; Bird, F.E., & Germain, G.L. ,1996). Safety culture, however, refers not only to organizations but also a society, a group of people and individuals. Desired and undesired safety culture can be identified with regard to safety culture of an organization, a group of people, as well as individuals.

Each organization has got its own unique safety culture, therefore, organizations can be differentiated with respect to their safety culture.

In this context we can differentiate between desired or undesired and good or bad safety culture. Organization abilities to generate decisions, attitudes and behaviour, organizational, technical, training and motivational achievements, these abilities which bring the organization closer to the absolute safety criterion define the extent to which its safety culture is desired or good (Gembalska-Kwiecień, A. ,2005; Gembalska-Kwiecień, A., & Kólkowska, B. ,2005).

The safety culture status - desired or undesired - in an organization depends on its all members: on senior management, who set the safety goals, rules and plans, as well as on employees who shape the safety culture with their conduct and attitudes. It is important that high level of safety culture characterizes all elements of human activity. Safety culture in an company premises must involve employees' personal culture and their behaviour. It should be shaped at all stages of human life, because an employee of low personal safety culture will not demonstrate high safety culture in his/her workplace. Therefore, development of desired safety culture should be initiated already in the school education phase (Milczarek, M.,2000).

Safety culture should be continually developed to maintain its high level and to further improve it.

Safety culture development must be a continuous process, because the actual culture shift is difficult and time-demanding. One-off actions to improve safety culture will bring only seeming effects, as they will reach only the most superficial culture stratum, termed "artefact" by Schein (Podgórski, D., & Pawłowska, Z. ,2004; Studenski, R. ,2000). To maintain a high level of safety culture we also need to reach deeper culture strata, i.e. the recognized values and fundamental assumptions.

During safety culture development three elements should be given special attention:

- The physical work environment (tools, machinery, workplace organization);
- Employees' behaviour (complying with OHS regulations, information forwarding and cooperation, showing care for safety that reaches beyond standard duties);
- Employees' intrinsic features (knowledge, skills, motivation).

Subject, methods and results of studies

The object of the study described in this paper is a company from heating industry. However, its name will not be exposed as it was not agreed as well as to permit the employees to give the reliable answer, and this was distinctly stressed during the briefing before the study proceeded.

The study consisted in analysis of the influence that employees' attitudes and behaviour have on work safety culture in the company studied. The object of the study were 240 randomly selected persons, holding different positions; 213 surveys were suitable for further processing.

The analysis of the influence that employees' attitudes and behaviour have on work safety culture in the company was carried out on the principle of safety culture development model, which comprises elements such as: work physical environment, employees' individual features and behaviour.

To obtain the necessary information the following study methods were used:

- survey,
- interview,
- analysis of documentation.

The analysis of the employees' attitudes and behaviour was carried out on the basis of the survey which consisted of 21 closed questions. The employees had to choose one from the answers listed.

Analysis of the study of work material environment and work conditions in the company

The work environment is one of the elements that influence development of the safety culture in an company and its investigation is a legal obligation. Work environment comprises the total of material and social factors, which employees encounter when working and which can constitute a safety or even life hazard. The material factors in work environment include, among

others: plant premises, machinery, tools, equipment, buildings, rooms and other factors of physical and chemical nature, for example: meteorological conditions (microclimate) and lighting, acoustic and mechanical vibrations (noise, vibrations, shocks), chemical substances, industrial metals, gases, greases, oils. Social work conditions comprise interpersonal relations, social living conditions and employees' participation in the organization activities.

Study methods such as interview and the analysis of documentation were applied to obtain information needed to assess the work environment in the studied company.

The company carries out the OHS controls and the measurements of harmful factors, i.e. dust, harmful chemical substances and noise. All hazards are identified and documented and the occupational hazards are assessed. Additionally, other instructions list the jobs done at heights and jobs that must be done by two people. OHS as well as fire-protection controls are regularly carried out by OHS inspector and results of each control are documented in the relevant inspection diary in a form of a report. The report is forwarded further to the Board of Directors and the irregularities recorded are corrected. In addition, once a year complex OHS inspections are carried out in each of company's facilities, with the participation of a special OHS commission. The results of such an inspection are passed on to the Board, and the identified faults and shortcomings are removed or, if difficult to eliminate, they are included in the renovation schedule for next year.

The analysis of the report of the environmental study that was carried out in the company shows that the harmful factors do not exceed the standards allowed. Work conditions are in accordance with requirements.

Interview with the OHS Inspector and the analysis of documentation prove that the work environment and OHS conditions are in accordance with standards and are continually improving and the workplace hazards are being successively eliminated within bounds of possibility. The company does care for its employees and the natural environment.

The analysis of accident rate

The statistical accident files of the years: 2012-2016 were studied to analyse the structure of accidents at work in the company. The following criteria were considered: sex, birth year, work experience in years, profession performed, days of incapacity for work after an accident, place of accident, type of injury, cause of accident. The causes were classified in accordance

with the list of accident causes which is in force when the statistical accident files are compiled.

The analysis of the above data for accident types and causes in years 2012-2016 shows that:

1. 12 accidents happened in the company in the years 2012-2016.
2. 2 women and 10 men were subject to accidents.
3. The average period of work in this company among the injured was 7 years and 2 months.
4. With respect to their results all the accidents were classified as minor accidents.
5. The total of “incapacity for work” days related to the accidents at work in the studied period amounted to 232 days.
 - The most frequent injuries caused by accidents at work were sprain and dislocation of joints of upper and lower limbs, thigh injury and eyes injury.
6. The most frequent causes of accident were:
 - incorrect organization of workplace,
 - ignorance about hazards,
 - insufficient concentration on the performed action,
 - surprise at unexpected event,
 - wrong work speed,
 - lack of supervision,
 - organizational shortcomings.
7. The average number of accidents in the studied period of time amounted to just over 2,4 accidents per year. This fact proves that the accident rate in the company is very low. Since all the accidents are classified as minor, it can be stated that work safety in the company presents good level.

Results of studies relating to employees’ attitudes and behavior

The results obtained in the study show the influence of employees attitudes and behaviour on development of safety culture in the company. 52% of the employees surveyed claim to be motivated to secure working through posters, 48% consider that their superiors appreciate these employees who act in accordance with the regulations and who respect OHS issues, 6% actively submit their comments and concepts regarding OHS improvement.

53% of employees surveyed reproach employees who do not comply with OHS regulations, whereas 21% report this problem to a superior, what

attests to understanding of importance of work safety issues and hazards. 46% affirm that the employees participate in hazard identification and risk assessment at their workplace.

The study shows that as many as 72% of persons surveyed think that all employees have an effect on creating safe work conditions in the company. 82% consider OHS regulations as the principles protecting from accidents, whereas 72% feel responsible for the safety of their co-workers. 87% of employees know the hazards related to their workplace. Facing hazard at workplace 78% will report it to their superior, 42% will not take any risky actions during their work, whereas 59% will refuse to work if the workplace does not meet OHS requirements. 46% consider incorrect employees behaviour to be the most frequent accident cause.

44% of the persons surveyed think that OHS training is necessary to work in safe conditions, 52% claim that all accidents which happen in the company are discussed at trainings, 22% confirm that the consequences of accidents at work are discussed and 14% that employees' propositions and comments concerning improvement of OHS are discussed at the trainings. This demonstrates that the incidents occurring in the company are discussed completely and that the employees can make their propositions and comments aiming at raising the safety level.

In the opinion of 27% of the employees the relations among the employees in the company's facilities are good, there is an open and frank communication and cooperation, whereas 28% of the surveyed think that the atmosphere in the company is favorable for open and frank discussions about the safety at work.

Conclusions

The study shows that the majority of employees act in accordance with rules and try not to take risky actions, they also feel responsible for the safety of themselves and their co-workers, the environment and working conditions are in line with legal requirements, and accidents rarely occur. In the surveyed company the safety culture is high, which is proven by features such as: a sense of personal responsibility of each employee for safety matters, lack of acceptance for people taking risky behavior, compliance with health and safety regulations and appreciation of their validity – those are most frequently mentioned features of performance of high culture safety in workplace.

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**The role of stakeholders in the process of building a competitive
advantage with the example of development companies**

JEL Classification: *L74; M20; R31*

Keywords: *a development company, housing market, stakeholders, stakeholder theory, competitiveness*

Abstract

Research background: Contemporary companies are faced with opportunities as well as dangers resulting from relationships with their environment. It is therefore important to define stakeholders and manage relations with them by implementing organizational principles and practices that take into account stakeholders' concerns and objectives, but are also consistent with a company's strategy and its economic goals (Banks, Vera, Pathak, Ballard, 2016, pp. 18-27).

Purpose of the article: The aim of this article is a diagnosis of a sort of the theory of stakeholders present in the relevant literature. In addition, stakeholder identification was presented along with their role in the process of building a competitive advantage of a development company.

Methodology/methods: An analysis of secondary sources was verified by empirical studies. An analysis of the role of stakeholders in the functioning of an enterprise was made using the so-called 'brainstorming method'. The study was conducted with the students of faculties at the Faculty of Management of the Białystok Technical University in December 2012 and in the years 2014-2016.

Findings: In the first part of the article, the key assumptions of the stakeholder theory and their impact on the competitiveness of entities are discussed, and the term "a development company" is defined. The second part presents conclusions from empirical research. These made it possible to formulate a list of main stakeholders who contribute to building a competitive advantage for developers. These entities are included in several groups: customers, suppliers, strategic partners, regulators and current and potential competitors.

Introduction

Competition is the primary determinant of the change in the functioning of any company on the market. The consequence of companies competing is therefore an improvement in the quality of goods and services they offer, an increase in the quality of service on the market, a development of technology they use, and maintenance of good relations with their stakeholders.

The mechanism of market competition provides companies with a challenge to meet stakeholder expectations while at the same time interacting with competitors. Studies on competitiveness of enterprises indicate an important role in sectoral studies; other mechanisms will be applicable in the case of service activities, other still in the production or construction.

The main part of the study was devoted to an attempt to identify the proximate entities and to indicate their role in the process of building a competitive advantage of development companies.

Method of the research

The analysis of secondary sources was verified by empirical studies. The study was conducted with students of faculties at the Faculty of Management of the Białystok Technical University: Management, Management and Production Engineering, Logistics in December 2012 and in the years 2014-2016. The selection of participants in the study resulted from the development of long-term policies by the developers and thus the interest in the offer by students who presently or in the future will constitute a group of potential clients.

An analysis of the influence of environmental entities on the functioning of a development company was made using the method of the so-called 'brainstorming'. In the first stage of the study, the students were divided into groups of 4-6 people in which they discussed the problem ("what units of the task environment influence the functioning of real estate companies operating in Białystok and how") and wrote down their ideas. In the second stage, each group presented their ideas and discussed them together.

Development enterprises' business activities – theoretical aspect (background)

The term "developer" means a natural or legal person who initiates, promotes, commences and conducts a real estate project. Its purpose is to develop space, build new commercial real estate or transform existing ones by creating new property functions (Avril, Roth, 2001, pp. 13-14).

At the same time, some kind of specifics of a development process must be observed. It results from the goal of increasing the value of a property. The development process is therefore understood as the coherence of construction technology, financing, administrative control, marketing skills, and many other activities aimed at ensuring the operation of the whole project for many years. Development activity is complex, including, beyond just the real estate business, also adaptation processes related to its specific economic, legal, and interest groups (Kucharska-Stasiak, 2006, p. 229).

The European Classification of Activities NACE Rev 2¹ does not take into account development activity separately, hence the considerable difficulty in identifying developers and an elaboration of statistics to analyze this form of economic activity.

Competitiveness of enterprises in the light of the theory of stakeholders

The dynamic environment in which today's businesses function determines a strategic thinking to achieve a competitive advantage. A fundamental activity is the orientation of companies towards their clients (Bergeron, Roy, Fallu, 2008, pp. 171-184) and other entities in the target environment.

In the 1960s and 1970s, factors such as low cost and production efficiency gave a company a competitive advantage. At present, they still remain the basis for staying in the market, but they are not sufficient to secure a strong competitive position. Today's winners are characterized not only by cost effectiveness and high internationalization, but also by the ability to develop strategies that ensure the continuity of the innovation process. The importance of communication and building relationships with stakeholders, social and environmental responsibility towards local communities and global society are also underlined (Archibugi, Lundvall (eds.), 2001, p. 255).

¹ 1 Regulation (EC) No. 1893/2006 of the European Parliament and Council of 20 December 2006 on the statistical classification of economic activities NACE Rev 2.

The stakeholder theory in management has been coherently formulated by R.E. Freeman (2010). It focuses on interdependencies between an organization and its stakeholders. In the opinion of the author of the theory, a competent management of relations with the entities in the company's environment can make a significant contribution to achieving its objectives. The stakeholder theory is based on three premises:

1. There are specific relationships between an organization and its stakeholders, so that the two sides of the relationship remain mutually influenced.
2. This interdependence can bring potential benefits to both parties.
3. Each stakeholder has specific expectations about the organization, both in the economic and other areas, and seeks to achieve them.

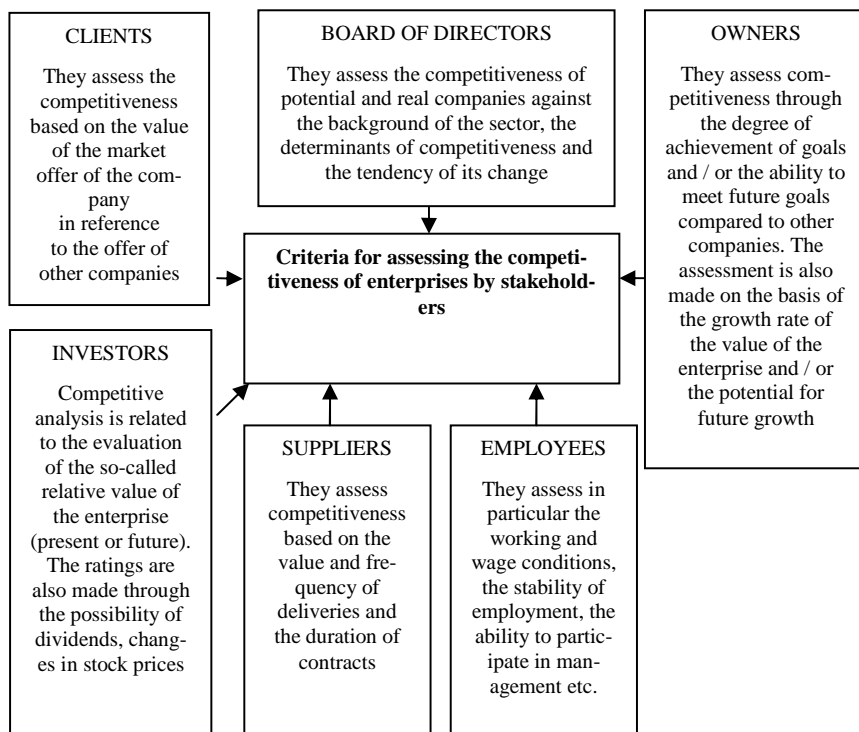
The stakeholder theory disseminates a useful, effective and ethical way of managing organizations in a complex environment (Harrison, Wicks, 2013, pp. 97-125). It is effective because it uses stakeholders' energy and knowledge of them to achieve the goals of an organization. At the same time, the stakeholder theory is useful because companies that manage stakeholders have better information on which to base their decisions (Harrison, Freeman, de Abreu, 2015, pp. 858-869).

L. Friedman and S. Miles emphasize the importance of identifying stakeholders not only from the perspective of an organization and explaining how the relationships of an organization and its stakeholders change over time (2002, pp. 1-21).

Due to the fact that the main topic of the theory of stakeholders is located in the market environment of a company, its assumptions are very close to the concept of relational marketing (affiliate marketing). The meaning of the analyzed theory and relational marketing is the need to establish and maintain relationships not only with buyers, but also with other entities such as suppliers, strategic partners, the media, employees, etc. The stakeholder theory is a concept of management through building clear, understandable to all parties, long-term and lasting relationships with stakeholders (Wańkowski, 2015, p. 158).

J. Walas-Trębacz (2013, p. 37), taking into account the evaluator and the scope of the assessment, lists the following types of competitiveness: the competitiveness of an enterprise from the customer's point of view, corporate competitiveness recorded by its board of directors, perceived by an owner, from the perspective of potential investors (Figure 1) .

Figure 1. An identification of entities of the target environment of development companies



Source: based on: Walas-Trębacz. J. (2013). Metody i mierniki oceny konkurencyjności przedsiębiorstwa. Przegląd Organizacji, no. 4, p. 37.

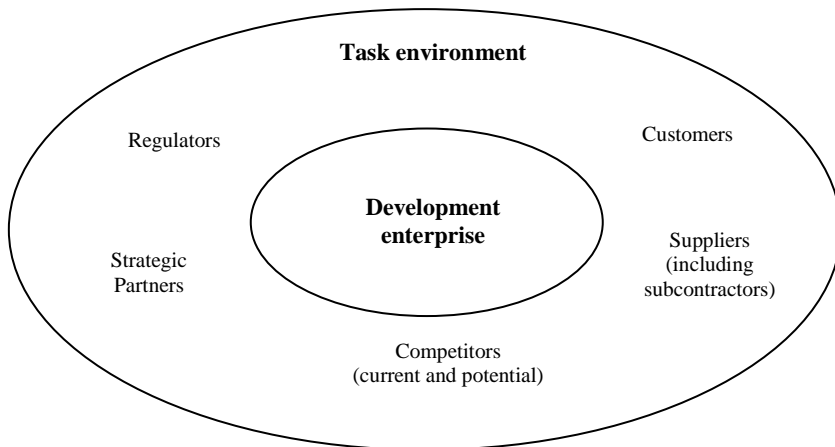
In the case of development companies, the presented elements would need to be complemented by one other: cooperating companies. These include, but are not limited to, subcontractors, partners, suppliers of materials and services. The importance of good cooperation with this group of stakeholders is becoming increasingly important in the context of uncertainty of the environment and increasing competition in the market (Głuszek, 2004, pp. 135-138).

Identification of entities of the target environment of real estate developers

Depending on the values observed by an enterprise, it is necessary to conduct a stakeholder analysis, to assess their expectations, and to select the optimal – from the perspective of the entity – level and model of cooperation with them in the value-creation strategy of an enterprise (Marcinkowska, 2011, p. 861).

At the stage of identifying interest groups, it is most often pointed to internal and external interested parties. A summary of the main target groups is shown in Figure 2.

Figure 2. An identification of entities of the target environment of development companies



Source: based on: Griffin, R.W. (2015). *Management. Twelfth Edition*. Boston: Cengage Learning, p. 74.

Customers were identified as physical persons who purchased flats, detached houses, semi-detached houses and terraced houses as well as companies purchasing commercial and service premises. Within the brainstorming, this group of entities indicated in particular:

- young couples;
- families with children wanting to change their apartment into a larger one;
- older people wishing to swap an apartment for a smaller one or with an elevator in the building;
- divorcees;

- parents/grandparents who buy flats for children/grandchildren;
- people moving from rural areas or other cities;
- individuals / companies purchasing apartments for rent, for investment purposes;
- businesses purchasing apartments/business premises to run a business;
- real estate agencies;
- people working abroad, wishing to invest in Poland, planning to return to the country in the future;
- foreigners from Belarus, for example, who want to locate funds that are considered illegal in their country (Grześ-Bukłaho, 2015, p.180).

In many markets, including the development market, buyers notice fewer and fewer differences between the offers of competing businesses. As a result, buyers expect some added value over competitive offers in a given price segment (Altkorn, 2004, p. 26). Providing such a value is the basis for building respect and, as a result with experience – a competitive advantage of a company.

Table 1. An identification of current and potential competitors of real estate developers

Competitors of development companies	
Primary market	Secondary market
Other development companies	Real estate agencies
Housing co-operatives	Private people selling their own flats
Construction companies	
Social Housing Association	
Private persons or construction companies who own some land in attractive locations - most often realizing investments in the form of terraced buildings	
Real estate agencies	

Source: author's own study based on the data collected during the so-called brainstorming.

Suppliers of development companies were divided by the participants in the so-called brainstorming into two categories: suppliers of building materials and service providers (subcontractors); they also distinguished: media providers, construction equipment suppliers, transport companies, as well as financial providers (banks). The students have recognized the importance of suppliers, particularly subcontractors, for the position of a company on the market. This is due to the direct influence of subcontractors on the quality of the apartments offered by developers and the timely execution of the investment (Grześ-Bukłaho, 2015, p.180).

Competition in real estate developers can be divided into two categories: entities offering primary and secondary housing (Table 1). Competition has a very significant impact on the financial condition and functioning

of real estate developers. This results in particular from the 'fight' for a potential client, but also from the competition when buying land in attractive locations, establishing partnerships with reliable subcontractors, and acquiring qualified and experienced staff (Grześ-Bukłaho, 2015, pp. 182-183).

The students also considered the importance of **strategic partners** in building the reputation of developers, including such entities as banks, architects, construction managers, surveyors, notaries, media, advertising agencies, real estate agencies, insurance companies, security agencies. Allies, in the opinion of brainstorming participants, can influence the efficiency of the investment process, the quality of the housing developer's business, provide valuable guidance, and help create new market opportunities. In addition, they affect the financial resources available to the developer, the financial security of the investment, the legal security of the transaction, the number of customers acquired, and the price and timing of the investment.

Apart from the aforementioned entities, the participants of the 'brainstorming' also included **regulators** as parties with whom they relate to the reputation of developers, listing in this group: municipal / communal offices, Construction Supervision Inspectorate, Office of Competition and Consumer Protection, State Fire Brigade, National Labor Inspectorate, Tax Office, Social Insurance Institution. Regulators control and regulate the policies and practices of the developer company and their investments. An important regulator from the point of view of development companies remains the offices of cities and municipalities where construction investments are made. Land development plans or development decisions issued affect the possibility of realization of specific investments, specify the type of possible development and the conditions of land development (Grześ-Bukłaho, 2015, p. 183-184).

Conclusions

Each group of interest of a development company, by creating and expressing an opinion about it, evaluates it through its own needs and interests and their satisfaction. Partner relationships, in I. Gordon's opinion, are the only real asset of a company, not the machines that manufacture the products, the products themselves, or even the intellectual capital that is inherent in people, patents or know-how, though all that may be important. Partner relationships with the environment, however, affect the long-term operation of a company and the possibility of long-term development (Gordon, 1998, p.XIII).

In addition, by analyzing how stakeholder attitudes can influence the value of development companies, we need to agree with D. Wheeler and R. Davies (2007, p. 231), who point out that this is achieved by strengthening business relationships (bilateral exchange, minimization of transaction costs), social capital (reciprocity) and reputation (trust, prestige). According to the authors, such attitudes translate directly into permanent value.

An analysis of secondary materials and empirical studies conducted by the author indicate that, for the development enterprises, relational capital plays a fundamental role. An analysis of the competitiveness of developer companies based on relational capital certainly requires further successive verification by researchers. It also seems a good idea to extend the study to analyze the impact of changes occurring in the general environment of development companies.

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**Organisation transformation in agile approach, a comparative analysis
of IT and other sectors**

JEL Classification: *M31, M15, M10*

Keywords: *Marketing; Agile approach; Processes; IT; Strategic management*

Abstract

Research background: Last decades may undoubtedly be deemed as the period of exceptional transformation which has global dimension. One of its elements is the reorganisation of traditional ways of business management. Therefore, agile approach is more and more often one of the key aspects of building comparative advantage of a company. In this paper agile approach is understood as the capability of responding promptly to market's needs.

Purpose of the article: The paper aims at presenting selected research findings concerning the description of agile approach usage in organisations. The main authors' objective is to present the way the transformation of organization is done or may be done with reference to agile approach.

Methodology/methods: The paper comprises three parts. The first includes the results of analysis of literature concerning agile approach, where the authors make an attempt to answer the question: what are scientific studies in that regard? The literature analysis in that regard was conducted during academic internship at Shippensburg University, USA in 2016 and was based on the resources of its library. The second presents the findings of research done between 2005 and 2016 where case studies analyses of almost 50 companies in Poland and not only were conducted. In the last part of the paper, on the basis of the findings in the second part, the authors present a referencing process, which could in some cases increase the agility of organizational activities.

Findings: The empirical studies show the differences in using selected agile activities for organizations from IT and other sectors. On this basis the last part of paper includes the referencing process, which in some cases could increase the agility of organizational activities. The authors are aware of the fact that the before men-

tioned referencing process is subject to quantitative verification which in turn will identify determinant of its usage; however, this is to be conducted in the next phase of research. In this phase the research of comparative-explorative nature as well as qualitative is presented.

Introduction

The last few decades can be unquestionably called a period of great transformation on a global scale. One of its main elements is the reorganisation of the traditional methods of conducting business activity . That is why the main aspect of creating a competitive advantage of an organization is increasingly often its agility.

The article is comprised of three stages:

1. Containing the results of the agile approach literature analysis, where the authors attempt to answer the question of what is the scientific output in the indicated field.
2. Presenting the research results. The goal of presenting empirical research in this article was to identify the basis for creating a model of transforming organizations towards the agile approach.
3. In the last part of the article, the authors produce a model which in some cases could increase the agility of organizational activities.

The aim of this article is to describe the use of the agile approach in organizations of IT and sports sectors. The article shows the methods of realizing linear conduct and agile conduct activities, and how an organization can undergo transformation when applying the agile approach.

Research methodology

The article presents the results of conducted research of a descriptive-exploratory nature, in accordance with qualitative methodology, and although the article includes correlation coefficients, they do not serve as a solution the research problem, but merely as a supplement. In order to be able to use the presented research results as representative, it is necessary to carry out quantitative research.

The literature analysis of the main field has been conducted during a summer research internship in Shippensburg University in the USA in 2016, and it was based on the library resources of that unit. Research data were collected between the years 2014 and 2016. The scope of research included a total of 10 companies operating in Poland, from the sectors of IT

and sports. Direct interviews with representatives of boards of management of companies and participant observations were conducted in chosen cases.

Transformation of the traditional approach into the agile one - theoretical take

V. Kumar concludes that currently one of the most important strategic results of activity is not the maximization of sales, but the maximization of Customer Lifetime Value (CLV)(Kumar, 2008, pp.8-9). This is in order to as quickly as possible - agilely - tailor the offer of the organization to the environment. Following this line of thinking, is it possible to find an analogy in the claim of Eric Ries that "the core idea is that every new business rests on a series of hypotheses". E. Ries also refers to his approach as: "validated learning" (Euchner, 2013, p.13). Apart from the presented views, modern conceptions have surfaced, where the main premise is to attempt to increase the agility of an organization's activity as Lean startup methodology (Ries, 2011), Customer development (Blank, 2006) and Customer lifetime value (Kumar, 2008).

The agile approach to running a business was mainly defined on the basis of terminology borrowed from the software development sector, where for differentiation purposes the term Stage-Gate is used as the traditional alternative to the agile approach.

Table 1. Characteristics of Stage-Gate vs. Agile

	Stage-Gate	Agile
Type	Macroplanning	Microplanning, project management
Scope	Idea to launch	Development and testing, can be expanded to pre-development
Organization	Cross-functional team (R&D, marketing, sales, operations)	Technical team (software developers, engineers)
Decision model	Investment model -- go/kill decisions involve a senior governance group	Tactical model -- decisions about actions for next sprint made largely by a self-managed team

Source: Cooper, R. G. (2016, pp.21-29).

This was one of the bases for defining the differences between particular approaches, not for the purpose of creating software, but within the context of the entire organization (table 2). In order to distinguish it here, the term Stage-Gate is replaced with the expression "linear approach".

Table 2. Agile approach and linear approach - comparison

Category	Linear approach	Agile approach
Realization process	The first stage involves formulating a plan (specification) with areas of activity defined as accurately as possible. On that basis, in the second stage the realization of the plan commences and is not modified until the task is completed.	Releasing a new product on the market as quickly as possible (Minimum Viable Product)(Ries, 2011, p.28) in order to gauge the interest of the consumers. Basing on the behaviour of the consumers, either further modifications are implemented, or a pivot occurs - the given idea is abandoned and an entirely new solution is designed.
Goal	Reaching the project goals according to the specification.	Designing a product which fulfills the needs of the customers as much as it is possible.
Known	Scope, resources, duration of the project. Works begin after clearly defining these three integral elements.	Financial resources, duration of the project, and its final scope are unknown before works have begun or during them. The only element left to define is the budget with which the creators are meant to run as many iterations (market experiments) as possible.

Source: own elaboration a basis on Cooper R. G. (2016, pp.21-29), Dikert K. et al. (2016, pp. 87-108), Ignatius A. (2016 p. 10), Pope-Ruark R. (2015, pp112-113), Wendler R. (2013, pp.148-169).

It is worth noting that various attempts are being made to define the structure of the best agile approach practices, with reference to the whole organization: Scaled Agile Framework, Agility strategy construct (Sherehiy & Karwowski, 2014, p.247) or adjusted to larger projects, called large-scale agile (Dingsøy & Moe, 2013, pp.38-39; Paasivaara et al., 2008 pp.527-544; Berger & Beynon-Davies, 2009, pp.549-570).

As the literature analysis shows, it is possible to find a clear trend describing organization transformation where the agile approach is distinguished from the traditional one, called: linear, sequential, cascade, waterfall, stage-gate. This research allows to illustrate the current state of utilising linear and agile method actions in selected organizations operating in the particular sectors.

Comparative analysis of utilising agile approach in the IT and sports sectors

A total of 10 companies took part in the research, 7 of which were working in the IT sector, the remaining 3 belonging to the sports sector. The research was carried out between the years 2014 and 2016. Each of the examined companies hired from 10 to 50 employees.

In the first stage, a list was created specifying actions characteristic of linear and agile conduct. Altogether 8, they were respectively:
for linear conduct;

1. environment analysis with desk-research method,
 2. defining long-term goals,
 3. designing and developing the marketing-mix program,
 4. applying marketing research based on consumer opinions,
- for agile conduct;
1. consciously shaping and verifying the unique selling proposition and
 2. “unfair advantage”(Lean Business Model Canvas),
 3. customer focus (acquired customer data, and the conscious management of their life cycle)(Kumar 2008),
 4. conducting market experiments (understood as releasing product prototypes - Minimum Viable Product)(Kumar 2008).

Additionally, categories were defined which could be used to judge a company's ability to:

1. communicate with customers¹,
2. increase profits²,
3. minimize the risk related to introducing a new product on the market³.

On this basis, the progression level of “actions” and “abilities” was evaluated. These were defined by means of discussions with management board representatives of these organizations, as well as additional participant observations, verifying the veracity of the answers. Each of these categories was assigned with specific numeric values ranging from one to five, where one meant that the activity was not being realized at all, while five meant it is being fully realized. The same method was used to evaluate the level of the ability to: communicate with the customers, increase profits, and minimizing the risk related to introducing a new product on the market. The acquired data is presented in table 3.

¹ Measured by process of gaining knowledge of clients.

² Considered as potential to maximizing profits.

³ Considered as particular organizations operations minimizing risk.

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Table 3. Comparison of average values from taken linear and agile approach actions and ability levels

Org.	Offer	Average score of LINEAR actions	Average score of AGILE actions	Evaluation of the ability level of:		
				Communicating with customers	Increasing profits	Minimalizing the risk related to introducing a new product on the market
IT sector						
1	Product b2c	1,5	3,5	4	4	3
2	Product b2c	1,5	3,5	4	4	3
3	Product b2c	3,0	1,3	2	2	1
4	Product b2c	1,0	1,3	1	1	1
5	Product b2b	1,0	1,3	2	2	1
6	Product b2b	1,5	2,3	3	5	4
7	Service b2b	1,3	2,3	2	2	1
Sports sector						
1	Product b2c	2,0	4,5	4	5	4
2	Service b2c	1,3	4,8	5	5	5
3	Service b2c	1,0	2,0	1	3	1

Source: own elaboration based on research.

Categories b2b and b2c are understood as the relation of sale occurring between the offeror - the company, and the individual consumer (business to customer) as well as another business entity (business to business). The average of the achieved scores was calculated separately for actions classi-

fied as characteristic of linear and agile approaches, which has been illustrated in the table.

It must be pointed out, that the research sample was not checked for representativeness. Even so, this research allows to formulate initial assumptions for further research procedures. For the given sample, correlation levels were calculated between the average score for taken linear and agile actions in companies and the organizations' ability to communicate with customers, increase profits, and minimize the risk of failure when introducing a new product on the market, which has been presented in table 4.

Table 4. Correlation coefficients between the average values of taking particular actions in the linear and agile categories and the organizations' abilities

Ability:	Communicating with customers	Increasing profits	Minimalizing the risk of failure when introducing a new product on the market
IT sector organizations			
Linear	0,04	0,00	-0,12
Agile	0,95	0,76	0,76
Sports sector organizations			
Linear	0,50	0,69	0,50
Agile	0,99	1,00	0,99

Source: own elaboration based on research.

Presented results can lead to certain speculations, specifically that: activities classified as agile in the chosen organizations are much more correlated to the values of particular abilities. Moreover, one can deduce that in the IT sector linear conduct yields worse results than in the sports sector.

The gathered results indicate that it can be supposed that taking agile approach actions has a positive effect on the organization's ability to: communicate with customers, increase profits, and minimize the risk of failure when introducing a new product on the market.

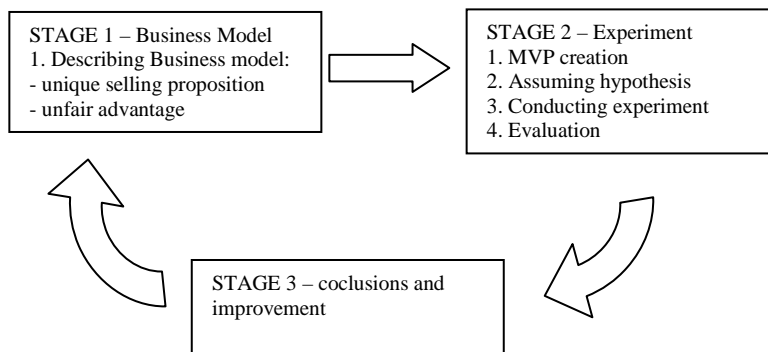
The model of transforming organizations towards the agile approach and its implementation

On the basis of conducted research presented in the previous section of this paper, the first version of a model of conduct was proposed. The crucial stages of the model should include the realization of the following: identifying the unique value proposition and unfair advantage, and conducting experiments. For this purpose, two main stages of the model were defined:

- the first, involving the description of the business model - on the basis of lean business model canvas,
- the second stage, involving the preparation of MVP (minimum viable product) and the realization of an experiment process preceded by forming a hypothesis and concluded with an evaluation.

This has been illustrated on figure 1.

Figure 1. Model of transforming organizations towards the agile approach



Source: own elaboration.

The application of the model of transforming conduct has been carried out in an organization from the IT sector. The organization was operating in a structure of isolated sections, each of them delivering a different category of solutions. The implementation of the presented model was performed via meetings with the managers responsible for particular offer categories, such as: software development services, on-line sales of IT products, and sales of solutions tailored to the dedicated needs of a given company. The implementation was concerning b2b relations.

The organization transformation by means of implementing the agile model was conducted according to the stages:

1. Explaining the nature of the model during meetings, while also recommending relevant literature.
2. Carrying out a pilot application in one of the sections. At this stage, an attempt was made to answer the following questions:
 - a. What does the sales funnel look like for customers of the organization (the theoretical route a potential customer takes up until the moment of purchase)?
 - b. How to monitor the behaviour of customers?
 - c. How to check if applying the model has influenced the organization's ability to: communicate with customers, increase profits, minimize the risk related to introducing a new product on the market?
 - d. How long before it can be judged if introducing the agile approach model has yielded the desired results, and what are they?
3. On this basis the structure of conduct is implemented in accordance with the model.

After a half a year period of transformation, in-depth interviews were conducted with section managers about the results of the transformation. A relation was noticed between the application of the model and:

1. level of communication with the customers,
 - By ceasing consumer surveys and beginning to conduct experiments, it was possible to acquire data of the actual purchase decisions instead of intentions. This led to a better understanding of the customer needs - the main reason for communicating with them.
2. increasing profits,
 - Despite the fact that conducting particular experiments in most cases led to falsifying the hypothesis. The possibility of scaling particular solutions compensated particular failures and expenses.
3. minimalization of the risk related to introducing a new product on the market,
 - Owing to the fact that most incorrect decisions related to creating a new product or its particular modifications were validated during the MVP stage, it was possible to significantly minimize the risk with presenting the offer of the whole solution to the entire market.

In the next stages of research an attempt should be made to optimize the model, especially by formulating recommendations concerning the detailing with capabilities in areas of: monitoring the behaviour of customers and a structure of even quicker response to their purchase decisions.

Conclusions

In this paper, the authors have presented the results of research concerning the description of utilizing agile and linear approaches in randomly chosen organizations operating in the IT and sport sectors. Despite resorting to qualitative methodology of research, the authors have attempted to quantify their observations. The result of that is a correlation matrix, which presents the average values of actions from the two selected categories and the ability of organizations to: communicate with the customers, increase profits, and minimize the risk related to introducing a new product on the market. This served as a base for describing the case of transforming a company in the IT sector to better utilize agile activities. The results have justified the implementation of the prepared model of action. In future research related to this topic, a broader quantitative verification could be undertaken of the research concerning the relation between agile approach activities and an organization's ability to: communicate with customers, increase profits, and minimize the risk related to introducing a new product on the market.

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**The role of intellectual capital in building a competitive advantage by
enterprises from the transport, shipping and logistics industry (TSL)**

JEL Classification: *D 41; D 83; L 10; M 12; O 15; O 34*

Keywords: *intellectual capital; logistics, shipping and transport industry (TSL),
competitive advantage*

Abstract

Research background: The modern economy is characterized by use changes. They appear very quickly and unexpectedly. This is a situation which impedes the functioning of companies and it is a challenge for the people managing them. They have to meet new challenges and adapt to changing competitive conditions, which are associated with the processes of globalization and knowledge-based economy.

Purpose of the article: Therefore, the aim of this article is to define the role of intellectual capital in companies with TSL branch in building competitive advantage. In addition, the author attempts to assess the facts of intellectual capital management in the surveyed enterprises and it will identify the barriers that accompany this process.

Methodology/methods: Founded research objectives will be realized an analysis of available sources of theoretical and conducted by the author, in 2016 (100 companies with TSL from Baltic Sea Region). The study was prepared as a general survey, which describes the company and individual interviews conducted with representatives of the boards of companies and their managers (for a total of 400 people).

Findings: After analyzing all the material you see the role of intellectual capital in building a competitive advantage in the surveyed entities. Especially in activities related to the improvement of the quality of services / products and the efficiency of employees. It also turned out that business owners know how important it is for them the capital and they also know the barrier implementation of this concept - the main are: the capital is not their property.

Introduction

The changes that accompany economic transformations, forced the company to adapt to the changing conditions of the competition - they bring to these new challenges. In the twenty-first century product no longer plays such a large role in the process of building a competitive advantage because of its features can be easily copied and transferred to other products of the production.

It also means that companies must adopt in every area of activity principle of the leading role of the client. This is the basic element of a comprehensive approach to Quality Improvement of this process is to eliminate gaps in the services provided and products sold (Fun & Ku, 2010, pp. 212 - 213).

Therefore, in the process of building a competitive advantage in the market it is the most important component of the intellectual. As the main factors driving the economy and the middle ground for success in the twenty-first century is called the wealth of the organization or its treasure (Stewart, 1997). In the literature, the term is also called intellectual assets, knowledge assets and intellectual property.

In the recent period there is also a lot of theoretical models and the concept of intellectual capital management. Unfortunately, there is no uniform standards and opinions concerning the tool identification, measurement and resource productivity assets. This creates a major barrier to implement them in practice - has an impact on the level of efficiency and market competitiveness of modern enterprises. All the boards of companies, particularly in fast-growing industries (such is the industry TSL) have to look for new opportunities to build market advantage. They depart from the traditional management methods towards those that are based on intangible assets. It is the intellectual capital is a key asset of the company, and the optimal management becomes their core competence.

Therefore, we can be argued that the market success of modern enterprises, greatly influenced their assets and intangible assets management system implemented intellectual capital. Therefore, the aim of this article, based on the analysis of literature and empirical research is to identify the role of intellectual capital in companies with TSL branch (operating in the Baltic Sea Region - BSR), to build a competitive advantage in such changing economic conditions.

Research methodology

Many boards are aware of the importance of the implementation and management of intellectual capital in their organizations. However, they do not choose to rely on it their strategy because they see too many barriers and risks. This phenomenon is confirmed carried out in 2016 a study in which 100 companies participated with TSL branch, located in the BSR.

The main objective of the study was to determine the prevalence of the concept of intellectual capital management in the surveyed entities. In addition, the author wanted to indicate the main factors (including barriers), its development and define the main objectives of the use of this concept in practice.

The study was designed as a general survey of standardized, which described the tested entity and individual interviews with representatives of the management boards of companies (100) and managers at various levels in their employees (300 people). The author planned to use the purposeful and random sampling on the basis of information on companies from the TSL sector included in the statistical data BSR for the year 2014. Unfortunately, many companies refused to participate in the study. Therefore, the author applied the principle of selection on the basis of self-declaration of participation (he sent a question to 1500 companies whether they are interested in participating in this study).

Among the surveyed companies were the largest group of Polish companies and companies defined as the average - with employed from 50 to 249 people. The least had a group of large enterprises - more than 250 people employed. The study did not take part smallest companies - up to 9 employees, because they have enough developed structure. At the beginning it should be noted that only 63 companies used the concept of intellectual capital management - although all the companies have given such a declaration. This concept is most common in large companies that have more employees - confirms the thesis about the need for a developed structure.

The modern definition of intellectual capital

The first information on the intellectual capital we can see already in the thirties of the last century. In practice, the economic forerunner in the field of intellectual capital management was the Swedish insurance company Skandia. The company opened a department that dealt with intellectual capital. His head was L. Edvinsson (Beyer, 2012, p. 247). He believed that

intellectual capital consists of knowledge, experience, technology, customer relationships, professional skills that give the organization a competitive advantage in the market. It is knowledge that can be converted into value (Edvinsson, 2001, pp. 44-45).

Today, we have more and more deadlines and schedules for determining the size called intellectual capital. According to G. Roos and J. Roos (1997, p. 17) intellectual capital is the sum of hidden assets that are not in the financial statements because they contain what is in the minds of employees. While the H. W. A. Johnson (1999, pp. 562-575) believes that intellectual capital is the amount called goodwill, which also includes values such as brand or ability to adapt to changing competitive condition (Johnson, 1999, pp. 562-575).

In Poland, the interesting concept of intellectual capital created M. Bratnicki (2001, p. 71) - this is the sum of the knowledge possessed by the people who are community enterprises and the practical ability to convert this knowledge to goodwill. He believed, too, that intellectual capital is divided into two main parts. The first is organizational capital and social capital includes the resources and processes. The second is the human capital that reflects the knowledge and skills of employees.

Specific elements that make up the intellectual capital, the author showed in Table 1. However, it must be said that in order to effectively use this capital, every company must implement a complete system to manage all of its components.

Table 1. Components of intellectual capital

Human capital	Capital clients (relationship)
Education	Trademark
Professional qualifications	Customers
Knowledge associated with work	Customer loyalty
Professional skills	Company name
Predisposition psychometric	Distribution channels
Entrepreneurship, enthusiasm, innovation, ability	Cooperation with other companies
	Concession agreement
	Beneficial contracts
	Franchise agreements
Organizational capital (structural)	
Intellectual property	Infrastructures assets
Patents	Philosophy managed
Copyright	Organizational culture
Design rights	Management processes
Trademark	Information system
Outstanding service	The system links
Trade secret	Financial relations

Source: Dzinkowski (1999).

To summarize the above considerations, we can conclude that the concept of intellectual capital has been designed to fully demonstrate its importance and essence in building competitive advantage. Intellectual capital, we can consider considered as an intangible asset an organization - that is, assets soft, because it has a significant impact on the value of the company and is not listed on the side of its assets. On the other hand, it must be taken into account in the management of the company, as it helps to improve the efficiency with optimal use of the available intellectual resources.

The functioning of the transportation industry, shipping and logistics in the Baltic Sea Region

The land area of the Baltic Sea Region is approximately 2.4 million km² and is made up of all or parts of territories of 11 countries. Although the land area of the BSR is a little less than half the area of the EU, the share of the region's population is 23 percent and the aggregated GDP about 16 percent of total GDP in the EU. These data show that the BSR is not the economic center of Europe. Compared to other European and world regions BSR has high levels of education, training personnel and expenditure on R & D. There is also a broad awareness of the role of social factors in the construction of sustainable economic development (<http://balticsea-region-strategy.eu>).

Baltic region is referred to as an antidote to the dominance of the center of Union economic area - the area of the south-eastern coast of the UK to the northern Italy. On the other hand, this region is an area of large differences in social and economic. This is a result of increasing liberalization of world trade, which is the elimination of barriers to international trade. For the countries that are growing and have a lot of economic problems, it is not only the benefits. Companies from these countries must seek to build competitive position methods that are not related to financial investments (Cieřlik & Hagemmejer, 2011, pp. 518-519).

On the other hand, contemporary TSL market in Europe is characterized by increasing competition, which forces companies to look for new methods of management - the old ones are already very effective. In this connection an important role to leverage existing intellectual capital to create and implement innovations that have become the main determinant of building a competitive advantage in the market. From this analysis we can conclude that the TSL industry in recent years has dynamic development. This is the result of the development of innovative information technology and related processes of economic globalization - it is the main driving force. This

process is also enhanced: the rising costs of transportation, production and maintenance of permanent stockpiles.

Transport has become a major factor in the economic development of the BSR, since the cargo and passengers he meets most people's needs. The development of transport brings together the markets allows for increased production and economic growth. There is no world economy during its globalization, without the network of routes and transport links, which allow manufacturers, exporters and importers freely enter into contracts irrespective of the place of action. These regions of the world that do not have roads and transport points can not participate in international exchange and industrial cooperation. Without the development of transport there will be a further increase in production and an increase in social. On the other hand, transport can also be a barrier that restricts economic growth.

Construction of competitive advantage based on intellectual capital in the industry TSL

Companies that are planning to have success in today's economic market, have their activities systematically programmed and adapted to the situation. Companies that want to be competitive they must create internal flexibility that is needed to adapt to changing conditions. In this way, he reached a particular perks. Modern concepts of building competitive advantages are mainly related to the ability to use knowledge (Cetindamar & Kilitcioglu, 2013, p. 20). Currently, it is the search for and implementation of the relevant components of intellectual capital. However, the construction by the company a competitive advantage in the market today depends on proper connection and operation of all these elements.

Analyzing the scientific literature of the subject, we can find a lot of concepts associated with the term competitiveness. The most important of them are: competition, competitiveness or competitive advantage.

The term competition can be defined as an arena in which companies compete for customers. It consists of companies in the sector, competitors and institutions governing the functioning of companies (Kasiewicz, 2006, pp. 46–47). In turn, the competitiveness can be understood in different ways, depending on the interest groups. For example, competition for customers is limited to the attractiveness of the product or service. (Rzempala, 2007, p. 227).

As for the definition of competitive advantage believes scientists are divided. The author chose those relating to the use of resources of intellectual capital:

1. The concept is based on the resources and core competencies: its subject is not the sector and the company. Its basis are key competencies defined as skills that are crucial to the results of the company (Hamel & Prahalad, 1990, s. 79).
2. Contingency theory / approach: it is constantly adapting to changing environmental conditions (Macias, 2008, p. 5).
3. The concept of knowledge (knowledge based competition): current knowledge is a strategic asset of the company that determines its development, survival and building a competitive advantage. (Macias, 2008, p. 9).

It says, however, to build a competitive advantage based on intellectual capital, we find the determinants that determine the intellectual potential of the company. Especially in the case of the TSL sector, which is growing very quickly and is a service - a difficult process to identify these determinants. Therefore, at the planning stage of research, the author has attempted to identify those factors (based on the analysis of materials). Belong to them:

1. Determinants of external:
 - Political, for example: state policy, protection of intellectual property;
 - Social, for example: education of the population, quality of life;
 - Economic, for example: the level of GDP, the level of unemployment;
 - Technology, for example: the rate of technology transfer, the level of technological development.
2. Determinants of internal:
 - Material: property (for example: technical measures) and financial (for example: capital structure);
 - Immaterial: human capital (for example: the creativity of employees), relational capital (for example: susceptibility to innovation) and organizational capital (for example: organizational culture).

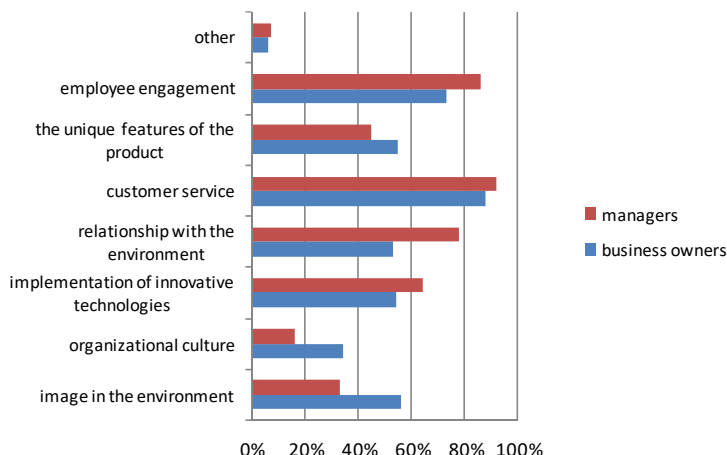
Thanks to this division, we can accurately show the complexity of factors that influence the shape of the intellectual capital of companies in the TSL. In addition, we know that we have different methods and tools to manage it. Moreover, this statement is a perfect introduction to the presentation of research results.

The role of intellectual capital in practice

Investment in this type of capital associated with high risk. However, many owners and managers of companies in the TSL understand its importance for the organization and want to implement it - confirmed it carried out the study.

In Figure 1 the author presents the opinion of business owners and managers on the role of intellectual capital in their organizations. Due to the objectives of the study, the author wanted to know their opinion was compared to the traditional factors of production.

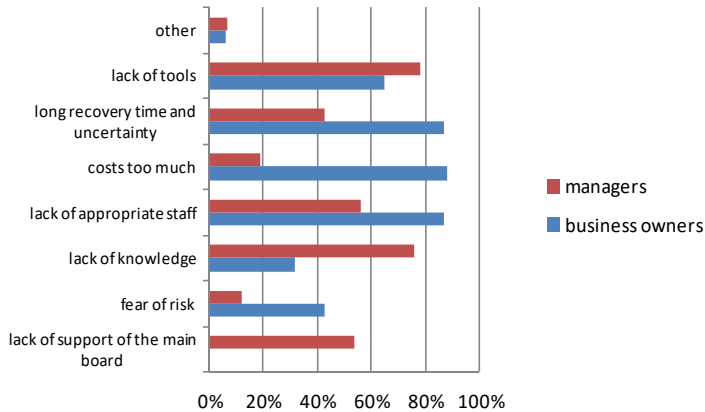
Figure 1. The role of intellectual capital in companies which participated in the study



Source: own study.

Based on respondents' answers, the author has the idea that they are aware of the need to build their competitive position on the basis of investments in intangible assets. However, in this process is a lot of barriers that do not allow them to implement the concept of intellectual capital management in their organizations. These barriers could also be identified during the study (Figure 2).

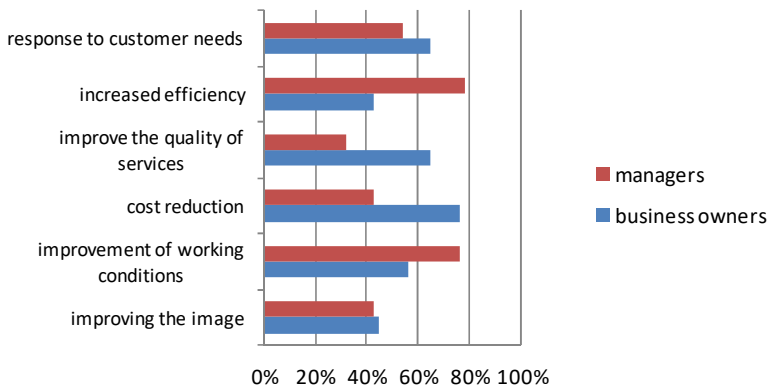
Figure 2. Barriers to implementing the concept of intellectual capital in companies which participated in the study



Source: own study.

Equally interesting and very optimistic, they present the responses that relate to the role they must play implemented the concept of intellectual capital management in building a competitive advantage. Most of the indicated purposes is practically the same as the main factors shaping the competitive position in the industry TSL - detailed distribution of responses shown in Figure 3.

Figure 3. The role of intellectual capital management in companies which participated in the study



Source: own study.

In summary, based on all of the previously described theoretical considerations and the results of the study, the author states, that intangible assets in the process of building competitive advantage of companies in the TSL are already very appreciated. It is also important that business owners are aware of what can be achieved through the concept of management of intellectual capital. They also know what it depends on - business strategy, environment variables and the extent implemented the concept of intellectual capital.

In addition, we must remember that create a model of intellectual capital management in a company is not an easy process, since it must include:

- Development of strategies related to intellectual capital;
- Creation of databases on intellectual capital - acquiring and storing them in the information and knowledge;
- Permanent development of intellectual capital;
- Protection of intellectual capital;
- Permanent monitoring of intellectual capital.

Conclusions

Author conclude, intellectual capital is a combination and joint action of all intangible assets which companies have or are able to create using the knowledge. Most important, however, it is to use this potential to be better than the competition. Companies must strive to these resources has become their main asset market. This is very important because in today's market, companies can only function through flexibility and adaptation to the changing environment. The more that in the era of globalization and knowledge-based economy, traditional methods of competition are no longer guarantee the achievement of expected results. Today, companies that build competitive advantage need to adjust their internal operations to changing external conditions. All the more so if they are industries that are developing dynamically - for example, TSL industry. In these industries to grow a lot of competition, which forces each game are saved striving for optimal management. Therefore, if these companies plan to increase their effectiveness, they must use modern forms of management that are used to implement and achieve certain results.

Therefore, intellectual capital is beginning to be seen as a major factor at the macro and micro. Without it, no entity has reached the expected level of innovation. Of course, this process is accompanied by fundamental dilemmas. They relate to the type of determinants influencing the development of intellectual capital and the conditions of management. But after all,

recent years have shown, the concept of intellectual capital has become a strategic management option, and affects the position of the company on the market.

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Organizational resilience of family business: case study

JEL Classification: *M20; H12*

Keywords: *organizational resilience; family business; case study*

Abstract

Research background: Organizational resilience, understood as an ability to survive in harsh market conditions, captures increased research consideration in recent years. The same applies to family businesses that attracted significant attention lately. Although the interest in the topic grows, there are still remaining questions to be answered.

Purpose of the article: In the paper we focus on identifying factors affecting organizational abilities to adapt to dynamic, hostile and complex environment especially when disruptive events occur in the environment. Literature studies in the topic allowed development of research proposition - organizational resilience should help to survive negative occurrences in the environment and family business should focus their attention on building resilience capacity while it may allow and facilitate longevity and well-being of an organization.

Methodology/methods: We illustrate this proposition with the use of two family company cases from the Silesian Voivodeship. The first is a case of a large production company that existed between 2010 and 2013, and after receiving increased growth in 2005-2012 period it went bankrupt in 2014 after two large contracts. The second is a case of a developer company from the same region that started its operation in the same period and managed to develop both its market and products in years. We compare the data flowing from interviews with the owners (that are also managers of these companies) using Eisenhardt (1989) methodology and that leads to creation of propositions for future research.

Findings: Research results indicate there are several factors influencing ability to cope with critical situations. Firstly, we identified that professionalization of management of family business leads to better chances to survive in the environment.

Secondly, we conclude that awareness to weak signals diminishes the probability of risky behaviors and helps to survive in dynamic, hostile environment.

Introduction

Family businesses play important role in the economy. Their significance for societies is widely recognized and attracts increasing research attention in recent years. Despite numerous studies there are still questions to be answered. In particular, still little is known about family business responses to disturbing environmental occurrences. The literature proposes the concept of organizational resilience as the answer to unforeseen critical situations, and numerous scholars contributed to this field of knowledge (Somers, 2009). Organizational resilience is usually identified as the ability to survive in the critical situations by adequately responding to environmental challenges. Although the theory was developed after natural disasters and is based on broadly understood systems theory, we believe it is a valuable approach to study survival of family businesses in harsh market conditions (hostile competition, unreliable clients, etc.).

In the paper we focus our attention on identification of factors influencing family business' abilities to adapt to ever changing, dynamic, hostile and unpredictable environment. In particular, we concentrate on finding the answer on the question of how successful family businesses respond to critical situations and what differentiates them from the ones that fail to find adequate answers. Using literature study and qualitative research data coming from two companies, one successful and one that failed to survive a critical situation (now nonexistent) we identify characteristics, behaviors and decisions made by the both companies. Their comparison leads to formulation of propositions for future research.

Family business – importance for the economy and characteristic features

Family businesses play an important part of the new national and global economy. Due to their specificity, family businesses faced many difficulties, one of which is to plan and implement the succession strategy. In America, Germany and Italy, such firms create an extremely big cumulative contribution to both labor market and export. It can be noticed that during the last decade, the contest of a strong global economy, new technologies, increasing market opportunities and the participation of a new

generation of family members have together encouraged to the increased vitality of family businesses (Carlock & Ward, 2001).

There is no doubt that the old industrial model government policy makers, economists, and academics has been replaced by the twenty-first-century global economic model. It turned to be helpful in recognizing that entrepreneurial and family enterprises are a prime source of wealth creation and employment in both developed and emerging economies. Families control 95% of the businesses in Asia, the Middle East, Italy, and Spain. In profound industrial economies such as France and Germany, over 80% of the companies are family supervised. In the United States, with its strong public stock markets, families control 60–70% of the country's commercial organizations (Kets de Vries, Carlock, & Florent-Treacy, 2007). 36 percent. of companies in Poland have been declared as the family businesses, which are able to produce 18 percent of GDP - it results from the report, which was presented in 'Family Company Is A Brand' prepared by the Institute of Family Business (2017). However, about 92 percent. of companies are so called "Potentially family". They do not admit to their family, because they are afraid of some bad associations resulting from the times of a centrally planned economy in Poland.

Organizational resilience – the state of the art and the family business context

It is not denied that organizations operate in dynamic, highly competitive, and very difficult to foreseen, as well as unstable, environment. This environment is created and shaped by institutions, markets, trends, and sometimes by natural disasters (Boin & van Eeten, 2013). Research attention has been recently directed towards these unpredictable occurrences (for example: 9/11 terrorist attack, Katrina Hurricane, etc.) (see: Butts, Acton, & Marcum, 2012) and currently, scholars and entrepreneurs are searching for managerial solutions that should help organizations in recovering after disruptive events. One of the concepts created recently, that focuses on organizational features and processes allowing quick response to disasters, is organizational resilience, and the research in the topic has grown rapidly in number and quality within last years.

Organizational resilience has its roots in the concept of individual resilience and as such is the anthropomorphisation of individual posture and characteristics (Shin, Taylor, & Seo, 2012); the second basis for studying resilience resides in the field of ecology, as stated by Holling (1973).

Kachaner, Stalk and Bloch (2012) clearly argue that family businesses, in most cases, are strongly focused on creating resilience capabilities and long-term performance. They direct their attention to controlling expenses by not spending more than they earn, they frequently carry limited debt, acquire fewer and smaller companies, diversify their activity to the higher extent than larger companies, are very ambitious in regard to internationalization, and focus on retaining best employees – talents – more frequently than large organizations. Also, in respect to family business resilience, Danes et al. (2009) emphasize, on the basis of National Family Business Panel data, that organizational resilience is strongly related to contribution of employees (human resources), social support, financial capital, exposure to natural disaster and federal assistance given to business-owning families. They conclude, that federal assistance is negatively correlated to firm resilience in case of companies owned by males, while positively in case of female-owned companies. Amann and Jaussaud (2011) argue and find empirical evidence that in economic downturns family businesses are more capable of organizing and mobilizing their resource in comparison to non-family business. Their resilience lays in facing down business reality, active searching for meaning of changes and ritualized ingenuity. In sum, on the basis of short review of the literature, it may be argued that family business are better prepared for the unexpected than non-family businesses.

Research methodology

To meet the aim of the paper we decided to use qualitative approach focused on identification and understanding of mechanisms by which family business respond to disruptive events. We adopted the approach proposed by Eisenhardt (1989) and we combined it with grounded theory approach as suggested by Charmaz (2011). On the basis of literature review an open-ended questions list was prepared, and it contained 18 questions to which respondents were asked to answer. We focused on understanding what actions respondents chose and why they decided to act in a particular way in a crisis situation, allowing respondents to freely speak about their intents, situation they faced, actions and results. Every interview lasted about two hours.

After the analysis process, in total more than 350 nodes and 25 categories were created. Next, we focused our attention on linking categories to create a model and the theory behind owners' actions. At this stage we contacted both owners to gather additional information (mainly during informal meetings). Finally, we conducted cross-case analysis to identify similarities and differences between companies and confronted two created models describing behaviors. This allowed us to identify differences between resilient and non-resilient organization and formulate research propositions.

As the concept of resilience is widely studied recently, we used theoretical framework to compare both companies, following Kantur and Say (2015) directions.

Characteristics of companies and respondents

We purposefully chosen two medium sized, family businesses, both of which were operating in the field of construction, both operating in the same region – Silesian Voivodeship (southern Poland), one of them was closed recently, and the second is growing rapidly. The owners (and CEO's) of the companies are at the same age, mid 40, and have similar experience in business. Both companies started operation at approximately the same time, and hire similar number of employees (the company A – 170 employees in 2014; the company B – 120 employees in 2014, and 150 currently).

The first company, called A in the paper, founded in the 1999, which was producing windows and doors for individual and institutional clients, was closed in 2015, 5 years after significant financial problems arising from signing contracts with fraudulent clients. It was a company well known in the field, and it was awarded "Business Gazelle" award in 2010 and 2011, as the fastest growing, innovative business.

The second company, called B in the paper, founded in the early 1990ies, is currently operating in the field of construction (developer company). Recently founder and CEO decided to expand the scope of activity and opened high standard tennis and fitness club with two restaurants and more than 30 employees (the basic rationale for the business was personal interest in tennis and sport activities).

Research results: how family businesses react to disturbing events

Description of disturbing events in chosen companies

In both cases disturbing events were caused by clients, and strictly speaking their destructive behaviors in relation to the business. However, the crisis faced by the company A has a broader background. As an owner claims, it was all due to the financial crisis in the USA back in 2008/2009. It was financial “bubble” in the USA that caused problems for companies from that field. Banks were reluctant to fund future investments, there were limited investments in progress and firms had to rely on their accumulated capital to survive this period. Both in case of a company A and B the main cause of organizational problems were clients and their lack of willingness to pay for services or products.

Companies' reactions to disturbing events – problems with clients

Owners of two companies declared they reacted to disruptive events in slightly diverse manner. Although there are numerous similarities in actions and decisions, there are also some clearly distinguishing reactions. In general, it may be argued that this reluctance to listen to customers, clients and other stakeholders differentiates both companies. While the first owner made decisions all by himself, the owner of the company B had advisors at the initial stage – several specialists from the field, from other companies, and they helped him make all the important, initial decisions.

Broad material gathered during interviews allows for in-depth comparison (table 1). We chose the extended and modified framework proposed by Kantur and Say (2015) to compare both companies. We enriched it with the attitude towards opportunities and threats, locus of organizational attention, the level of professionalization, and familiness, as important for family businesses. The comparison presented in table 1 contains a list of propositions that should be tested empirically to better understand actions and behaviors of companies in the face of crisis. In particular, research attention should be focused on aspects that differentiate successful and unsuccessful company. We decided not to formulate propositions explicitly, while there would be lots of them. Instead, we present a comparison that is a good starting point for creating concrete research propositions (hypotheses).

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Table 1. Comparison of companies' reactions to destructive events

	Company A	Company B
Attitude to Opportunities	Active seeking and creating of opportunities	Active seeking and creating of opportunities
Attitude to Threats	Faith in other stakeholders, lack of safeguarding mechanisms for unreliable clients	Continuous examination of potential clients for threats
Locus of organizational attention	Attention focused on client search	Attention focused on client search and client verification
Level of professionalization	Low to medium (strategic management issues carried by owner, operational management delegated)	Low (most of strategic and operational decisions made by the owner)
Familiness	High level of familiness, wife working in a company, company prepared for owners' children	High level of familiness, wife working in a company, company prepared for owners' children
Preserving position activities	Trying to minimize consequences for the staff by finding them new jobs; transferring capital to other companies; searching for help in external business angel; legal process with clients; "escaping" with the capital; searching for help in banks (with no luck)	Continuous monitoring and demands for payments, focus on searching for new clients, investing own money, searching for help in other companies, among friends, using "capital slack" that was at the disposal of the company, bank credits
Diversification	Concentration on current business	Searching for other possibilities (opening tennis and fitness club)
Rapidity	Quick, immediate actions	Quick, immediate actions
Alternatives to benefit from	Initially smaller clients and slowly starting to serve larger companies (B2B business), usually one or two at a certain moment	Initially large clients, and slowly evolving and concentrating on smaller clients to safeguard the processes and wellbeing of a company
Agility	Large investments in relation specific assets, low agility	High agility and diversified knowledge, low investments in specific assets
Employee commitment	High commitment and loyalty of a staff	High commitment and loyalty of a staff
Acting as a whole	Changes in the company fully understood, employees transferred to two other companies	Changes in the company fully understood, the staff well integrated, decisions made only by the owner
Resistance and continuance	Resignation, feeling cheated and robbed; the attempt to "save" the company during the crisis, and later – attempts to guarantee future for employees	Proactive posture, motivated to action, trying to understand and explain behaviors of customers; patience and waiting for a right moment to demand for payment

Source: self-elaborated

The comparison presented above shows differences and similarities, and there is no simple explanation why the first company failed and the second survived. The approach to management, taking care of the company, treating employees are very similar. However, what strikingly astonishes is the attitude towards clients and the strategy in the search of the opportunities

(as well as perception of threats). During critical situation more attention should be placed on safeguarding mechanisms and double-checking reliability of clients. Also, although low level of professionalization of management does not diminish the chances to survive, consultations with experienced institutions may help in making right decisions.

Conclusions

Resilience, understood as the ability to survive in harsh environmental conditions and respond effectively to adversities, clearly requires more research attention. Although the topic is considered as requiring attention there are still gaps in the literature that require filling in with relevant theory. The study aimed at searching for the answer to the question of how family businesses cope with critical situations and what helps them to survive. The comparison of two cases has led to creation of distinguishing features of successful companies (see table 1), however this proposition needs further proofs and testing. We believe our study opens discussion in the field of small and medium family businesses behaviors during critical situations.

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**Application of the principle of fairness in the distribution of rewards:
evidence from Serbia and Bosnia & Herzegovina**

JEL Classification: *M12; M50; M51; M54*

Keywords: *fairness, rewards, employees, organizational justice, behavior*

Abstract

Research background: In the search for additional data, which would enable the conclusion on the implementation of the principle of fairness in the distribution of rewards as one of the key ethical concepts in relations between employers and employees, a survey was conducted, which entailed the corresponding proportional number of respondents from Serbia and Bosnia and Herzegovina, to enable comparison of results. On the basis of secondary data, this research started from the assumption that the principle of Procedural justice in the distribution of income in Serbia and B&H has been insufficiently applied in practice in organizations in these two countries. It has been assumed that the ownership structure of the company (organization) affects the degree of implementation of the principles of fairness.

Purpose of the article: The aim of this paper is to identify elements of the system of rewards which determine the perception of fairness among employees and to

what extent they are implemented in organizations in Serbia and Bosnia and Herzegovina. In this paper the authors are looking for the identification of elements that form the basis of fairness in the distribution of rewards and their importance for the perception of fairness.

Methodology/methods: Methodologically, the paper is based on the analysis of the existing literature, secondary sources and statistically processed results of the survey conducted in 328 organizations in Serbia and Bosnia and Herzegovina. The results of this analysis indicate that the elements of fairness in distribution of rewards were neglected in the organizations analyzed in this research.

Findings: According to the presented data of the research conducted on the sample of 325 respondents in Serbia and Bosnia and Herzegovina hypotheses are confirmed that the principles of procedural justice are not sufficiently applied in organizations in Serbia and Bosnia and Herzegovina. Their application depends on the form of ownership. Low perception of procedural practice in distribution of rewards may have negative impact on business results, which can be the subject of some future research.

Introduction

In the market economy it is believed that in the transaction between the employee and the employer fulfils some of their interests and achieves certain gains. The employer has the opportunity to make profit as the result of the ability and commitment of the employees and the employees can obtain equitable remuneration by investing their knowledge, skills and efforts (transactional gains), which is the basis of their existence. However, the importance of money to meet the entire range of human needs has to be emphasized as well as a number of other gains (Milkovich & Newman, 2002). Therefore, the application of the principles of fairness in the distribution of rewards is of special importance for both the employees and employers. For employers, this principle has significance as a factor in the balance between costs and revenues, including the need for price competitiveness, as well as labour and product markets, including also motivational effect on work performance and overall business results.

Nowadays, wages are not only the basis of human existence, but also the expression or measure of different values, including the values of individual abilities and work results. It depends on a whole range of factors, both internal and external. Among the external factors, very important role is played by market affecting the prices of goods and services, the labour market in terms of demand for certain professions, competition, the impact of unions on the formation of labour costs and regulations that govern this field, including taxes and contributions. Internal factors relate primarily to

the ability of managers and HR professionals to provide objective system and procedures, which will rely on the internal politics of earnings, the value of work, the recognition of knowledge, skills and performance of employees. These internal factors are under the control of the organization and management can manage them, i.e. they can ensure fairness and balance the interests of both sides: the organization and the employees (Hanic, 2016). Also, the reward system would allow companies to govern behaviour of employees, emphasize and spread the values of the company, i.e. corporate culture, and to express their expectations regarding the results achieved by employees (Lindström, 2011). Fair and rightful transaction between the employer and the employee assumes that both the employer and the employee have access to information necessary for employer to make decisions on the amount of employees' compensation. The aim of this paper is to identify elements of the system of rewards which determine the perception of fairness among employees and to what extent they are implemented in organizations in Serbia and Bosnia and Herzegovina (B&H).

As one of the basic elements of the transaction and the relationship between employer and employee in the distribution of rewards is the core of organizational justice. Greenberg (1987) introduced the concept of organizational justice in the theory of organizational behavior, taking into account the fact that the employee evaluates the behavior of the organization in relation to their working behavior and that individual's performance greatly depends on it. It is suggested that the perception of fairness as a fair exchange between the organization and the employee encourages employees to make stronger commitment in a way that suits the organization (Blakely *et al.*, 2005, Konovsky & Folger, 1991, Konovsky & Organ, 1996, Moorman, 1991, Organ & Moorman, 1993, Moorman *et al.*, 1998). The concept of organizational justice in the first version, developed by Adams (1965) on the principles of social exchange, related to the perception of fairness of the total gains in relation to the role of employees. Although the distributive justice, as the final result of the distribution, was the main goal, it turned out that in the perception of justice, the way of achieving such result plays a significant role. The research that was conducted by Thibaut and Walker (1975) showed that the way in which decisions are made is important for people's perception of justice. As a result, the concept of procedural justice has been created. The basic premise of procedural justice is that people should be treated in a fair and consistent manner (Pinnington *et al.*, 2007, p. 238). Particular emphasis is given to the responsibility of decision makers in the organization, because managers can change, shape, redirect and fundamentally alter other people's lives with their decisions.

Method of the research

In order to analyze this research, appropriate method of statistical analysis were used, as follows:

- The methods of descriptive analysis, which are primarily used for the statistical evaluation of key parameters such as: central tendency, proportions and rate of dispersion.
- Methods of correlation analysis, which were applied to test the degree of correlation of the analyzed variables
- ANOVA or analysis of variance, which is used to test the hypotheses of equal population mean values .
- MANOVA or multivariate analysis of variance, which is used to simultaneously test the hypotheses on the influence of independent variables on dependent ones.

In the search for additional data, which would enable the conclusion on the implementation of the principle of fairness in the distribution of rewards as one of the key ethical concepts in relations between employers and employees, a survey was conducted, which entailed the corresponding proportional number of respondents from Serbia and B&H, to enable comparison of results. Selection of these two countries, the former Yugoslav republics is based on many similar characteristics (culture, common history, a long period of transition, yet not becoming the EU members, etc.) (Grubisic *et al.*, 2011). Since procedural justice depends exclusively on internal factors of the organization, the focus of our research is directed towards the elements of procedural justice.

The research plan envisaged participation of 360 respondents. There were 325 valid questionnaires after conducted research. On the basis of secondary data, this research started from the assumption that the principle of procedural justice in the distribution of income in Serbia and B&H has been insufficiently applied in practice in organizations in these two countries. It has been assumed that the ownership structure of the company (organization) affects the degree of implementation of the principles of fairness. The practice, however, differs depending on their ownership structure (Jovanovic *et al.*, 2012). The questionnaire was used in the research which comprised two groups of closed questions: one concerning the characteristics of respondents and organizations in which they were working (independent variable) and another perception of the way in which earnings were distributed.

Results and discussion

Results of descriptive statistics, presented in Table 1 show that the highest percentage (64 % of the total sample) expressed agreement with the statement that the employees' salaries are determined on the basis of the established system that is known to all employees. The percentage of respondents who complied with this statement is higher in Bosnia and Herzegovina (68%), than in Serbia (62%). The remaining percentage of negative and indecisive responses to this statement (36 %) seriously signals that one third of organizations from these countries do not apply salary systems based on job requirements and operating results, which opens great opportunities for unfair distribution of earnings, favoritism and other forms of inequality. Almost the same percentage of the respondents (63 %) agree with the statement that earnings depend on the degree of education and position in the organization providing the basis for the assumption that the respondents think just on those criteria regarding salary system according to pre-established criteria. Experience of the researchers speaks in favor of that assumption, as well. Of the total number of the respondents in both countries, 36 % agrees with the statement that the salaries of employees are negotiated with each individual, while the percentage of positive statements is higher in participants from Bosnia and Herzegovina (40%). At the same time, these responses reveal high standard deviation (1.545 for the total sample). This practice leaves a great opportunity for unequal treatment and injustice in determining earnings. The idea that earnings of managers are determine as fixed under the contract, and of other employees according to the rule book was confirmed by one third of the respondents (35% of the total sample). Irregular payment of salaries is confirmed by 10 % of the total sample, more in B&H (13%), than in Serbia (8%).

Insight into the mean value of the response show that the agreement with the statement that the employees' wages are calculated according to the already determined system which is known to all employees is expressed by the majority of respondents employed with private companies with both domestic and foreign capital, companies with foreign capital, organizations that use HR services of external agencies and those in which one person performs professional HR function. Confirmation that earnings depend only on the level of education and position in the organization is found mostly in the respondents from state-owned enterprises. The strongest confirmation of practice expressed through the claim that the salaries of employees are determined by negotiating with each individual was obtained from the respondents employed with private companies which domestic capital and companies which suffered losses.

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Table 1. How salaries are distributed in the respondents 'organizations'?

		0	Number of negative responses	Number of positive responses	% of 0 responses	% of negative	% of positive	Mean value	Standard deviation	N
Employees' salaries are determined by negotiating with each individual separately	Serbia	33	105	70	16	50	34	-.33	1.551	208
	B&H	13	57	47	11	49	40	-.19	1.537	117
	Total	46	162	117	14	50	36	-.28	1.545	325
Employees' salaries are calculated based on the determined system which all employees are familiar with	Serbia	29	51	128	14	25	62	.57	1.395	208
	B&H	13	25	79	11	21	68	.73	1.430	117
	Total	42	76	207	13	23	64	.62	1.408	325
Employees' salaries depend only on education and position in the organization	Serbia	28	51	129	13	25	62	.49	1.300	208
	B&H	17	24	76	15	21	65	.55	1.283	117
	Total	45	75	205	14	23	63	.51	1.292	325
Managers' salaries are determined as fixed under the contract, and other employees' salaries are calculated according to the rule book	Serbia	45	94	68	22	45	33	-.28	1.438	208
	B&H	27	44	46	23	38	39	.00	1.402	117
	Total	72	138	114	22	43	35	-.18	1.430	325
Employees' salaries are paid irregularly and with delay	Serbia	14	178	16	7	86	8	-1.49	1.068	208
	B&H	16	86	15	14	74	13	-1.17	1.308	117
	Total	30	264	31	9	81	10	-1.37	1.168	325

Source: Based on authors calculation

Data obtained in this research suggest that the practice to determine managers earnings fixed under the contract, and other employees' salaries according to the rule book, is most common in private companies with both domestic and foreign capital. Among the five responses on the models of distribution of earnings, ethically and professionally it is most acceptable

to determine the employees earnings according to the prescribed system which is known to all employees (second row), given that this model of distribution meets the requirements of fairness (objectively established and known criteria) and equality (applicable to all employees). The majority of respondents from all types of organizations selected this attitude as the evaluation of practices in their organization.

Table 2 shows the characteristics of the distribution of earnings in relation to the modalities of ownership structure. The data obtained from this research show that earnings are determined by negotiation with each individual mostly in private companies with domestic capital, and the least in state-owned enterprises. This gives huge opportunity to favor some employees by managers and perception of injustice by the employees. According to the opinion of the respondents, the distribution of earnings based on a determined system which is known to all employees is most common in private companies with both domestic and foreign capital, then in private companies with foreign capital, while in private companies with domestic capital this form of distribution is present least. It is interesting that in the state-owned enterprises the mean value of the positive response to this question is quite low (.71), although it is expected that in this category of enterprises the system of payment of salaries is most regulated and transparent.

Table 2. Application of criterion of fairness in distribution of salaries in companies with different ownership structure

	Ownership structure	Mean	Std. Deviation	N
Salaries are determined by negotiating with each individual separately	Private company - domestic capital	.11	1.601	100
	Private company with both domestic and foreign capital	-.16	1.700	49
	Private company with foreign capital	-.23	1.511	98
	State enterprise	-.90	1.212	78
	Total	-.28	1.545	325
Salaries of employees are determined on the basis of a determined system known to everyone	Private company - domestic capital	.20	1.537	100
	Private company with both domestic and foreign capital	.98	1.331	49
	Private company with foreign capital	.82	1.271	98
	State enterprise	.71	1.340	78
	Total	.62	1.408	325
Salaries of employees depend on education and position in organization	Private company - domestic capital	.22	1.345	100
	Private company with both domestic and foreign capital	.49	1.309	49
	Private company with foreign capital	.38	1.206	98
	State enterprise	1.05	1.172	78

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Table 2. Continued

	Total	.51	1.292	325
Salaries of managers are determined as fixed under the contract, and of other employees according to the rule book	Private company - domestic capital	-.48	1.344	100
	Private company with both domestic and foreign capital	.24	1.479	49
	Private company with foreign capital	-.05	1.395	98
	State enterprise	-.23	1.485	78
	Total	-.18	1.430	325
Salaries of employees are paid irregularly and with delay	Private company - domestic capital	-1.19	1.316	100
	Private company with both domestic and foreign capital	-1.35	1.234	49
	Private company with foreign capital	-1.70	.789	98
	State enterprise	-1.21	1.252	78
	Total	-1.37	1.168	325

Source: Based on authors calculation

Results of this survey indicate that the greatest differences in the treatment of managers and other employees are identified in private companies with both domestic and foreign capital, a practice adopted from Western capitalist countries. The attitude that earnings of managers are determined as fixed under the contract, and of other employees according to the rule book was most denied by the respondents from private companies with domestic capital and state-owned enterprises. The problem of irregular payment of salaries, according to this research is least present in private companies with foreign capital, and most often found in private companies with domestic capital and state-owned enterprises. Using the services of HR professionals according to modes offered in the questionnaire represents a variable that can significantly explain the differences in three of the five modalities of distribution of earnings (excluding the criteria of education and irregularity in payment of salaries). Based on the results of this research and findings obtained from secondary data it can be concluded that the principles of procedural justice are not sufficiently applied in organizations in Serbia and B&H. Their application is dependent on the form of ownership. The ownership structure of the respondents' organization has influence at all group characteristics of the practice of distribution of earnings stipulated in the questionnaire (Table 3).

Table 3. Relationship between ownership structure of the company and the distribution of reward - Tests of Between-Subjects Effects

Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Salaries are determined by negotiating with each individual separately	45.812	3	15.271	6.740	.000	.059
Salaries of employees are determined on the basis of a determined system known to everyone	28.312	3	9.437	4.935	.002	.044
Salaries of employees depend on education and position in organization	33.000	3	11.000	6.948	.000	.061
Salaries of managers are determined as fixed under the contract, and of other employees according to the rule book	19.677	3	6.559	3.276	.021	.030
Salaries of employees are paid irregularly and with delay	16.322	3	5.441	4.103	.007	.037

Source: Based on authors calculation

Conclusions

According to the analyzed data of the research, the principles of procedural justice are not sufficiently applied in organizations in Serbia and Bosnia and Herzegovina. Their application depends on the form of ownership. Low perception of procedural practice in distribution of rewards may have negative impact on business results, which can be the subject of some future research. Such conclusion is indicated by the data that distribution of earnings in Serbia and Bosnia and Herzegovina is carried out in most companies without clearly defined procedures and criteria and is not clearly related to the type of work and the results achieved. From the perspective of procedural justice, it can be observed that in Serbia procedures of distribution of earnings mostly focus on general legal requirements and criteria (qualifications, coefficients) mainly as a fixed (unchanging) category. The most commonly used criterion is the level of education and position in the organization, which stimulates the demand for degrees and striving towards better paid positions. These, however, are the criteria that do not encourage real individual and organizational performance and operating results.

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Entrepreneurial motives as a differentiating factor in innovativeness

JEL Classification: L26

Keywords: *entrepreneurial motives, innovativeness, proactiveness, mission, money*

Abstract

Research background: SME character determines that entrepreneur's personality plays a significant role in their management. For this reason it is necessary to consider the personality as a whole including his/her motives for entrepreneurship.

Purpose of the article: The aim of this article is to examine the relationship between entrepreneurial motives and innovativeness in the small and medium-sized enterprises (SMEs) sector in the Czech Republic.

Methodology/methods: We have analyzed the data collected in 2015 from 1141 SMEs from 14 regions of the Czech Republic. For the purpose of this article we focused on the motives for doing business, which were analyzed on the part of the whole sample including two selected groups of respondents. The first group (330 respondents) consisted of entrepreneurs who featured money as the most important motive for starting up a business and the second group (251 respondents) consisted of entrepreneurs who featured mission as the main reason for starting up a business.

Findings: We have revealed statistically significant differences in innovativeness between the entrepreneurs motivated by money and the entrepreneurs motivated by mission. Regardless of the entrepreneurial motives vast majority of entrepreneurs consider the innovativeness to be important for their company.

Introduction

Small and medium-sized enterprises (SMEs) are the subject of a great importance because of their irreplaceable role for the performance of the Czech economy. Entrepreneurial orientation (EO) of SMEs is highlighted in the papers of many authors because it is a possibility of improvement performance (Belás & Sopková, 2016a; Belás & Sopková, 2016b; Vojtovič, 2016; Covin & Wales, 2011; Lim & Envick; 2013).

For the development of SMEs the quality business environment creates favorable conditions (not only economic criteria, but also social, educational, cultural and other factors). (Ključnikov, Belás, Kozubíková, Paseková, 2016; Dúbravská, Mura, Kotulič, & Novotný, 2015 ; Belás, Ključnikov, Vojtovič, Sobeková-Májková, 2015)

The nature of SMEs makes it inevitable to take into account the personality of an entrepreneur as a factor which significantly influences the status and the success of SMEs. Many authors focus their researches on suitable personality traits of the entrepreneurs. (e.g. Beugelsdijk & Noorderhaven, 2005; Caliendo, Fossen & Kritikos, 2014; Frese & Gielnik, 2014; Kozubíková, Belás, Ključnikov, & Virglerová, 2015).

To become an entrepreneur it is necessary to find a good and convenient motivation. Entrepreneurial motives can be various, including desire to earn lots of money, passion, need to find a job and others.

The aim of this paper is to improve better understanding of different attitude to the selected element of the EO – innovativeness – between two selected groups of entrepreneurs in relation to different motives for entrepreneurship.

Research methodology

The aim of the article is to identify and quantify the differences in the innovativeness of entrepreneurs among the entrepreneurs whose motive for starting a business are money in comparison to the entrepreneurs who stated that their motive for starting a business was a perception of doing business as their mission. In order to reach the main objective of the article we

have defined area of the research: innovativeness (statistical hypotheses - H1A, H1B, H1C) and formulated the following statistical hypotheses:

H1A: There are statistically significant differences between the selected groups of entrepreneurs in their own concept of the enterprise as an innovator.

H1B: There are no statistically significant differences between the selected groups of entrepreneurs in the affirmative reactions on the claim that the company produces new products (goods) or services.

H1C: There are statistically significant differences between the selected groups of entrepreneurs in the field of financial investment in new methods and technologies.

The questionnaire consisted of 52 questions covering the fields of risk management, personal characteristics and motives for doing business, as well as the relationship to the aggressiveness in business. In total our survey obtained the statistical data from 1,141 enterprises (70% success rate).

Present statistical survey is focused on a question of motivation of the entrepreneur for starting a business. The most common answers to the question on motives were: money, perception of doing business as a mission, independence, self-realization, but also a unique theme of the change of the political regime in 1989. The two most important motives for starting a new business, namely money and mission, were chosen for the research.

In order to evaluate the defined statistical hypotheses needed to fulfill the objectives of the paper we used such methods of descriptive statistics, needed for the Z-score calculation. Pearson's coefficient was calculated and then interpreted by a judgment of the statistical significance of differences between specific groups of entrepreneurs according to their motivation for starting a business. Statistical hypothesis were adopted or rejected on the pre-set level of significance with p-value of 0.05. While evaluating and identifying the statistically significant differences between the responses to the questions between the selected groups of enterprises Z-score was applied. P-value of the standardized normal distribution was used to evaluate the Z-score parameters. Calculations were made through the sophisticated statistical software called SPSS Statistics.

Literature review

Entrepreneurial behavior is significantly determined by business environment that can include factors such as: laws and government, activities, clients, suppliers, competition, improvements in technology, banks, risks and so on. (Virglerova, Dobes & Vojtovic, 2016; Betakova, Lorko, & Dvorsky, 2014)

EO is usually understood as a five-dimensional construct consisting of *innovativeness, risk-taking, proactivity, autonomy and competitive aggressiveness*.

The importance of entrepreneurial behavior is examined by many authors (originally Miller, 1983; further developed by Zortea-Johnston, Hudakova et al., 2015; Darroch & Matear, 2012; Rauch, Wiklund, Lumpkin & Frese, 2009). Lumpkin and Dess (1996) extended Miller's original three dimensional concept by two constructs – autonomy and competitive aggressiveness. They focused on an effective combination of all five constructs, but at the same time they stated that these five elements do not represent entrepreneurship defined as a new entry.

Innovativeness is an important component of the EO, because it reflects the important means by which the companies can pursue new opportunities. (Lumpkin & Dess, 1996, p. 143)

Innovativeness of a company is solved by many authors from different point of view (Laforet, 2013; Soininen, Puumalaiene, Sjögren & Syrjä, 2012). Boyer and Blazy (2014) examined the determinants of survival of non-innovative and innovative enterprises. The survival of these companies is associated with personality characteristics, such as gender, age association with a national minority, professional experience and financial resources.

The necessity to have the ability of innovation for entrepreneurs is also highlighted by Lukes (2013), when stating that what differentiates entrepreneurs from all other groups in their higher involvement in preparatory activities that start the implementation of new ideas.

The effort to explore business motives is understandable because a closer understanding of motivations can contribute to a better understanding of entrepreneurial behaviour (Boada-Grau, Sánchez-García, Viardot, Boada-Cuerva & Vigil-Colet, 2016).

We can consider a wide range of entrepreneurial motivations, e. g. the economic motivations such as financial goals (Pinfold, 2001), the non-economic as independence, autonomy, seeking a challenge (Williams, 2009; Lumpkin, Cogliser, & Schneider, 2009; Mattis, 2000). A passion as a

reason of entrepreneurship is considered in the study of Yitshaki and Kropp (2016).

Rey-Marti, Porcar and Mas-Tur (2015) state that in recent years several studies are showing that business expansion predominantly depends on company owners' motives, attitudes and intentions towards the future.

Results and discussion

From the total number of 1141 respondents by using the simple method of sorting according to the selected statistical characteristic of motive for starting a business, we have selected a sample of 581 enterprises, who marked either money or mission as an answer. The structure of the selected statistical sample was as follows: money as the motive for starting a business was reported in 330 cases (29% of 1141 respondents), there were 260 males and 70 females, 105 respondents with a higher education, 225 respondents with the other levels of education. The age structure was as follows: 102 of the entrepreneurs were younger than 35 years, 100 of them was between 36 and 45 years, and 128 respondents were over 45 years old. Mission as a motive reported in 251 cases (22% of 1141 respondents), where 179 were males, 72 females, 106 had the higher and 145 the other level of education. 67 respondents were under 35, 66 of them were between 36 and 45 years, and 118 respondents were over 45 years old.

Table 1 shows the results of the research of the attitude of the company to their own image of the innovative company, sorted by the selected motives for starting a business (money and mission).

Table 1. My company has an image of an innovator

Innovativeness	Motive for starting a business		Z-score	Z-score p-value
	Money	Mission		
Completely agree: 7% of the companies	21 6%	22 8.9%	-1.095	0.271
Agree: 38% of the companies	100 30%	118 47%	-4.12	0.000
Take no position: 33% of the companies	115 35%	75 30%	1.264	0.207
Disagree: 20% of the companies	84 25%	35 14%	3.405	0.000
Completely disagree: 2% of the companies	10 3%	1 0.1%	2.306	0.021
Chi square	26.981			
p-value	0.000			

Source: own calculations

The results presented in the Table 1 show that 45% of the entrepreneurs agree with the presented statement, while 33% of them take no position and 22% disagree with the statement. The presented values of the test criteria confirmed that there are the statistically significant differences in the overall structure of the responses in relation to the motivation for starting a business ($p\text{-value} = 0.001$). There are also differences between the affirmative and negative answers between the selected groups in relation to the perception of innovativeness of their companies. The results of the evaluation of the calculated data allow us to adopt the statistical hypothesis H1A.

The results of the research of issues of development of new products and services between the selected companies are presented in Table 2.

Table 2. We regularly develop new products and services in our enterprise

Innovativeness	Motive for starting a business		Z-score	Z-score p-value
	Money	Mission		
Completely agree: 6% of the companies	32	5	3.767	0.000
	10%	2%		
Agree: 40% of the companies	149	83	2.946	0.003
	45%	33%		
Take no position: 23% of the companies	66	69	-2.117	0.034
	20%	27%		
Disagree: 27% of the companies	67	88	-3.983	0.000
	20%	35%		
Completely disagree: 4% of the companies	16	6	1.537	0.123
	5%	2%		
Chi square	35.857			
p-value	0.000			

Source: own data

The results presented in Table show that 269 entrepreneurs (46%) agree with the formulated statement, 135 entrepreneurs (23%) take no position, and 177 entrepreneurs (31%) disagree with the statement. P-value of the Pearson coefficient confirms the existence of the significant differences in the structure of the responses of the group of entrepreneurs regarding the statement about the development of new products and services in their companies ($p\text{-value} = 0.000$). Statistically significant differences can be also observed in case of absolutely conformable and conformable answers among the surveyed groups of entrepreneurs ($p\text{-value}$, Z-score value = 0.000; $p\text{-value}$, Z-score value 0.003). Statistical hypothesis H1B can be rejected on the basis of the performed tests.

Table 3. We invest in the development of new methods and technologies

Innovativeness	Motive for starting a business		Z-score	Z-score p-value
	Money	Mission		
Completely agree: 6% of the companies	11	23	-2.965	0.003
	3%	9%		
Agree: 34% of the companies	111	84	0.043	0.968
	33%	33%		
Take no position: 24% of the companies	75	64	-0.775	0.435
	23%	26%		
Disagree: 30% of the companies	109	72	1.120	0.263
	33%	29%		
Completely disagree: 6% of the companies	26	6	2.386	0.016
	8%	2%		
Chi square	14.972			
p-value	0.004			

Source: own data

The interpretation of the results presented in Table 3 is, that there are statistical differences in the approach of the entrepreneurs, selected in relation to the motive for starting a business in the field of financial support in the development of new methods and technologies (p - value = 0.004). We can also observe significant differences in negative responses of the selected groups of entrepreneurs on this statement (money - 135 entrepreneurs, mission – 78 entrepreneurs, Z-score - 2234, p-value Z-score 0.025). Statistical hypotheses H1C is adopted based on the evaluation of the received statistical evidenced.

Our positive results on innovativeness are in line with the authors which support the importance of EO for SMEs (e. g. Moreno & Casillas, 2008; Lumpkin & Dess, 1996; Laforet, 2013; Soininen et al., 2012; Avlonitis & Salavou, 2007). Nevertheless, our results are not always supported at the prescribed level of significance, but we were able to identify the firm level differences in a majority of the cases.

The findings of statistically significant differences in the attitude to identified constructs of EO caused by different entrepreneurial motives confirm the results of Boada-Grau et al. (2016) that different entrepreneurial motives can cause different entrepreneurial behavior (in our case different attitude to EO).

Conclusions

The aim of this article was to identify the relationship between entrepreneurial motives and a construct of EO, concretely innovativeness in the SMEs sector in the Czech Republic.

Our results showed that the entrepreneurs, who were an object of the research consider innovativeness to be important for their businesses regardless the entrepreneurial motives because the number of the affirmative replies (completely agree or agree) was dominating in all the questions related to the innovativeness. Entrepreneurs perceiving doing business as a mission statistically significant more intensively agreed with having a reputation of an innovative firm, but presented the opposite situation in case of regular development of new products and services, where entrepreneurs motivated by money were dominating.

We believe that our article has brought new incentives not only for further research.

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**The Interrelationship between motivation, organizational culture and
engagement. The next challenge for 21st century leaders**

JEL Classification: *J24; M54*

Keywords: *motivation; engagement; organization culture; empowerment; leadership*

Abstract

Research background: The huge research interest in the interrelationship between motivation, organizational culture, and engagement can be explained psychologically and economically. Psychological reasons include work individualization, increasing interest in positive psychology, and the role of human resources, perceived as a key resource in enhancing business competitive advantage. The economic reason is “engagement deficit” resulting from low employee engagement rates in organizations. Business organizations around the world pay a heavy price for unengaged and uncommitted employees. Leaders today are exerting tremendous pressure on their workforces to achieve optimal results. It is, therefore, becoming increasingly important for organizations to attract, engage, develop and build loyalty among their employees, based on their organizational culture, to gain a competitive edge in today's global marketplace.

Purpose of the article: The article's main purpose is exploring the interrelationship between three variables: motivation and organizational culture, which are independent variables, and engagement which is the dependent variable. This is important in the light of 21st century leaders' challenges to establish a solid organizational culture to engage their employees.

Methodology: Methodology is based on a multidisciplinary literature review in the fields of organizational psychology and management theory, including nearly 100 articles, reports and books.

Findings: Building an engagement organizational culture means leaders must understand the interrelationship between organizational culture and engagement and its contribution to achieving business goals. Managing organizational culture

requires leaders to focus on human aspects like motivation and employee values. The engagement organizational culture lies, profoundly, at the center of the ethical value-based organizational culture.

Introduction

The main goal of this paper is examining the essence of an organizational culture, specifically an ethical culture which relates respectfully to the organization's employees. Such a culture is a basis for cultivating employee motivation and fostering employee engagement to their work and workplace (Drucker, 1999; Hamel, 2001; Hamel & Breen, 2007; Kotter & Heskett, 1992; Polowczyk, 2012; Zak, 2017). The article can help raise business leaders' awareness of the importance of organizational culture and employee engagement to their own success and shareholder interests, and help convince them of the essentiality of such an attitude. The result can be heightened priority for embedding an ethical culture into business strategy and various work plans, especially human resources work plans, without shortcuts.

Method of research

The article is based on literature research focusing on the interrelationship between employee motivation, organizational culture, and engagement. Recent years have seen growing interest in greater employee involvement that leads to more motivation. Despite numerous attempts to define relationships between motivation, company culture, and engagement, many questions are still open. This study is based on qualitative research of papers, books, and reports from the fields of management theory, organizational culture, and psychology. The research sample comprised nearly 100 works. The literature analysis was carried out through the content and conclusions review. The comparison method and critical analysis have been applied to identify the main research approaches and perspectives to the interrelationship among motivation, organizational culture, and engagement of personnel in companies.

Intrinsic motivation theories as the basis for engagement

All the leading traditional motivation needs' theories researchers explored the dimensions of needs, personal traits, values, conscious, and emotions (Latham & Pinder, 2005). Researchers agree motivation is based on fulfillment of mental and physical needs.

Traditional theories were convinced that extrinsic motivators, such as reward, punishment, external controls, and incentives, were required to generate employee performance, perseverance, and productivity (Martinez, (2016). The human relations movement introduced a new view of employee motivation which tried to understand the dynamic of extrinsic and intrinsic motivation, and the self-concepts of performance and influence of human dynamics (Steers, Mowday, & Shapiro, 2004). Intrinsically motivated activity occurs because the behavior is interesting and spontaneously satisfying. Intrinsic motivation is linked to a person's innate propensity to explore the environment, shape their abilities, and conquer optimal challenges. When intrinsically motivated people experienced a sense of choice and fully endorsed their current activity (Güntert, 2015) a variety of theories began to emerge, led by the self-determination theory (SDT) as introduced by Deci and Ryan. SDT is a general approach to human motivation and personality that addresses motivation quality as well as its quantity or intensity (Ryan & Deci, 2000).

SDT is considered a breakthrough in work motivation (McGregor & Doshi, 2015). It was defined as Motivation 3.0 in the evolutionary drive process which presumes humans also have a third drive to learn, create, and improve the world (Pink, 2009). Other important intrinsic motivation theories are the 'flow' theory developed by psychologist Mihaly Csikszentmihalyi (1990), and the Job Demands Resources theory (JDR) that explains the model and concept of work engagement (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). The JDR model, the most cited theory in this field consolidated by Baker and Demerouti (2014), delineates how job resources (e.g. autonomy, feedback, supervisor support) and personal resources (e.g. self-efficacy, optimism, and resilience) directly influence work engagement, which in turn influences important downstream outcomes and financial returns. These resources stimulate work engagement, as defined by Schaufeli, Bakker, and Salanova (2006, p.701): "A positive, full feeling, work related state of mind that is characterized by vigor, dedication and absorption".

Organizational culture

Organizational culture is an important factor in employee motivation (Latham & Pinder, 2005; McGregor & Doshi, 2015). More than 150 definitions of culture have been identified, and two main disciplinary foundations of organizational culture: sociological (organizations have cultures) and anthropological (organizations are cultures) (Cameron & Quinn, 2011). Most writers agree the concept of culture refers to the assumed values, underlying assumptions, expectations and definitions that characterize organizations and their members (Cameron & Quinn, 2011; Kotrba et al., 2012; Kotter & Heskett, 1992; Migliore, 2011; Schine, 2010). While debates continue regarding this issue,, managers have accepted culture as a fact of organizational life and it has become an integral aspect of many organizational development programs (Balthazard, Cooke, & Potter, 2006). Organizational culture can be considered the organization's operating system (McGregor & Doshi, 2015). Successful American companies like Walmart, Southwest Airlines, and Apple highlight their organizational culture as a key factor in their success. The researchers concluded that these firms' successes are linked more to values, personal beliefs, and vision, than market forces, competitive positioning, and resource advantages. They mentioned that all successful industry leaders have a distinctive, readily-identifiable organizational culture (Kotter & Heskett, 1992).

Organizational benefits of a high engagement culture

Kahn (1990), the leader of the employee engagement movement, offered employee engagement as a new approach to employee motivation. He described it using a behavioral perspective based on three dimensions of physical, emotional, and cognitive engagement. There are numerous descriptions of engagement, but the most recent is Zak's (2017, p.86): "having a strong connection with one's work and colleagues, feeling like a real contributor, and enjoying ample chances to learn".

Engagement researchers are in relatively full agreement regarding the positive contribution of employee engagement to the organization (with some observations). These include a source of competitive advantage (Macey et al., quoted in Albrecht et al., 2015); improved job satisfaction, motivation, and performance (Guest, 2014); boosted creativity, innovation, and efficiency (Paul and Fenlason, 2014); significant financial implications of an engaged workforce (Oehler, Stanoch, & Hamelle, 2015); engagement based on trust empowers employees to take risk, essential to the 3M inno-

vation process (Paul and Fenlason, 2015); reduced employee turnover, greater customer satisfaction and employee productivity (Attridge, 2009); higher satisfaction levels and greater productivity (Kahn, 1990). However, it remains unclear why people want to be engaged with their organization. Guest (2014) argued that several approaches to organizational engagement focus on organizational, rather than employee benefits and offer employees nothing in return. He concluded that any approach seeking to promote employee engagement must offer employee benefits. He suggested that Social Exchange Theory and reciprocity lie at the heart of much organizational behavior and provide a framework for considering how an organizational engagement policy might develop.

Building and managing an engagement culture

Building an organizational engagement culture means an organization's managers not only understand employee needs, but must implement an ethical value-based organization culture. The employee daily check-in is not only physical, but also mental and emotional. Managers need to ensure employees are truly engaged (Bedarkar & Pandita, 2014). Managing any organizational culture requires managers to focus on the human aspects and employee motivation and values. Managers should build the engagement culture on the basis of a collaborative, recognition-based approach, flexible working arrangements, trust, and clear direction, recognition, participation in decision making, and appreciation by their organizations (Dasgupta, Suar, & Singh, 2014; Fagley & Adler, 2012; Latham & Sue Chan, 2014; Locke & Latham, 2002; Lundby, Moriarty, & Lee, 2014; Reis, Trullen, & Story, 2016; Sijbom, Janssen, & Van Yperen, 2015), motivational language (Sullivan, 1988), and creating a fearless culture among employees. The growing body of research suggests that in a culture of fear employees often remain silent, fearing negative personal and professional consequences. This inhibits their speaking up even regarding routine problems or suggestions for improvement (Kish-Gephart, Detert, Trevino, & Edmondson, 2009). Tension and stress are also considered serious factors in worker demotivation (Bandyopadhyay, 2014; Hunter, 2012). Therefore the organization's center is its ethical values culture. Organizations fostering ethical values can retain compatible, engaged, and more committed employees, when a good fit exists between the employee and organization, particularly between individual and organization values (Huhtala & Feldt, 2016).

Zak (2017) suggested building a culture of trust as an effective basis for fostering employee engagement. Neuroscience research shows we can

stimulate the production of oxytocin, a brain chemical that facilitates teamwork, through eight key management behaviors (Zak, 2017).

The ideal employee shares many values with the organization. When individual and organizational values overlap, both parties benefit. The smaller the overlap between individual and organizational values, the more staff members find themselves making a tradeoff between desirable and necessary work (Maslach & Leiter, 2008). Engagement is also supported by an organizational culture inclined towards democracy and employee empowerment (Taneja, Sewell, & Odom, 2014). Empowerment means enabling people rather than simply delegating authority or sharing power. This creates conditions that heighten motivation for task accomplishment by developing a strong sense of personal efficacy through identifying conditions that foster powerlessness, and removing them by both formal organizational practices and informal techniques of providing efficacy information (Conger & Kanungo, 1988). Motivation may also be influenced by the atmosphere among workers. Passive leadership can directly influence incivility and its spiral circulation in the organization (Porath & Pearson, 2013). Incivility includes showing little interest in another's opinion, eye rolling, and checking email (Andersson & Pearson, 1999). Creating an environment of cognitive ease allows an employee to be in a good mood, to like what he sees, believe what he hears, trust his intuition, and feel the current situation is comfortably familiar (Kahneman, 2011, p.60).

The managers' challenge of establishing an engagement culture

Establishing an ethical organizational culture is linked with change in management perception. Corporations must place greater emphasis on flexibility, creativity, ability to perform a rapid strategic change, cooperation between units, and true empowerment of workers at all levels (Drucker, 2000; Hamel, 2001). Self-management should be created to empower the workers and grant a larger degree of autonomy to help achieve their mission (Drucker, 1999; Hamel, 2001). The intangible constraints today in industrial firms exist in the management model rather than the company's business or operative model. Therefore the 20th century generic management method which supports a regular management hierarchy, the need for specialization, a pyramid of authority, clear objectives, planning on the basis of predictions, supervision over compliance to programs, motivation through rewards for meeting objectives, and so on, cannot serve companies in the 21st century. The time has come to discuss ways to change thinking and undertake a management revolution (Hamel & Breen, 2007).

Conclusions

Organizational culture, by nature invisible, resembles oxygen. We can see the resultant behavior, but often not the underlying forces behind it. Although it is difficult to change employee culture and its characteristics, it is possible to gradually connect them to an organization's values, especially if there is congruence between organizational and employee values. This drastically improves employee value-driven behaviors (Huhtala and Feldt 2016; Maslach and Leiter, 2008). Managers should pave the way to an employee-centric ethical culture. They should understand their employees' physical and mental needs and what motivates and demotivates them. They must build trust and serve as role models for their employees. Managers who can meet these challenges will benefit from a loyal and engaged workforce who will go the extra mile. This mission is challenging and can be long-term (Kotter & Haskett, 1999) but can also preserve their organization for generations (Collins & Porras, 1995).

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**Police Human Resource Policy in the Lodz region
as a determinant of knowledge and organization's effective operation**

JEL Classification: *D 73;78*

Keywords: *public management; human resource management; police, recruitment; selection*

Abstract

Research background: Human capital is the driving force of an organization that has a significant impact on its development and effective operation. The success of the organization depends to a great extent on its social potential. Successful recruitment ensures that the best employees ensure high quality work, which respectively translates into organizational development and competitiveness (Oleksyn 2010, pp. 34-36). The development of the organization is based on knowledge acquisition, skills and raising qualifications by its members.

Purpose of the article: The aim of the paper is to analyze the conditionings related to the management of the police organizational units, which influence the appropriate recruitment of police officers for particular positions. The publication also attempts to investigate the importance of appropriate recruitment for the effectiveness of actions taken by police officers. The article presents issues exemplifying the analysis of human resource management in the field of human resource policy playing an important role in Police.

Methodology/methods: The empirical part of the article was based on an analysis of the subject literature and police internal materials, but also on the basis of participant observation and expert interview. The paper presents an analysis of the recruitment process of police officers for vacant posts in Police units of the Lodz Region, introduced by the Human Resource Policy Concept.

Findings: Although the Police was established to protect citizens' security and public order, its development and effective functioning are needed to further serve society. In order to do this, it is indispensable to recruit and employ proper and

competent workers. Therefore, the recruitment and selection process is so significant.

Introduction

All public organizations should make permanent changes to adapt to changing external conditions and maintain a high level of service delivery. When evaluating the functioning of public organizations, the quality of service as the fulfillment of social expectations should be taken into account. Polish police is undoubtedly a monopoly organization providing internal security services. Commercial companies are merely a complement to it. Despite this, the police have been improving their efforts to create a positive image among the citizens, as this has a significant impact on the confidence of the public (Łuczak, 2013, p. 372).

The development of the organization is based on knowledge acquisition, skills and raising qualifications by its members. One can see how important the role of choosing the right candidate is and what the consequences are. Taking into account economic changes and the rapid development of civilization, there is, however, a need for a continuous analysis of the changing economic situation, which involves carrying out research aimed at showing current problems related to the essence of the above mentioned process.

The aim of the paper is to analyze the conditionings related to the management of the police organizational units, which influence the appropriate recruitment of police officers for particular positions. Through gaining the right people, one can better stabilize, grow, and retain staff to achieve measurable results in the future. The paper presents an analysis of the recruitment process of police officers for vacant posts in police units of the Lodz Region, introduced by the Human Resource Policy Concept.

Although the Police was established to protect citizens' security and public order, its development and effective functioning are needed to further serve society. In order to do this, it is indispensable to recruit and employ proper and competent workers. Therefore, the recruitment and selection process is so significant. Appointing a policeman with the right knowledge, competence and skills to a specific position, has positive implications, as well for the officer themselves as for the police and its positive image in the eyes of the public.

Research methodology

The article presents issues which exemplify the analysis of human resource management in the field of human resource policy playing an important role in Police. The purpose of the study is to analyze the conditionings related to the management of the police organizational units, which affect the proper recruitment and selection of police officers for particular positions. The publication also attempts to investigate the importance of appropriate recruitment for the effectiveness of actions taken by police officers. The paper depicts an examination of the recruitment process of police officers for vacant posts in police units of the Lodz Region, introduced by the Human Resource Policy Concept.

Secondary and primary qualitative methods were used to examine the research problem. The research methodology in this publication consisted in analyzing the contents of the subject literature and police internal materials. The conclusions could be also drawn on the basis of participant observation. The document analysis focused primarily on investigating the information contained in the Personnel Policy Concept for Police Officers in the Lodz garrison. Some legacies placed in the acts of law as regards the police organization were also used. These documents could include provisions on the conditions to be met in order for the recruitment and selection process to be carried out correctly and in accordance with all applicable and appropriate requirements.

At a later stage of the study expert interviews were conducted with people in the recruitment committee to deepen knowledge and supplement information on internal recruitment for the vacant post in police. Interviews conducted with those responsible for the recruitment process on the assessment of factors considered in the selection process have also allowed to gather detailed data. The information collected during the interviews made drawing conclusions possible. During the talks the number of employees and the organizational structure of police units were determined.

Human resource development in organizational progress

Over the years, as a result of organization's adjustment to changes, including public bodies, one can say that its workforce possessing specific competences are peculiar talents for the given organization or may affect its development (Hansen, 2007, pp. 12-13). Trust has been/ is acknowledged as a valuable managerial source within organizations. It fosters and increases voluntary compliance with organizational norms and rules, as well as

enhances individual and organization's performance (Cho & Poister, 2013, p. 816). Having the capability of creating distinctive skills (generating knowledge, creating and implementing innovations, providing appropriate organizational actions, responding to changes within the organization and its environment) means the ability to develop (Bileczyński, 2014, p. 261). The effectiveness of human resource policy is determined by the value of human capital measured by the suitability for an organization in the context of gaining competitive advantage or eliminating threats. An important thing is also human capital's uniqueness bearing in mind specific skills of individuals who have huge knowledge based on their own experience, skills, value system and intuition (Leptak, Snell, 1999, pp. 31-48).

Qualitative changes aiming at improvement of organizational performance refer to its development that can be perceived as a process of - upgrading the quality of human resources (Machado, 2016, p. 77). In the theory of human resource management, various concepts and theories of career development of an individual are discussed. But the ability to manage an organization effectively and ethically is inseparably related to managerial competence, that is manager's proficiency and qualifications (Oleksyn, 2010, p. 21). Managers play an increasingly key role in organizational career development systems (Crawshaw & Game, 2015, p. 1182). Management practice has helped to identify managers' models: courageous (identifying themselves with the organization, ambitious, driving at the future shape of the organization), defiant (wanting changes, that is those who put the blame on management's incompetence for the current state and strive for removing the 'wrongdoers'), unhappy (unambitious, dissatisfied with the way an organization functions, but they do not intend to take any actions), conformists (accepting the current situation in the organization, therefore they do not want any changes) (Horstein, 1986, pp. 16-21). The change in the environment of nonprofit organizations has accentuated the need for managers to understand the relationship between strategy, HRM and organizational effectiveness (Akingbola, 2013, p. 479).

Recruitment and selection as a process determining organization's effective operation

Recruitment aims at attracting the most suitable people for the given position and therefore, it is an extremely important process in the human resource management system. Determining the right methods of recruiting candidates is significant for further recruitment and selection processes. Having known all virtues and drawbacks of the various methods and types

of recruitment, employers can decide which method should be used. This choice depends on many factors; on the situation the organization is in, on the effort it intends to put in seeking appropriate candidates, on the hierarchical rung, or the funds the organization intends to allocate for this purpose. Such knowledge allows to better understand the essence and importance of the recruitment process and its impact on the overall functioning of the organization.

Recruitment methods can be divided into two groups. The external methods include: press releases, television and radio commercials, Internet, offices, employment and recruitment agencies, recommendations, schools, universities, and the organization's database. On the other hand, the internal methods of obtaining candidates for work comprise: reserve staff, advertisements, internal contests, list of successors, and internal recommendations. Internal recruitment procedure refers to the formerly recruited employees who are appointed to a different position within the same organization – it is so-called internal transfer. This method is applied while recruiting applicants. The result of the above described internal labor market is so-called the domino effect through the creation of another vacant post, after the employee leaves the previously occupied position. It is worth stressing that such a situation can have a positive impact on the development of human resources, as there is a great chance for employees to continue their further development.

The recruitment process aims to find a group of people, among whom the best candidate for the given vacant post will be chosen. Each organization must fill labor shortages. Filling available vacancies, an organization should seek employees that are ready and able to satisfy their needs and meet their expectations. Therefore, it is necessary to analyze the usefulness of potential candidates. The essence of selection (selection) is choosing a new employee out of all candidates available. This action leads to the selection of an applicant with the skills and qualifications that meet all requirements specified in the requirements profile (Golnau & Kalinowski, Litwin, 2008, pp. 145-146). Choosing the selection method one should take into account not only a candidate's inclination to adapt to the current requirements of the post, but also their ability to conform to the anticipated direction those requirements might follow. In the context of frequent changes in the organizational environment, which entails employees' greater flexibility, this second type of adaptability can be particularly important for organizations.

Vacancy appointment procedure in Police of the Lodz province

In order for the Police to come first among the institutions with the highest social trust, the main attention should be focused on the management in particular police units. Managerial staff should continually develop their skills and permanently strive for improving the management process of units and human resources in police. In the light of constant changes and the need for permanent development of the organization, elaborating on a vacancy appointment procedure in police structures is absolutely indispensable. This procedure should contain the elements and criteria desired by superior to be performed by the police officer applying for the position. The above procedure is implemented in accordance with strictly defined stages, which are included in the Human Resource Policy Concept On Police Officers in the Lodz garrison. The policy came into effect in September 2016.

In compliance with the Human Resource Policy Concept, the recruitment process starts with formulating a vacant situation advertisement. It is the first and meaningful step which determines further selection process. Bearing in mind the appointment procedure, the manager of a given organizational unit should analyze all human resources in terms of internal transfer. All people taken into consideration, should be subjected to transparent and clear recruitment procedure. Each police officer ought to be notified of internal selection and when it starts. This stage is usually treated like an advertisement. If there are no suitable candidates or they are not selected, the manager should put forward a motion to their superior to announce internal selection in other organizational units. If the recruitment procedure collapses this time, the superior can search for the applicants in various units of the Lodz garrison, which a provincial police chief in Lodz should be notified of.

The person announcing the selection appoints a committee conducting preliminary proceedings. The committee verifies candidates' qualifications in line with the above mentioned Decree and disciplinary punishability, on the basis of information gained from the Human Resource Department where an applicant remains in service. The candidates who do not meet requirements are rejected at this stage. The committee reports to the candidates' superiors who respectively publicize the results. In this process the effectiveness of tasks performed by the police officer and their impact on the performance of the whole organizational unit are vital. Vocational trainings or information about criminal, penal-administrative and disciplinary proceedings are also taken into account. On the basis of all information gathered, the committee draws up a ranking list. Afterwards, an applicant gets through an interview during which the following components are taken

into consideration: self-presentation, professional knowledge, availability and motivation. When the qualification procedure is completed, the committee creates a report in which they recommend an applicant for a vacant post. People that were positively verified during the qualification procedure belong to back-up staff for similar posts.

The analysis of recruitment and selection process in police organizational units in the Lodz province allowed for in-depth examination of the issue. All information and recommendations are clearly defined in the Human Resource Policy Concept. Owing to this, recruitment and selection process is implemented thoughtfully and effectively. The whole process, starting with thorough planning of human capital needs, through job advertisement and final provisions, is carried out according to applicable regulations. People being in charge of the selection process always know a candidate's profile for a vacant post and get acquainted with a job description form. Selecting applicants they act in accordance with particular stages and precisely scrutinize each candidature. Awareness and knowledge of methods and techniques of gaining police officers for vacant posts facilitates selection of the proper candidate, neither wasting time not incurring unnecessary expenses related to the improper employee selection.

Conclusions

The mentioned and applied research instruments allowed to achieve the formerly defined research goal and investigate the research problem. Recruitment and selection process, which takes place in the Lodz police, and various factors affecting the proper choice of a candidate were scrutinized. Owing to the research method, these processes could be depicted and illustrated from a practical point of view. According to the study, one can conclude that managerial staff working in police are aware that the properly conducted selection process is crucial. This can be confirmed by the Provincial Police Headquarters in Lodz.

The issue covered in the publication certainly contributes to theory and practice. The analysis of research results shows that according to the management theory there are many factors meaningful to the human resource management. The conducted studies acknowledged the importance of proper employee selection as it vastly influences effective operation of the whole institution - police. These studies can serve an introduction to further explorations of recruitment and selection process in police organizational units regarding the effectiveness of the Human Resource Policy implementation or application of this procedure in other voivodeships. The local in-

fluence of the investigation, that is on the territory of only one province, may cause some limitations and unnecessary generalization of conclusions (Stone, Rosopa, 2017, p. 1). However, bearing in mind the organizational or hierarchical specificity of this institution and the same tasks police officers perform across the country, the results gained can be translated to other organizational units of Provincial Police Headquarters.

The police implies more and more management tools and techniques. The superiors are aware that their actions should be based on management theory (Łuczak, Stroińska, 2016, p. 202). The discussed example unfolds that an attentively prepared and a thoughtfully planned selection process vastly facilitates police officers' occupational development, gaining knowledge or promotion. Thus, police as an organization is subjected to continuous progression and development, and consequently completes tasks that civil servants are assigned to.

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Methodological problems with evaluating change efficiency

JEL Classification: *A11; B16; G34; D61*

Key words: *change; efficiency evaluation; analytical and synthetic measures of change evaluation*

Abstract

Research background: Changes result from a turbulent environment and internal situation of an organization. Rarely do changes happen spontaneously, usually they stem from decisions consciously shaped and taken by the management. Both the reasons as well as consequences of changes appear on multiple grounds and areas, often strongly interrelated. This leads to far-reaching consequences, mainly difficulties in practical operations as well as consequences for studies, analyses and related scientific generalizations and the conclusion-drawing process in both domains.

Purpose of the article: Purpose of this article is to present and make a critical analysis of the existing achievements in the area of evaluating change efficiency, and indicate opportunities and difficulties in formulating new, in particular synthetic, indicators of change efficiency.

Methodology/methods: Methodology applied in this paper is hypothetical and deductive.

Findings: Managers need synthetic measures that are hard to develop. Various methods may be used in order to do it, starting from simple and complex point scales and ending up with methods applied in other sciences, e.g. the Geneva method or its variations applied to evaluate the standard of living and development. Still this requires the isolation of main analytical measures, their upper and lower thresholds, in subsequent change or process areas, and the application of statistical methods to calculate change status or effect. Such action requires longer change planning and preparation, readiness on the part of the managerial staff, and continuous monitoring with active participation of leaders and change managers..

Introduction

Change issues are observable both in regular operations of organizations as well as are widely described and analyzed in management and other social sciences. Changes result from a turbulent environment and internal situation of an organization. Rarely do changes happen spontaneously, usually they stem from decisions consciously shaped and taken by the management. Both the reasons as well as consequences of changes appear on multiple grounds and areas, often strongly interrelated. This leads to far-reaching consequences, mainly difficulties in practical operations as well as consequences for studies, analyses and related scientific generalizations and the conclusion-drawing process in both domains. In this respect, the evaluation of change efficiency in particular poses problems. However, it is not difficult to measure change efficiency in narrow and precisely defined areas (preferably isolated from others) and with clearly set objectives (preferably measurable). Measures may be based for instance on timing, financial means and related measurable indicators. There are multiple measures in every functional area of operations of a company. Nevertheless, comprehensive and thorough evaluation of change efficiency is hindered by interrelations between those areas and changes that make narrow, analytical measure inadequate. This gives rise to a problem with formulating synthetic measures that would allow more adequate evaluation not only of the course but also the effects of changes. Importance of the evaluation of change efficiency increases along with the extent and duration of given changes, which is particularly significant in the event of restructuring.

The purpose of this paper is to present and make a critical analysis of the existing achievements in the area of evaluating change efficiency, and indicate opportunities and difficulties in formulating new, in particular synthetic, indicators of change efficiency.

Nature of change

Contemporary economic and social organizations function in environment which is becoming more and more complex and turbulent. Large number of interrelations, both internal as well as within the environment, especially in enterprises, causes process complications and economic dependencies. Changeability of resources and the need for flexible and quick reactions and decisions make it more difficult to draw conclusions and evaluate processes and phenomena subject to analysis. Also, we should add to this changes that occur in the functioning of an enterprise, either planned or

not, which usually result from the necessity to adjust to the environmental changes.

Change is a common practice in every enterprise. As an area of research and analyses the issue of restructuring is present in many foreign and domestic publications (see and compare Kotter, 1996; Kotter, 2014; Kotter & Cohen, 2007; Kanter, 1983; Ulrich *et al.*, 2002; Taleb 2007; Bazerman & Watkins 2006; Jick & Peiperl, 2010; Spector, 2012; Cannon & McGee 2012; Baugier & Vuillod, 1993; Bridges, 2008; Clarke, 1997; Anderson *et al.*, 2010; Borowiecki *et al.*, 2011; Jaki *et al.*, 2011; Paszkowski, 2009). In fact, all aspects of change have been classified and provided with definitions. There are many approaches to this topic and many conclusions may be drawn, obviously not necessarily unequivocal. Problems arise when it comes to practitioners implementing change-related analyses and requirements.

Change, change management and restructuring processes may be characterized by multiple features. Here are some of the most important ones:

- enterprises operate in unstable and risky conditions, sometimes even in chaos, where it is hard to make predictions about the future,
- changes inside an organization constitute a necessary reaction to a turbulent environment but may also result from anticipation and adopted strategy,
- the objective of any organization is to make it through, develop and create value,
- certain changes may be induced by enterprise stakeholders – their targets should also
- be considered and reconciled with efficiency of a given enterprise,
- greater significance is attached to change initiatives as in the end the role of a lead and change manager comes down to the role of a leader,
- continuity of changes is a must; however, it is advisable to introduce changes at intervals,
- each change should be carefully planned and each reaction should be predictable, but in practice the course of the entire process and reactions to it are often chaotic and emotional,
- permanent change is a method of continuous improvement of an organization and in consequence it is necessary to use sound management and “dynamic stabilization”, i.e. a process of constant but minor changes (Abrahamson, 2007, pp. 142–144), and to adjust the pace of changes and implement them at the right time,
- legal and ethical norms, including CSR principles should be observed in the change process, especially during restructuring,

- consequences that may follow the clash of interests of various stakeholders need to be minimized; increased role of anticipation,
- change should be managed in a continuous way, only then may it lead to planned results,
- changes are always related to people; unlike in theory, in practice changes in the HR area require much more time,
- changes should be carefully planned and implemented in phases, e.g. Kotter's model (Kotter, 2014, pp. 26–27; see Kotter, 1996), and with the use of such methodologies as ADKAR or CHAMPS2.

Furthermore, changes constitute a natural process inherent in enterprise growth (see Koźmiński & Jemielniak, 2008, pp. 453–456; Greiner, 1972, pp. 37–46; Quinn & Cameron, 1983; Gościński, 1989, pp. 150–151; Adizes, 1988).

Change measurement

The process of change measurement and evaluation is very complex. Basic measures focus on efficiency, perceived as a level of target realization, and effectiveness, which entails comparing effects with outlays. The problem is that in most change cases none of the above elements is precisely defined, which results from the aforementioned change features. The same applies to using soft and hard approaches, known as E and O Theories (see „Zarządzanie na Świecie” 2000, p. 11), when evaluating changes and using only hard factors to make a general change evaluation (Sirkin et al., 2007, pp. 153–179).

Economic measures are often used in economics and management but in most cases they do not allow for an explicit evaluation of undertaken changes. The financial standing (see Orechwa-Maliszewska & Kopczuk, 2003; Pluta et al., 2004; Jerzemowska, 2006; Skoczylas, 2007) of an enterprise may be evaluated in many ways with the use of various measures that, as a rule, assess a given state and show the past based on data and information included in financial and accounting documents. At present, attempts are being made to evaluate enterprise value in the context of its intangible assets comprising mainly human capital, intellectual capital and other non-material assets (see Leszczyński, 2007; Orechwa-Maliszewska & Paszkowski, 2009).

Methods used assume the calculation of average revenue (sales volume) per employee, which is perceived as simplified and outdated (Fitz-Enz, 2001, p. 43), while such tools as economic value added (EVA) of human

capital or activity-based management (ABM) do not satisfy conditions for evaluating change effectiveness (compare Kaplan & Cooper, 2002). Moreover, tools used for measuring personnel controlling prove equally useless (see Sekuła, 1999). It appears that various scorecards are more helpful (compare Becker et al., 2002; Kaplan & Norton, 2001; Lewandowska & Likierski, 2005; Jabłoński & Jabłoński, 2011); however, they do not include a direct reference to revenue generated by a single employee or a group of employees and aggregating partial rates is difficult.

Since change evaluation methods and measures discussed above prove poorly efficient, they may lead to different change evaluation by different stakeholders.

It is relatively easier to evaluate change progress by applying analytical measures based on indices that measure change and its progress in specific change areas. While there are many indices in every functional area of management, changes are related and lead to consequences in areas other than the primary one, which obviously complicates the evaluation process. Therefore, attention should be focused on work efficiency and output provided that planning and change process delivery is correct. Measures (indices) that can be applied include among others: work output being the value created by an employee, quantity and value of half-finished products used, stock, utilities, waste, savings, number of complaints, working time index and many others adopted from financial, HR or marketing analyses. Use of such measures involves making a comparison before, during and after the change introduction. That would enable ongoing monitoring and modification of actions in the event certain indices are found to be lower than initially assumed. This objective may be attained with the use of a scorecard that would cover the evaluation of change, work results and an employee's performance during change implementation. It should cover elements important from the point of view of the change as well as a grading scale.

Regardless of the above, evaluation systems applied to work positions and processes should be combined with a measurable evaluation of revenue and cost, for instance as an average per employee in an enterprise or its part (if possible). In this way drawing conclusions would be more correct.

Praxeological, systemic, process or benchmarking perspective may prove helpful in evaluating change efficiency (see Kotler & Caslione, 2009, pp. 116–121 and 175–195; Rummler & Brache, 2000, pp. 43–57.).

In terms of process efficiency, most research and analyses related to management above all highlight the significance of soft factors and the role of people management in the change process. This especially refers to organizational culture, leadership during the change process or motivation, overcoming resistance to change, information and communication system

(Steinmann & Schreyogg, 1992, p. 36). Nevertheless, it is particularly difficult to design efficiency measures for this group of factors, same as in the case of evaluating actions and changes in the area of CSR (Porter & Kramer, 2011, pp. 36–57; Kemper & Martin, 2011, pp. 229–239, Aluchna 2011, pp.73–76; Paszkowski, 2014, pp.7-14).

Conclusions

Analysis of change management processes is very important both from the practical perspective as well as management sciences. Evaluation and measurement of process efficiency and effectiveness has a decisive impact on achieving success in management. Analytical measures, both quantitative as well as qualitative, used to evaluate effects, resources or future outcomes only in part allow for proper evaluation of the change course. When applying them it is important to:

- analyze the situation and precisely define final objectives (effects),
- design a time schedule and methodology of actions,
- select measures along with justification and boundary values,
- define connections and consequences for areas other than the main area of change,
- analyze application risks, especially the impact of a measurable evaluation on employees' behavior,
- check whether it is possible to develop synthetic measures, verify their usability and value for organization.

It happens at times that little significance is attached to the above methodology which in consequence reduces change management efficiency. Managers need synthetic measures that are hard to develop. Various methods may be used in order to do it, starting from simple and complex point scales and ending up with methods applied in other sciences, e.g. the Geneva method or its variations applied to evaluate the standard of living and development. Still this requires the isolation of main analytical measures, their upper and lower thresholds, in subsequent change or process areas, and the application of statistical methods to calculate change status or effect. Such action requires longer change planning and preparation, readiness on the part of the managerial staff, and continuous monitoring with active participation of leaders and change managers.

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Doing well by doing good - CSR in a global context

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Abstract

Research background: Nowadays, there is a general understanding that stakeholders are crucial for the successful enterprise. There is also a need to think about Corporate Social Responsibility (CSR) in a global context. Never before corporations enjoyed so much power and authority. Corporations need to evolve, re-think their strategies and change their processes accordingly. However, as of now, there is no agreed way of measuring overall sustainability of actions of each company. There is a great need for holistic studies of CSR, analyzing in details the value created, from stakeholders point of view.

Purpose of the article: This paper is an attempt to propose a way of looking at corporate social responsibility in line with current methodologies and frameworks focusing on value creation. Currently there is no one definition of global CSR to be used, nor there is one comprehensive methodology to describe it. Instead there is abundance of theories and frameworks. This paper proposes one definition and presents a method of analysis of the global corporate commitment to CSR approach. The main concern of this paper is to offer an insight into different ways companies can create value for various stakeholders groups.

Methodology/methods: To narrow the scope of the conducted analysis, the authors identified 13 companies, potential sustainability winners, from products industry. Analyzed were both, CSR execution capacity and CSR value creation assessed on basis of compliance with identified CSR basic actions catalogue.

Findings: Conducted analysis indicated that products companies are aware of needs and expectations of various stakeholders and are good at meeting them. Although assessed companies managed to link sustainability with their strategies, they did not achieve transforming sustainability into core of their business.

Introduction

According to Carroll (1999), although concept of responsible business existed long before, it is primarily a 20th century idea. Since the 1950s and in particular, since the Bowen's (1953) book "Social Responsibilities of the Businessman", the concept of CSR has been an area of high interest and research by academics and corporations. Since then, business CSR has gone through different stages as main focus of CSR was changing. Also the definition of the concept is constantly evolving and depending on the context- there is a maze of definitions nowadays (Crane et al., 2014).

Sustainability reporting started a little later, in 1960s and 1970s in Europe and then in USA with the first Earth Day held on April 22, 1970. In 1990s, reporting on nonfinancial aspects of CSR was becoming more and more popular and in 1997 the U.S.-based Coalition for Environmentally Responsible Economies (Ceres) established a Global Reporting Initiative (GRI) to provide globally recognized standards of sustainability reporting. The same year, Finland introduced the first mandatory CSR reporting law, to be later followed by other countries.

What can be observed now, is the increased interest in companies' stakeholders (Smith et al., 2010). To a great extent they now shape corporate strategies and how the operations are running. This is also visible in sustainability reports which are very often concentrated around value created for different stakeholders. Moreover, globalization – increasing expansion, entering new markets, working from partners from all over the world and selling globally – demands global CSR strategies that will take into consideration local specifics.

Therefore, the main purpose of this paper is to offer an insight into different ways companies can create value for various stakeholders groups in the international context and in particular at the global level. This paper proposes also definition of the global CSR and presents a novel method of analysis of the global corporate commitment to CSR approach.

Research methodology

Currently there is no one definition of global CSR to be used, nor there is one comprehensive methodology to describe it. Instead there is abundance of theories and frameworks. Therefore, for the purpose of this work, the following global CSR definition was proposed: all global corporate actions impacting stakeholders connected with responsible conducting of business.

In this work, companies in products industry were assessed on two levels: CSR execution capacities and value creation. After looking closely into numerous sustainability reports and websites, 60 actions were recognized as comprising a sustainability catalogue in products industry. Each of the actions was characterized, except for the category, by a number of describing factors based on different theories such as: dimension, type, main area of impact, value chain part/ industry factors impacted. Must be noted that the all of the analyzed actions are directly connected with company strategy, mission, and capabilities. The right mix of these actions determines how successful CSR agenda of a particular company will be and as a result set down its competitive advantage or lack of such in products industry.

This phase of analysis was comprised of two parts: first check was to determine whether the action is done based on company report on sustainability or dedicated website, secondly for each of the actions scores ranging from 0 (not done) to 4 (sustainability leader) were assigned in accordance to the concept of stages mentioned by Lubin and Esty (2010).

Analysis was conducted with sample of 13 companies from products sector: 10 of these companies were identified as potential sustainability leaders. This assessment was based on recognition in different publications, and in particular on the scores in four the most important rankings.

Corporate social responsibility in a global perspective

Recently, CSR has drawn public attention. Various scandals, including Enron and collapse of Arthur Andersen left their mark. It has been understood that there is something not quite right with corporate world and that these problems need to be addressed (Kotler et al., 2012). The need for a more responsible basis on which businesses and economies compete in international markets has never been greater (Zadek & McGillivray, 2008). The global world of today means higher inequality between the rich and the poor, rising number of economically underprivileged societies, as well as tougher international competition, lower transparency and blurring accountability of businesses. There is an urgent need to address the environmental and societal challenges brought by open markets and current business practices- innovative strategies and forward thinking should be aligned to ensure responsible maximization of profit, rather than CSR being viewed as a way to maintain reputation or a reactive PR tool. Only cohesive transformation to welcome an era of “responsible competitiveness” in global markets would guarantee the lasting impact of corporate social responsibility actions. Responsible competitiveness strategies are defined as ones that

can reshape tomorrow's global markets in ways that take social and environmental issues into account (Mermod & Idowu, 2014). Achieving this, however, necessitates more than quick-moving businesses working alone. Overcoming the resistance of backward looking business and political interests will require innovative collaboration that combines smart public policies, with aligned business and civil society strategies, creating a new generation of market practices, norms, and standards (Zadek, 2008). Despite companies like NIKE or Levi's securing safe work environments, poor work conditions of apparel factories in Asia have recently caught media attention after one of such factories collapsed killing hundreds of people. Couple of companies "doing good" is simply not enough, as a systematic and significant change of whole industries and economies should be put in place. On average, fashion retail sector still lacks strongly enforced standards of ethical production. Worth mentioning is the fact that things are slowly improving for apparel industry thanks to co-operations between NGO's, governments and private sector in form of different initiatives: the Fair Labor Association, the Ethical Trading Initiative, and Social Accountability International to name a few, focused on providing scrutiny and guidance, creating codes of conducts and setting reporting standards (Zadek & McGillivray, 2008).

The interpretation of CSR varies depending on the company. Some take advantage of it to improve reputation/brand image while making profits, other think it can be useful in mediating risks and providing an important learning opportunity. Therefore, it is crucial for them to align CSR activities with their long-term strategy, and there is even this small group of innovators who make their business around CSR. Thus, it is possible to distinguish three generations of corporate responsibility, where compliance and risk management comprise First Generation, strategy and innovation become important in Second Generation, and, last but not least, Third Generation is concerned with transforming markets (Zadek, 2007). A complimentary view is offered by Lubin and Esty (2010). There are defined 4 stages through which company goes while transforming itself into truly socially responsible business: do old things in new ways (1), do new things in new ways (2), transform core business (3), new business model creation and differentiation (4). The approach of generations and the idea of stages are very similar, however there is a shift of perspective in the two models. Zadek's is more descriptive and generic, while the study of Lubin and Esty (2010) offers more practical approach, sort of a guideline for companies on how to become sustainability leaders.

Regardless of generation/stage the company is in, it must execute chosen CSR practice with excellence. Evaluating CSR requires investigating

whether a company does all it can in terms of chosen options and internal capabilities. The managerial excellence consists of all the processes and policies, beliefs and patterns of leadership.

Each company has to make numerous decisions connected with sustainability within its range of options. As the potential for making sustainability the source of competitive advantage of every company, an ultimate goal of every company should be to make the best use of its own sustainability potential (Zadek, 2004). Companies fall into one of four categories: they are either “losers” or “defenders” or “dreamers” or “winners” based on how they create value from CSR and how well do they perform.

Results

Currently all analyzed companies in CSR and sustainability reporting focus on the various stakeholders. The initial step of this must be therefore to understand what they want from the companies, what their interests are and how they think. Stakeholder theory in practice means that there is a shift in thinking towards better understanding motives and wider world-view of different stakeholders, rather than simply looking at their behaviors. All of the analyzed companies report in this manner, some has even directly shown mapping of their actions and stakeholders interest as in case of Sony Group (Sony Group’s “CSR reporting 2014”, 2014) or Samsung (Samsung Electronics’ website). Samsung understands that having so many different stakeholders with often opposite ambitions and needs means that company must seek for a balanced strategy, incorporating all the different perspectives and shaping one unified strategy. Samsung highlights the need of harmony and collaborative creation of sustainable value through creativity, win-win partnership, and innovations. To better understand its stakeholders, in 2011 L’Oréal started organizing forums with NGOs and all sorts of association to get feedback on the corporate sustainability agenda. For Procter&Gamble the most important for sustainable business are company’s brands and people. Creating the best possible products and attracting the best employees guarantees consumer satisfaction and loyalty. P&G believes that CSR value is created mostly within company and so the company designed a set of values oriented to improve lives of consumers in every corner of the world (P&G’s “2014 Sustainability Report”, 2014).

Analyzed companies scored the highest at co-operation with suppliers. Hence, the popularity of suppliers’ codes of conduct is growing, more and more sublime forms of conducting audits and assessments are occurring and general interest in work conditions offered to workforce, especially in

developing countries is adding pressure. Companies also embrace sustainability with their factory and transport setup. Almost all companies published information on their action aiming at improving production and transport – reducing waste, improving work conditions, use of multimodal transportation, increasing fill rate, or using innovative system saving energy and water in plants. Current trend of growing awareness of how to report CSR is also reflected in high score of reporting. Companies use sustainability reports and metrics not to “throw” data, but publish a comprehensive stance toward sustainability for their stakeholders. Majority of companies have website dedicated to CSR, where news, success stories, recent trends and analysis are published. Some even use social media channels specifically to support their sustainability agenda. Almost all companies follow the global reporting standards (mostly GRI G4) and use current methodologies such as UNs’ “Global Compact”.

In terms of value creation companies scores balanced between 2,5-2,9, so were between stages understood as “do new things in new ways” (stage 2) and “transform core business” (stage 3). Analyzed firms achieved average score equal to 2,9 meaning they approach to company setup and inner policies was characterized by innovation and value in this area was well-captured. All companies developed unique way of thinking about sustainability that resulted in creating special mechanism to support it. Many established a position of CSO, however often named differently. Many have clear defined values such as Corporate Citizenship, Integrity, Leadership, Responsibility (Mars Inc.), Trust, etc. that guide their corporate behavior. The leaders in this category – Timberland and The Body Shop – went an extra mile with promoting sustainability and the notion of responsible company making CSR the center of their business. Sustainability is in these companies’ DNA. Second best, Factory + transport category had a little different characteristic as there was no company that acts in a truly extraordinary sustainable way. However, almost all companies did something beyond average when it comes to action such as waste reduction, “green” design of factories, or communicating with customers. Third best score was achieved for value creation from philanthropy. Most companies understood how important is helping communities, not only by one-time support for instance in time of catastrophe such as earthquake, flood or fire, but also by long-term actions such as fulfilling the basic needs of community members by providing access to hygiene, healthcare, education, work and the most sophisticated ones such as for example promoting responsible women body image (L’Oréal). CSR value creation, apart from being measured as category average, was also measured per company.

The best scores (above 80%) in sustainability strategy and execution were achieved by two American companies: NIKE Inc. and Coca-Cola Company, while the third place belongs to IKEA. These companies show that they can respond well to the expectations of their stakeholders. None of the analyzed companies enter the stage 4 of sustainability (Lubin and Esty, 2010) or third generation of sustainable business according to Zadek's (2007) theory of generations. This means that, although they are very engaged in CSR, they innovate and alter their products and thinking accordingly, they contribution stops at aligning sustainability into their strategy.

Conclusions

Recent shift toward viewing sustainability in a global context is a response to the impact of globalization on the corporate environment. The change in thinking about the sustainability was spotted by the companies which have done a lot to change accordingly to the new rules of the game. The highest CSR maturity has been achieved yet by small number of a first movers, who found ways to create new business models around sustainability. Such companies have an important role to play in pushing the whole industries to change accordingly. However, most companies so far have embraced the benefits of sustainable innovation and learning and of the alignment between CSR and strategy, but hasn't go through the deep change of core activity. This is clearly visible in the example of sustainability leaders from products industry. These corporations have the CSR execution capacity to create value for their stakeholders, however they haven't gone through radical change of their core activity. Instead they are slowly evolving into increasing CSR value creation in their value chain. The most sustainable firms from the group of analyzed companies, NIKE Inc., Coca-Cola Company and IKEA, outstand other firms in terms of sophistication of ways of sustainable value creation. These companies consequently transform and innovate to bring value to all stakeholders through comprehensive portfolio of actions. They understand the wide social and environmental responsibilities imposed by various stakeholders and respond by carrying out well-thought CSR agenda.

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**Young minority entrepreneurs: personal traits
and environmental constraints**

JEL Classification: *L26; J15*

Keywords: *young entrepreneurs; minority; personal and traits characteristics; socio-cultural aspects; environmental constraints*

Abstract

Research background: In recent years, the number of new entrepreneurs has been growing particularly among young people and minorities. The young minority entrepreneur is a distinct sub-set within the category of young entrepreneurs because he faces additional social and cultural barriers, limited economic and resource access and availability, discrimination and even outright racism not experienced by mainstream entrepreneurs. In this review, we have found it necessary to distinguish between two groups of minorities: the ‘immigrant minority’ and the ‘local ethnic minority’ who might or might not be a numerical minority but who live under the constraints of a ruling hegemony, a distinction which has profound consequences on entrepreneurial activity.

Purpose of the article: To provide an overview of the updated understanding of the young minority entrepreneur as well as to refine some critiques.

Methodology: This article is based on a review of nearly one hundred academic papers, reports, and books in the field.

Findings: Entrepreneurship can be the result either of a free positive choice or a necessary escape strategy of survival for those who have no option of salaried work opportunities. It brings into play personal traits, education and environmental support or constraints.

Introduction

Entrepreneurship is one of the economic growth engines in developing countries. The ethnic minority entrepreneur is exposed to double jeopardy: mainstream difficulties and minority status. The leading obstacle is discrimination which limits access to capital, resources, infrastructure, economic and social networks, etc. For example, Palia (2016) found that African-Americans borrowers are rejected for credit at a 30 percent higher probability rate than similar white borrowers. And yet entrepreneurship among young minorities is often the chosen endeavor albeit for two contradictory reasons: as a free choice or as necessary escape strategy for survival. The purpose of this paper is to clarify the reasons for this choice.

Method of the research

This research study is based on a qualitative review of the content and conclusions of nearly one hundred papers, reports and books from the fast developing entrepreneurial field, using both the comparative method and critical analysis.

The mainstream entrepreneur

In order to better define the minority entrepreneur we must first define the mainstream entrepreneur. The Global Entrepreneurship Monitor (GEM) data shows 250 million are engaged in entrepreneurship: 110 million people between the ages of 18 and 64 were actively engaged in starting a business and 140 million were running new businesses they had started less than 3.5 years earlier (Kuratko, 2013).

A key difficulty in this field is that there is no single definition of an entrepreneur. This French term means to 'undertake'. In the eighteenth century, the economist Richard Cantillon associated "risk-bearing" activity in the economy with the entrepreneur (Murphy, 1986). Despite this lack of a single definition, the shared opinion is that the minority entrepreneur is a distinctive phenomenon, with a specific subcategory of the young minority entrepreneur.

Schumpeter (1942) gives an early modern mainstream definition. An entrepreneur is someone who can transform a new idea into a successful venture. Drucker (1986) follows Schumpeter by describing the entrepreneur as an innovator who endows existing resources with new wealth-production

capacities. Gartner (1985) confines his understanding of the entrepreneur to a person who starts a new business, which did not exist previously outlining a framework of four dimensions that should be taken into account: the particular individual; new venture creation process; the organizational structure and strategy; and the environmental context. For (Kuratko & Hodgetts, 1992, p.30) the entrepreneur is a catalyst for economic change who employs purposeful research, careful planning, and sound judgment in carrying out the entrepreneurial process. Kuratko (2013) describes the entrepreneurs as pioneers of today's business successes and (Canon, 1991) describes the entrepreneur as a new 'cultural hero'.

Recently Drucker (2014) updated the definition as someone who starts his own new or small business in the United States, although not every new business is an entrepreneurial enterprise. (Burns, 2001), on the other hand, maintains that an entrepreneurial enterprise must involve applying management concepts and techniques and that it is necessary for the entrepreneur to focus attention on a specific opportunity that can make a significant impact. In contrast, Driessen and Zwart (2007) insist that the greatest determinant of a business' success is the entrepreneur himself. Entrepreneurship involves the ability to build a 'founding team' with complementary skills and talents" (Timmons & Spinelli, 2004). For example, Holden (2007) argues that entrepreneurs incorporate change as a healthy norm which they exploit as an opportunity. Complementing the above, (Timmons & Spinelli, 2004) emphasize that entrepreneurial leaders inject imagination, motivation, commitment, passion, tenacity, integrity, teamwork, and vision into their companies and that they must make decisions despite ambiguity and contradictions.

The environment may play a significant role in the choice of entrepreneurship. A comparative study between entrepreneurs with non-entrepreneurs in China found that entrepreneurs are much more likely to have family members who are entrepreneurs, as well as childhood friends who became entrepreneurs, thus suggesting that the social context is a major factor (Djankov et al., 2006). In Russia, a comparative study between entrepreneurs with non-entrepreneurs found that entrepreneurs are better off than non-entrepreneurs along a range of income and wealth proxies. The family members of entrepreneurs had more education, better jobs and were richer. Similarly, the parents of entrepreneurs were also significantly less likely to have been workers (Djankov et al., 2005).

In the following table, Cunningham and Lischeron (1991) review different schools by their attitude to the entrepreneur, its definition, its central focus or purpose and behavior and skills. The table shows the different

description of entrepreneurs each with its own unique characteristics and different points of view.

Table 1. Summary approaches for definition and describing entrepreneurship

Entrepreneurial School	Definition of entrepreneur	Central focus or Purpose	Behavior and skills
"Great person" School	"Extraordinary Achievers".	The entrepreneur has an intuitive ability-a sixth sense-and traits and instincts he/she born with.	Intuition, vigor, energy, persistence, and self-esteem.
Psychological Characteristic School	Founder control over the means of production.	Entrepreneurs have unique values, attitudes, and needs which drive them.	Personal values, risk taking. Need for achievement, and others.
Classical School	People who make innovations breaking risk and uncertainty "creative destruction".	The central characteristic of entrepreneurial behavior is innovation.	Innovation, creativity, and discovery.
Management School	Creating value through the recognition of business opportunity, the Management of risk taking through the communicative and management skills to mobilize.	Entrepreneurs are organizer of an economic venture; they are people whom or organize, own, manage, and assume the risk.	Production planning, people organizing, capitalization, and budgeting.
Leadership School	"Social architect" promotion and protection of values.	Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people.	Motivation, directing, and leading.
Intrapreneurship School	Those who pull together to promote innovation.	Entrepreneurial skills can be useful in complex organizations; intrapreneurship is the development of independent units to create, market, and expand services.	Alertness to opportunities, maximizing decisions.

Source: Cunningham and Lischeron, (1991, p.47, p.56)

The minority entrepreneur

The term 'minority' always has socio-economic-political and cultural implications of inferiority but it may not necessarily represent a numerical value. Minorities may be either immigrants or members of a locally native ethnic population as in Israel. The social environment may not play a role among oppressed minorities but it may be vital for second and third generation immigrants.

According to Jack and Anderson (2002) the appeal to a potential entrepreneur of establishing his or her own business is influenced by social fac-

tors; having family in the area, their children having made good friends, and liking the way of life and the social relations it involves. Bagwell (2008) found a heavy reliance on strong family network ties for almost everything related to the development and operation of the business of Vietnamese nail-shop business owners in London. Barret et al (2002) also determined that being embedded into the local environment enables entrepreneurs to realize opportunities. Jack and Anderson (2002) studied seven successful entrepreneurs who had established local businesses in rural Scotland documenting the nature and extent of their local embedding, which occurred prior to their successful localized entrepreneurship.

The Arab as a minority falls into two categories: the ethnic minority in Israel and the immigrant minority in the West. The difference in outcome of these statuses is significant. In Israel, Drori and Lerner (2002) found that the gap between the Jewish and the Arab sectors in Israel reflects the bureaucratic barriers set up by the Jewish sector to prevent Arab development. Also, Schnell and Sofer (2003, p. 58) agree that the case of the Israeli Arab ethnic minority requires the recognition that there are deep cultural, economic and political gaps between the Jewish and the Arab milieus and that entrepreneurship is not a major lever of economic growth of the Arab population in Israel. Mohammed Abu-Asbeh and Heilbrunn (2011); Heilbrunn et al (2014) argue that Arab women in Israel suffer from the double discrimination of being a minority woman thereby experiencing more difficulties than Jewish women with many turning to community-based traditional micro-enterprises. In contrast, the Arab as an immigrant is discussed in several papers. Smith et al (2012) discovered several important pathways to success used by Arab Americans in Detroit: help provided by families and friends, training and education, support networks and support organizations. Lalonde (2013) examined the Arab immigrant minority in Canada and found that the influence of the Arab culture on enterprise creation processes is significant and contributes to its success. With respect to new venture creation, culture-driven behavior was observed and analyzed, finding that human, market and social capital combined to facilitate ethnic entrepreneurship (Ilhan-Nas et al., 2011).

Similar successful results were found for some other immigrant minorities. Min and Jaret (1985) found a strong positive correlation between success and cultural values with adherence to a work ethic and frugality among Koreans in Atlanta, GA. Min (1987) argued that some minority groups have cultural characteristics which are conducive to small business development and the impact of the social structure of the host society, such as work ethics, future orientation and ethnic ties influences towards ethnic businesses. Piperopoulos (2010) argued that immigrant entrepreneurs in

Greece are pushed to self-employment owing to ethnic discrimination or restricted work opportunities. Cultural influences are not always determinative. Basu and Altinay (2002) who surveyed six different immigrant ethnic groups, found that culture in the form of a family tradition in business and strong family ties had an impact on business entity motives, on the financing of new startups, on the nature of the business chosen and on women's participation in the business. There were also entrepreneurs who were driven by the desire for independence and a greater control of over their lives. Hameed and Yang (2016) found that among five immigrant entrepreneurs from Sweden the structure of the skilled labor market, educational requirements and cultural barriers are major push factors. Among Arab American entrepreneurs in San Antonio, Omar (2011) factors pushing individuals to self-employment included difficulties in finding a job and difficulties in a previous job and feeling disadvantaged in the US job market.

Young entrepreneurs

Fairlie (2005) found in his research among young adults that the difference between the income of the self-employed and the salaried employee is large. It is comparable to the difference in income between young adults from educated and uneducated families, where the latter earn less than the salaried worker. The Brixiová, Ncube and Bicaba (2015) model shows that for young entrepreneurs educational training is more effective in stimulating productive start-ups than subsidies, outweighing the high cost of searching for business opportunities. New young entrepreneurs who received business training (formal or advanced) reported better performance than those entrepreneurs with only an informal, basic or no business training. Clark and Drinkwater (2010) argue that self-employment rates have fallen for Indians and Chinese, but remain high for Pakistanis who continue to suffer from severe racism and discrimination. Groups of mostly Muslims can choose entrepreneurship because of cultural factors, some of which may be related to the decision with respect to the location of residence in cultural milieu. Geldhof et al., (2014) show that self-regulation skills, financial risk tolerance, innovation orientation, and the presence of entrepreneurial adults may be especially important for promoting entrepreneurial intent in older adolescents and young adults. Al Habib (2012) found significant differences between entrepreneurs and non-entrepreneurs along the four personality variables examined in his study. Arcand (2012) in his interview survey with young people (between 20 and 35 years of age) from ethno-cultural minorities whose parents immigrated to the Montreal region

and were, or are still, in business, found that the ethno-cultural background did not play a significant role. Parents did not have a direct influence on the development of an entrepreneurial spirit among their offspring. Interviewees identify more with an “open culture” rather than with a specific ethnic identity. Aslam and Hasnu (2016) found in their study among young MBA graduating students in Pakistan that most of them thought about starting a business of their own, but perception about various constraints and barriers prevented them from doing so, essentially because of the risks and unknown factors involved. In the US minority entrepreneurs come mainly from an entrepreneurial background because of the lack of employment opportunities, discrimination, and lack of education. Studies show that entrepreneurs generally exhibit a higher level of entrepreneurial qualities compared to people who are not entrepreneurs, such as education, entrepreneurial and family support, economic wealth, opportunities, of opportunity, as well as personal characteristics of ambition, self-confidence and social skills.

Conclusions

Although the term ‘entrepreneur’ has no single definition, it does include some defining characteristics. Self-employment is its *sine qua non* today rather than innovation and creativity. Personal characteristics such as creativity, ambition, education, vision, diligence, etc may contribute to success or failure but do not always necessarily define it, because of environmental conditions. For the young minority entrepreneur, a higher education may facilitate entrepreneurship and its success while the lack of education may prevent any other type of employment, in which case entrepreneurship becomes a necessary escape strategy for survival. The conclusion of our review therefore, is that environmental constraints take precedence over personal traits and characteristics, when a society reveals discrimination between the majority and ethnic minorities. However, without environmental constraints, the personal traits and characteristics take precedence.

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Innovation as an immanent attribute of an agile enterprise

JEL Classification: *O30, M21, P42*

Keywords: *innovation, agile, SME*

Abstract

Research background: Each organization faces the challenge of operating in an environment that is unpredictable and turbulent. Emergence of business era caused that change had become a key feature that determines the economic environment of an enterprise. Market environment forces companies to seek strategic orientation that would allow them to use market opportunities and come to grips with growing customer demands. These goals can only be achieved by an organization that bears the hallmarks of agility.

Purpose of the article: The purpose of this article is to analyze relationships between obtaining an ability to be innovative and agility attributes of an organization.

Methodology/methods: The problem was analyzed on the basis of empirical research of an international character. The article points out that adopting by a company agility attributes translates into a better competitive position and a higher level of innovation. Innovation in an enterprise constitute an impulse to take new challenges, which perfectly fits into the paradigm of the organization's agility. In turn, through innovation, companies become agile.

Findings: The presented research confirms that there is a connection between having agility attributes by a company and obtaining by it a high level of innovation. Many authors also specify important role of IT system in introducing product innovations and innovation processes

The concept of an agile enterprise and its characteristics

Agility is understood as the ability of an enterprise to react quickly and instantly adapt to new environment conditions in response to the continuous and unpredictable changes which happen on competitive markets. Rapid and at the same time successful response given by an enterprise involves the adjustment of all its components such as the technology, people, products, offer to unforeseeable transformations (Kidd, 1995, pp.2-16).

Moreover, agility is defined as the ability of the company to prepare such offer that is flexible in nature and meets the sophisticated demands of individual customers. The agility, understood in such a way, means the ability to seize by a company new opportunities and treat them as necessary stimuli to set innovative market solutions that also take into account knowledge, inter-organizational relationships, human resources and their further use to obtain competitive advantage (Aveni, 1994, pp.1-14).

The concept of agility initially developed in the domain of production. However, it was noted that its assumptions may relate to other functions of the company what, as a result, led to the creation of the term of "agile enterprise" (Goldman, Preiss, Nagel, 1991, pp.3-18). Currently, a number of views on how to understand this concept exist. Some of them are related to just one specific feature of an organization, other present a broad view meaning of agility, some seek to establish, on the one hand, relationships between the dimensions of agility and related attributes, and, on the other hand, business performance and competitive bases of an organization. Agility has been explored in a number of studies and seen as a system with exceptional internal capabilities including hard and soft technologies, human resources, educated and highly motivated management, and information and communication technologies that as a whole meet the rapidly changing needs of the market place with speed and flexibility.

According to S. Trzcieliński (2007, pp.97) "agility" should be treated in the category of the new paradigm of an enterprise. The author suggests that this concept is not a particular state or one, single condition, it may reach different levels. S. Trzcielinski's model of agile enterprise describes an agile enterprise in four dimensions: shrewdness, resource flexibility, enterprise's intelligence, and smartness of the enterprise. These agile dimensions are interpreted from the situational conditions of an enterprise: internal and external factors. The internal factors are: market orientation, product / service customization, key process creating market advantage, business goals, and organizational goals. The external factors are levels of branch stability (Pawłowski, 2015, pp.3). The author suggests that only on the "zero level", the agility may be treated as a concept ascribed to lean enterprise limiting

itself only to methods that constitute a common part of both metaconceptions.

Another interpretation of the concept of agility is more narrow and one side oriented. According to it, the main emphasis is placed on the ability of rapid adaptation. An agile enterprise is able to skilfully and quickly react to market changes (Kidd, 1995, pp.2-16).

The attributes of an agile organization include: speed and flexibility and effective response to change and uncertainty (McGaughey, 2015, pp.54). Agility is based on several capabilities found in three main enterprise dimensions: manufacturing, product, and market. Jackson and Johansson (20013, pp.482-488) divided agility capabilities into four main dimensions: product-related change capabilities, change competency within operations, internal and external co-operation, and people, knowledge, and creativity. Owing to this, the whole organization is able to survive in unpredictable market conditions by giving an appropriate response to turbulence in business environment (Rigby, 2000, pp.74). By making an efficient shift on operational level, the organization fulfils the responsibility of the day-to-day operations that directly affect a company's external customers. This makes the operational level crucial to the success of the strategic and competitive goals of an organization which adapts dynamically itself to demands and requirements of the external environment (Narasimhan, Talluri, Mahapatra, 2006, pp.577-603).

If the organization is responding to a threat through delivery of existing flexible responses it is conceivable that the time to deliver a response would be different from the time to deliver a response if the organization has to rely on learning and adaptation to deliver options that enhance its flexibility and therefore enable delivery of a new effect. It is conceivable that an organization that has the necessary acuity can successfully anticipate or be aware of possible threats and therefore may recognize that it does not have the manifest agility to respond to a threat but it may have sufficient warning to enhance its flexibility prior to any threat being realized. Similarly, a response to anticipating threats may be to take proactive action to affect the environment; that is, risk mitigation activities.

A conceptual model of agility lies within an organization encompassing also the design and learning space. Essentially, one aspect of agility within this model sees the organization as being within a sense-and-respond loop, only breaking out of the loop when not able to offer an appropriate action to a manifest or possible threat. Experimentation, discovery and innovation would form part of the productivity input drawing on appropriate resources, skills and capabilities and considering capability size and depth. Learning takes place within the system design and learning space with reactive and

proactive responses feeding into a continual learning activity challenging the organization to consider impacts on the resilience space.

B. Pichlak points to the fact that currently organizations had to develop such capabilities and skills that would enable them to operate and function in permanently unstable market conditions. Abilities that bring profits, in an environment in which in a conscious and unpredictable manner the possibilities to satisfy customer needs change, are defined as agility. As part of these capabilities the most important is their strategic dimension, defined as strategic agility or strategic responsiveness, but no less important is also the ability of a flexible and efficient operation on the operational level strictly related to operational agility or organizational flexibility (Pichlak, 2012, pp.67).

The author also differentiates attributes of an agile enterprise which has a desire to implement innovation. They include: the tendency to generate innovation, ability to implement innovation, willingness to take risk.

Agility is, therefore perceived as an ability to survive despite the threats existing in business environment. An agile enterprise is able to gain a competitive advantage whenever it has the opportunity to do so (Zhang, Sharifi, 2000, pp.10-21).

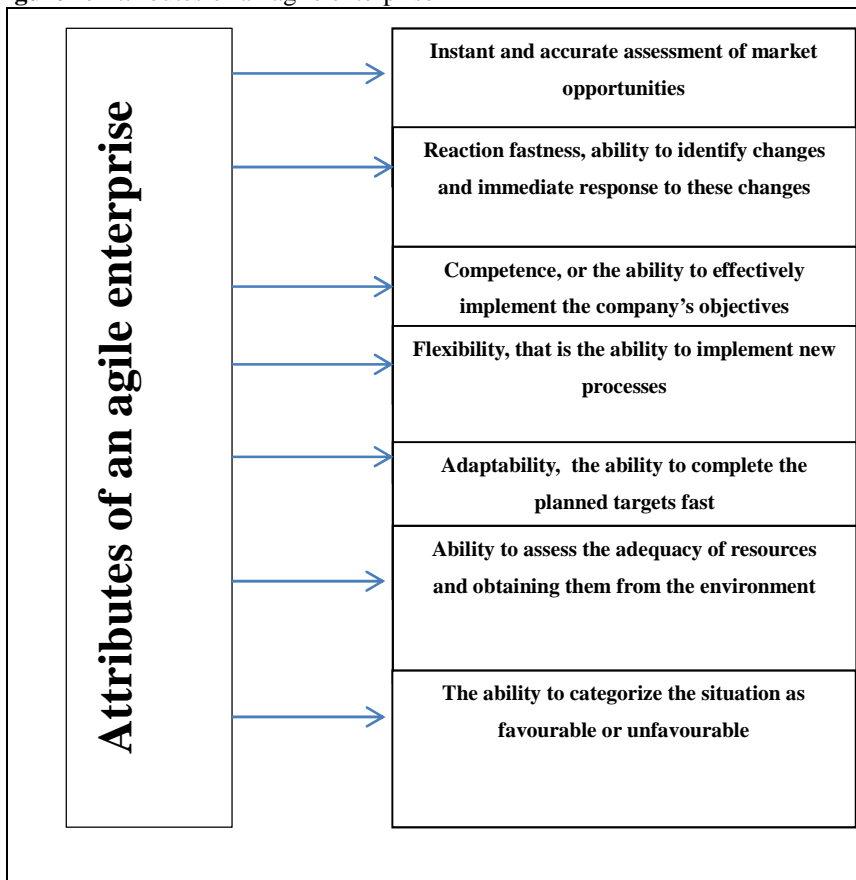
It may be stated that in contemporary economic reality only a company bearing the attributes of agility is able to survive. These attributes were specified in figure 1.

Generally, agility of an enterprise consists of inter-related dimensions. For example, product related capabilities of enterprise to deal with uncertain and dynamic business environment. Cooperation related agility is connected with the extent that an organization can cooperate internally and externally with other companies, customers and suppliers. Organization related agility enables the enterprise to utilize all existing resources regardless of their location in order to provide a product to the market as rapidly and cost effectively as possible. People and knowledge related agility allows a rapid reconfiguration of the human and physical resources in the response to changes in the market. Manufacturing agility dimension is related to the competencies, methods and tools used to manage the short term and long term changes within production system and so on (Sherehiy, 2007, pp.45)

It is worth to notice that all of the aforementioned attributes and capabilities of an enterprise are strictly related to the concept of innovation. An agile enterprise, as it was said before, is able to respond quickly to new opportunities, market shifts, threats and crisis situations making progress from even unfavourable business conditions. None of it would be possible without the application of better solutions, that meet new requirements,

based on effective products, processes, services, technologies, and human resources management, known as innovation.

Figure 1. Attributes of an agile enterprise



Source: Own research based on H. Sharifi, Z. Zhang (1999, pp.7-22)

Innovation vs agile enterprise

Innovation can be understood as a process of learning and knowledge creation through which new problems are defined and new knowledge is developed to solve them. It is a process by which these ideas are captured, filtered, funded, developed, modified, clarified, and eventually commercialized and/or implemented. Simply put, innovation is about the creation and implementation of a new idea with the purpose of delivering commercial

benefits. Innovation may be classified according to the nature of the change it brings into effect. Innovation is driven by employees' resources: ideas, creativity, competence and problem-solving abilities and by the technological resources of a company (Lasrado, 2013, pp.182-210.).

Developing an ability to give an effective response to forthcoming changes in business environment requires innovative measures that lead to obtaining the highest effectiveness, efficiency and customers satisfaction. Quick response to stimuli coming from the environment, flexibility in operation and competence can be achieved by applying innovative practices and tools as the latest management technique. Undoubtedly, the ability of an organization to "produce novelties" - in the field of products, services or business processes - may become an integral feature of an agile enterprise that is able to thrive in an increasingly volatile world.

The management of challenges in contemporary business makes high requirements to people, groups of people, social groups as well as nations and civilisations. One way to meet these challenges is to find a niche that is based on creating unique products, goods or services what, in turn, requires implementing innovative processes (Olesiński, Rzepka, Sabat, 2016, pp.31-33).

Innovative processes are shaped by the information coming from the market. Agile enterprises use these information, serve them as an impulse to act and as a challenge to implement new goals. The ability of making a diagnosis and categorising necessary resources that are useful in identifying market opportunities, evaluating the adequacy of own resources and obtaining necessary resources from the environment constitutes a basis for determining innovative needs (Sajdak, 2013, pp.73).

The interest in finding connection between agility and innovation has been examined in various contexts. Researches took place in the form of theoretical analysis of various dimensions of organizations functioning. The outcome proves that there is a close connection between agility and innovation and that the attributes of agility contribute to the innovative capacity of an organization (Rzepka A., 2017, pp.163).

The table below presents a list of research connected with the influence of the agility of an organization on innovation.

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Table 1. A list of research made on the influence of the agility of an organization on innovation

Researcher	The result of research
V. Sambamurthy, A. Bharadwaj and V. Grover	- indicating a significant impact of investments made in innovation in the field of IT, supported by the attributes of agility on the company's success and gaining competitive advantage
R. Raschke	- indicating a positive correlation between IT infrastructure flexibility and agility of business processes - indicating a positive correlation between the agility of business processes and the effectiveness and quality of business performance of an enterprise
A. Shahin, M. Nikjoot and A. Nilipour	- indicating a close relationship between the internal and external factors and product innovation - indicating that the introduction of innovative products and services in the last five years, and a higher rate of success in the implementation of new products and services in relation to competitors, is a derivative of achieving product innovation - indicating that there is a link between internal (strategy, organizational structure, information system, the personality of employees) and external factors (network of business partners, the level of science and technology, the presence of network communication and transfer of information) and process innovation
C. Wang and P. Ahmed	- enumerating indicators for product and process innovations - identifying indicators in terms of product innovation as: the increased number of innovations compared to competitors; recognizing the company as an active organization in introducing innovative products or services; describing products of a particular company as innovative; high success rate in the area of introduction of new products and services in relation to competition

Source: own research based on: M. Sajdak (2013, pp.73)

The researches presented in the table above confirm that there is a close connection between forming by a company agility features and obtaining by it a high level of innovation. Introducing innovation gives an impulse for undertaking new challenges what perfectly fits in with the paradigm of the company's agility.

Conclusions

Unpredictability and volatility of the business environment causes that the competitive position of enterprises is not permanent. Sources of competitive advantage of an individual enterprise are subject to constant turbulences. Therefore, the organization must constantly look for ways to survive and achieve success. In order to do this, it must develop the agility features. Attributes of agility certainly include:

- Speed and flexibility;
- The response to change and uncertainty;
- Launching key competences;
- Synthesis of different technologies;
- Integration both in and outside the company and between companies.

Only an organization that bears such features has a chance to succeed and innovate. Indeed, the studies listed in this article, and their outcome prove that agility and innovation intertwine and that the attributes of agility translate into achieving by an enterprise a better competitive position and higher level of innovation.

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**The risk involved in implementation of innovations
in the real estate market**

JEL Classification: *E32; E44; F63; O12; O31*

Keywords: *risk; investment risk; innovations; risk management*

Abstract

Research background: In this paper a short overview of the types of innovations and their innovative forms of investing in the real estate market, such as reverse mortgage, flipping, building for rent, system condo and crowdfunding was presented.

Purpose of the article: The aim of the paper is to present risk factors in innovative activities in the real estate market and evaluation of their activity in this market. The study proposed the hypothesis that a specific level of development in the real estate market corresponds to a certain level of investment risk reflected by the rate of return.

Methodology/methods: The questionnaire survey in the local real estate market participants (investors, employees in enterprises that provide services for the real estate market, external appraisers, real estate brokers and counsellors) was conducted for the purposes of evaluation of risk factors in the investment innovative activities.

Findings: Analysis of the results of questionnaire survey supported the following thesis:

- as an effect of a strong inflow of capital and disturbed balance between demand and supply, return rates represent the reaction to the previous market behaviours,
- decline in the rates of return points to the increase in the investment risk in the real estate market.

It was found that the particularly high contribution to the risk level is from market risk, which is little transparent in Poland and is characterized by high variability of the conditions of operation

Introduction

In the contemporary economy, innovative activity represents a prerequisite for improved competitiveness of enterprises and effective meeting the needs of recipients of products and services. Therefore innovativeness can be considered as a key success driver that determines competitive advantage of enterprises in the market (Świtalski, 2005; Pudło, 2012; Hult *et al.*, 2004; Calanton *et al.*, 2002; Jin *et al.*, 2004; Ropor *et al.*, 2006).

The characteristic feature of the innovative processes is a relatively high risk level (Jonek-Kowalska, 2011), which is often viewed as one of its basic barriers. A high level of the innovative risk is generated by substantial expenditure on research and development and high degree of failure involved in implementation.

The aim of this study is to present risk factors in investment innovative operations in the real estate market and to evaluate their impact on this market.

The main motivation for the analysis of these problems is a widespread aversion to risk among the participants of the real estate market, which, similarly to the necessity to incur substantial expenditures and uncertainty of the final result connected with implementation of the innovations in the real estate market, represents one of the major barriers to adopt the risk.

The study proposed the thesis that a specific level of development of the real estate market corresponds to a certain level of the investment risk.

As a result of the processes of intensive globalization of the economy, accelerated economic growth, the main barrier and key problem is evaluation of the risk of innovative activity in the whole economy.

Research methodology

The data used to achieve the study aim and support the adopted thesis were derived from the results of the survey conducted among the entities operating in the local real estate market.

The questionnaire was dedicated to developers and entities operating in the real estate market in 16 enterprises that employ up to 50 employees, with the headquarters located in Częstochowa and operating in the local

market. The respondents expressed their opinions about innovative activities in their own enterprises and evaluated risks involved in innovativeness. The study sample size was 50 people.

The study also used the results of the survey ordered by PARP (PARP, 2013), part of the data were derived from the survey conducted within the project "Support...."¹ (GUS, 2007-2013). The survey was conducted in a group of microenterprises, according to the methodology of innovative studies described in the Oslo Manual (OECD/Eurostat, 2008).

Furthermore, the conclusions concerning key actions to ensure further effective development of the Polish economy and their new directions were developed based on the results of the survey conducted by McKinsey (McKinsey *et al.*, 2015) dedicated to leaders of the biggest enterprises in Poland. The methodology adopted in the study allows for presentation of innovative solutions and evaluation of the risk of innovation implementation in the real estate market.

Short overview of innovations. Innovations in the real estate market

One of the characteristic features of modern business is innovativeness, considered as a key determinant of progress of societies.

Innovations and services can occur in each economy sectors and the sector of public services such as health protection or education. However, the indications contained in this manual concern only the innovations in the sector of enterprises. This concerns the production sector, raw material industry and services sector.

Oslo manual involves four types of innovations: product innovations, process innovations, organizational innovations and marketing innovations. Therefore, innovation means implementation of a new or substantially improved product, a new or substantially improved process, a new marketing and organizational method. It seems that this division concerns innovations in the sector of enterprises, concerning only the production sector, raw material industry and the sector of services.

According to the National Cohesion Strategy (Narodowa..., 2007-2013, 2014-2020), and according to Brzeziński (Brzeziński, 2001) and Prystrom

¹ The report was prepared within the 4th stage of the works, according to the Detailed Description of the Procurement (Szczegółowy Opis Przedmiotu Zamówienia, SOPZ). The survey concerned the topics of the Cohesion Policy in the financial perspective of 2014-2020: *Research studies, technological development and innovations and improving the competitiveness of micro-small and medium-sized enterprises and the sector of agriculture, fisheries and aquaculture.*

(Prystom, 2012) and depending on the activity conducted by the business entities in the real estate market, the innovation groups can be characterized as:

- technological innovations,
- process and organizational innovations,
- marketing innovations,
- financial innovations.

As a new innovative form of investment in the real estate market, which consists in maximization of profits while minimizing risk leading to the achievement of measurable benefits from the investors is flipping (Zakręt, 2010, pp. 49-60).

In general, flipping means a bargain purchase of assets and its immediate re-sale at a profit. The rate of return depends on the choice of concrete real estate and evaluation of the effectiveness of a specific investment. In this case, the value added, termed the economic profit, is based on the principle of obtaining the rate of return on the whole capital invested, with its value exceeding its cost.

Reverse mortgage, dedicated to retired people, is another innovative form of investing in the real estate market. It consists in allowing individual customers to utilize their assets with substantial value and replacing them into the streams of payments that allow for improving their income situation (Styś & Łyszczak, 2013, pp. 112-122).

According to Buszko (Buszko, 2011, p. 445), reverse mortgage is an instrument which has a potential to exist in the Polish market and represents the desired solution. The survey on the opinions of the recipients of innovations in financial services with the example of the reverse mortgage indicated the innovativeness of this instrument². However, the services does not show opportunities for being popular. Therefore, this innovation in financial services should be created by entrepreneurs since they create markets by stimulating the demand and changes.

The innovations include institution of rent, which, in the form of the private and public market (Social Construction Society) is more and more involved in helping Poles improve their housing situation.

In Poland, a new phenomenon in the market of investment innovations is development of the market of condo hotels and apart-hotels. Condo-hotels operate in the same way as conventional hotels, with the only difference being that the owners of the rooms are individuals. They rent the

² The survey conducted among the participants of the Third Age University program (Styś,&Łyszczak, 2013, pp. 118- 121).

rooms to hotel operators who are responsible for the whole organization and marketing. The room owners obtain in advance the rent or profits.

The professional investors have more and more ideas concerning the investment companies and crowdfunding, as a practice of financing a project or initiative by adding a great number of small amounts of money from a substantial number of people, typically using the Internet. Real estate crowdfunding and the solutions offered cause that the investments and multiplication of the free capital can be available to average investor (Róziecki, 2016).

The synthetic overview of innovations presented in this study, especially in the real estate sector, supports the notion that the innovations are considered to be the driver of the progress of societies (Ropor *et al.*, 2006).

Risk of innovation implementation in the real estate market according to investors

Innovations are expected to produce demanded changes. However, implementation of new solutions involves high costs which are often difficult to cope with for enterprises. Furthermore, the risk of failure is also difficult in the case of implementation of innovations. Therefore, not all entrepreneurs decide to implement innovative solutions. However, investments in the real estate market are considered as one of the safest forms of using capitals³.

The risk of innovative activities connected with implementation of innovations (Damodaran, 2009) is defined as a likelihood of threats and effects. Therefore, making investment decisions is based on the relationship between the risk and rate of return. The rate of return on the investments in real estate depends on the differences between sales prices and purchasing prices (rate of return).

Rate of return on the real estate market are changed through high capital-intensity, low market transparency and liquidity of the real estate and high costs of transaction. High rates of return in Poland in the real estate market following 2000 were claimed to have been caused by accepting a high investment risk. However, Kucharska-Stasiak (Kucharska-Stasiak, 2006) demonstrated that the decline in the rate of return in the Polish mar-

³ This opinion results, among other things, from the fact that fluctuations in the real estate market are not as dynamic as in the case of other investments in the real estate market. Observation of the real estate market reveals that the investment effects in this segment of the economy are noticeable only over the longer period of time.

ket to the level typical of developed markets suggests the increase in the investment risk rather than its decline.

Therefore, risk identification consists in awareness of the events that can have a negative effect on the investment project i.e. determination of the potential sources of risk. This inspired preparation of the classification of factors and sources of risk in the innovation process (Keizer *et al.*, 2002). Detailed analysis of the classification of risk sources points clearly to the fact that the most important component of the analysis of innovation risk is not to start innovative activity but awareness that giving up the activity in the longer perspective can lead to lost competitiveness in the enterprise.

The examinations conducted in 2016 in the enterprises that invest in the local market in Poland, compared with the findings presented by PARP, also obtained in the Project⁴ "Wsparcie" and the survey by McKinsey with respect to the data contained in the European Commission 2016 (European...2016), allowed for presentation of the risk factors in the investment innovation activity in the real estate market, evaluation of their activity in this market and supported the hypothesis that a specific level of the development of the real estate market corresponds to a specific level of the investment risk in this market.

In the questionnaire survey conducted in 2016, the investors were asked about innovative activities in their enterprises and they evaluated the risk or implementation of innovations in the real estate market from the standpoint of the local market.

The analysis of the results of the questionnaire survey showed that small and micro enterprises prefer a closed model of innovation⁵. The investors claimed that the open model occurs in the incidental and one-time forms.

With regard to the evaluation of the risk of innovation activity, the respondents claimed that the risk is not measured by them⁶.

The risk involved in innovation was evaluated by the respondents as medium. However, they realized that abandoning of innovation activities has to

⁴ The report was prepared within the 4th stage of the works, according to the Detailed Description of the Procurement (Szczegółowy Opis Przedmiotu Zamówienia, SOPZ). The survey concerned the topics of the Cohesion Policy in the financial perspective of 2014-2020: *Research studies, technological development and innovations and improving the competitiveness of micro-small and medium-sized enterprises and the sector of agriculture, fisheries and aquaculture.*

⁵ The closed model of innovation means that the innovative activity is performed independently.

⁶ 64% of the respondents found that they did not measure risk using dedicated tools such as statistical measures (e.g. standard deviation, variance or covariance). Risk measurement used in these enterprises is intuitive or it results from experience and knowledge of the local market or the lack of adequate knowledge and skills.

lead to deteriorated competitiveness in both local and global markets (Sitek, 2016).

The results of the questionnaire survey ordered by PARP in 2013 showed, that a key activity determined strategy adopted for the years 2014-2020 is to develop the instrument of support to promote unlimited investment activities in enterprises.

The analysis of the results of the surveys in the Project "Wsparcie" concerned microenterprises and, more specifically, indices of innovative activities. Its time periods were 2007-2013 and 2014-2020. The following observations were made for the microenterprises:

- the advantage of construction innovations (technical, technological and process innovations) over innovations connected with the services to the real estate market,
- advantage of the construction sector in the share of revenues on sales of real estate over services for the real estate market,
- advantage of the share of microenterprises cooperating with other entities in terms of innovation activities compared to the construction sector,
- public support for innovative activities is more effective in the construction sector compared to the activities connected with services for the real estate market.

The survey by McKinsey demonstrated that one of the key tasks is investments in business innovativeness.

The most recent report of the European Innovation Scoreboard 2016 also demonstrated an increase in innovativeness index. Statistical analysis demonstrated that one of the strengths of Poland is human resources and investments of the enterprises for whom innovativeness represents a key activity to ensure a fast development of Polish economy.

The most important risk factors in innovative activities presented by Butryn (Butryn, 2006) include the risk concerning product and brand positioning, market life cycle, its acceptance by consumers, risk in terms of competition, control and prices i.e. acceptance of new product. However, the most important risk in innovative activities is market risk since technical, technological and organizational successes of innovative activity are connected with the innovative success of the product in the market.

Conclusions

Analysis of the innovative activity and risk involved with this activity was based on the results of the survey concerning the local real estate market in micro- and small enterprises,

The study demonstrated that:

- with respect to the innovative activity in the sector of real estate, the innovative services dominate substantially over the investment activities in the construction sector, thus representing the value added,
- in the services in the real estate market, innovations concern in particular marketing, with marketing surveys concerning meeting the customer needs as one of the aspects of combating competition,
- analysis of the barriers of perception of innovations by enterprises in Poland demonstrated low demand for innovative products and services as the major barrier,
- noticeable differences in perception and using the programs of public and private support were not found among investors in the real estate market. In both cases, the key problem of using them indicated by stakeholders was administrative problems in finding the resources. The value added in this case is the necessity to remove this barrier.
- the previously proposed thesis that the increase in the investment risk is reflected by the reduction in the rates of return was supported. This suggests the value added in the results of this study,

In conclusion, the risk of the market, which is little transparent and characterized by large variability of conditions, has a substantial effect on the level of risk of innovative activities in the real estate market.

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**Innovative entrepreneurship evaluation in opinion of
service company managers in Podlaskie Province**

JEL Classification: *D11; D33; D70*

Keywords: *service enterprises, innovations in services, service manager, Podlaskie Province*

Abstract

Research background: The analysis of contemporary economies pursuing service based economies shows the issue concerning the innovation in services. It seems to be important from the standpoint of modifying the actions of enterprises and economies on competitive, local, national and international arenas. The economic practice and public activity prove there is a need for intelligent growth. It consists in the development of economy that is based on knowledge and innovation – the development which produces high added value. Thus, it is necessary to foster creative entrepreneurship that inclines towards the introduction of changes at the level of an enterprise which results in contributing to the creation of good economic condition in general.

The article regards the issue of Podlaskie enterprises that tend to introduce innovation within the services of a higher level, understood as services, that creates added value from the point of view of service company managers.

Purpose of the article: The aim of the article is to examine the opinions of managers from Podlaskie on innovation in services and whether the range of provided services is accepted by service receivers.

Methodology/methods: The realization process of the assumed goal shall use the monograph and survey methods as well as analysis and synthesis. The survey is directed at managers of Polish companies in Podlaskie province. It regards factors that rule the inclination for the introduction of changes in service nature and its quality in the period of 1-3 years (stimulating and inhibitive).

Findings: The research shows that the analyzed sub sector of services is an interesting area in the context of innovation in the micro scale and thus has potential for further study.

Introduction

The economic practice and public activity prove there is a need for intelligent growth. It consists in the growth of economy that is based on knowledge and innovation – the development which produces high added value. It requires considerable expenditure on research and development activity as well as applying the mechanisms that favor effective utilization of the theoretical knowledge in practice. Thus, it is necessary to foster creative entrepreneurship that inclines to the introduction of changes at the level of an enterprise which results in contributing to the creation of good economic condition in general. The article covers the issue of Podlaskie enterprises that tend to introduce innovation within the services of a higher level, understood as services, that creates added value from the standpoint of service company managers. In order to realize their opinion on the subject of innovation in services, the survey method has been used. What is more, the article also aims at recognizing the conditions in which progressive services are provided by enterprises. The aim includes the creation of the grounds for further study in the direction of pro-growth changes in the identified services.

Research method

The survey in the article is initial research performed by means of the internet and took place from November 2016 to January 2017. The purpose of the research was, firstly, to learn the opinion of service providers on a “progressive” service defined as an innovative one compared with previous years (5 year period); secondly, to verify whether there is rationale for creating ground for further research of this type. The party of the research consisted in a 41-manager group from Podlasie service companies. The working experience was within the range of 11-20 years and above 20 years. 66% of the respondents were males and 34% of females. The research subject was kinds of services defined while performing the research as well as stimulating and inhibiting factors affecting innovative actions in an enterprise from a specific trade. The respondents answered various questions concerning, for instance, introduction of progressive services, defin-

ing service receivers, adjusting a service offer to the needs, a level of profitability, inclination for introducing changes in service character, i.e. its quality in the nearest period of 1-3 years, and the factors that decide about extending an offer to include progressive services.

The author of the survey described progressive services as contemporized services that aim at development. They are high standard, modern, innovative, concentrated on reaching a higher level of effectiveness in the context of company's growth. Progressive services are also creative, which means they focus on a specific change in a process, a product, a business profile and they use skills and talent.

Essence and conditions for innovative entrepreneurship in services

Services are considered as intangible because, in contrast to products, they cannot be received physically and cannot be checked before their reception. In other words, service processes feature "fuzzy" information of intangible nature. It means they are not grounded in a material or physical structure. However, heterogeneity of services concerns changeable results in the process of their provision. What is more, inseparability of services, with regard to their simultaneous provision and consumption, makes a client a co-producer who must be included in the above-mentioned processes of provision and consumption. Services have transitional nature as they cannot be stored for further use, sold or returned (Biege et al. 2013, pp. 378-391).

The greatest significance of services may be found in the economies that are based on knowledge as they play a key role in innovative processes. Companies introduce a symbiotic relation with clients so that they become co-producers of innovation. The main importance of this relation is the flow of information in its intangible form (Hertog, 2000). The research connected with innovation traditionally focus on production because services were not perceived as an important component of the productivity growth. Furthermore, many projects on services are directed at industrialized countries although, in many developing countries, services constitute the largest sector in economy and thus a crucial determinant of the economic growth. Though in many cases service companies are more innovative than production companies, both, as for the input and the output of "technological" innovative activity, the innovative services more often take a "non-technological" form (Zahler, 2014, p. 953-979).

Modern source literature underlines the point that a strategy oriented at delivering value to a client must be grounded on outstanding proficiency as

a source of unique and persistent advantage over competition. Most processes regarding the added value stem from knowledge-based service activity. It is even suggested that all enterprises, including production companies, should define themselves as service enterprises as a client buys benefits and not products. One distinguishes two types of persons – a capitalist (a capital owner) and an entrepreneur who hunts opportunities and taking risk.

Another generally known and a frequently mentioned standpoint, as for the growth, is J. Schumpeter's theory on delivering value to a client. He claimed that "a basic fact is a process of creative destruction". It covers incessant revolutionization of an internal market. The destruction of an old economic structure creates a new one which stimulates the growth of productivity. A symptom of those internal transformations in an economy is creation of new consumption goods, new methods of production and transportation as well as new markets. A symptom of entrepreneurship in services and in other sectors of an economy is the dynamics of founding new enterprises. The essence is the ability to increase the effectiveness of using resources for other fields of higher effectiveness.

During the last decade, the European research and innovation policy concentrates on the increase of expenditure on innovation. In 2002 its main goal was to adjust the EU development expenditure to 3% of GDP which was to have been attained until 2010. However, it was not and the year 2020 was marked as the new destination (Janger, 2017, pp. 30-42).

Inclination for the introduction of innovation is particularly based on the cooperation of service companies in the vertical structure which is more favorable than the horizontal cooperation. The research prove that the influence of innovation on the innovation effectiveness is greater in service companies than in production companies (Feng, 2016). Career paths in professional companies affect the innovative skills. They serve as indicators for innovation potential which is often neglected. The change of a career path is not "necessary evil", but it creates solutions equally beneficial to receivers, as for adjusting life-work preferences of employees, and to a company – the growth of the innovation potential which is necessary for attracting and maintaining employees, however less for the growth of their efficiency (Malhotra *et al.*, 2016, p. 369-393).

Thus, entrepreneurship constitutes the attitude of a unit which actively seeks for market opportunities, increases a degree of innovative skill use and introduces innovations. Entrepreneurship is also expressed in a number of newly-founded enterprises and the growth dynamics of already-existing ones. Theoretically, reaching the entrepreneurship growth is possible under condition of possessing personnel who are highly qualified,

engaged in their work and able to flexibly conform to changeable market requirements.

The dynamic growth of information technology and telecommunication goes along with the development of service trade abilities. The content of some services is processing, gathering and passing information. It includes the fields such as accounting services, personal data and pay processing, technical and legal advisory or different kinds of designing. Thanks to digital technology of processing and passing information it has emerged that in those fields the processes of service production and utilization are not so tightly connected with each other as they used to. Thus, the distance between a producer and a user is no longer a problem as for the exchange.

One of the most prominent works about the adaptation of IT and communication in service business activity and their influence on the innovation is an inverted product life cycle by Barras. It begins with the introduction of primary process innovations which aim at the improvement of service provision efficiency. The next stage is to introduce process innovations in order to improve the quality of services. The final phase is the introduction of product innovations (Barras, 1986, pp. 161-173). Cooperation with various types of users and investments in the knowledge management affect the current process innovations positively (Ashok et al. 2016). Introducing new evolution taxonomies into innovations in a service sector relates to pointing out different trajectories for various activity groups according to their technological aspect (Evangelista, 2000, pp. 183-222).

Companies that have competent employees and new technologies are more willing to introduce innovations and make decisions about entering international markets which is beneficial as for the growth expectations. Potential competition has a positive influence, as it has been stated in the research, on the product innovation and indirectly on the internationalization of companies from a service sector. What is more, in case of innovative entrepreneurs, business activity makes one search for market niches (Castano *et al.*, 2016, pp. 1690-1695).

The research results from the internationalized companies in the region of Andalusia in Spain, with regard to internationalization factors for knowledge-based services, indicate that there are special advantages which are acknowledged by entrepreneurs such as: service quality, personnel training, leadership and managing skills, innovations and technologies. The greatest significance can be attributed to the companies which engage themselves in foreign investments and observe their existing and new clients. The most important factors associated with a target market are: size,

growth and access to a market (Munoz-Guarasa & Pajares, 2014, pp. 144-164).

Conditions for introducing changes in services by service providers – the results

The performed research concludes that in Podlaskie Province over 80% of the surveyed has introduced the services that belong to the above-mentioned service activity category. Their receivers have been definitely young people with higher education. According to the managers of service enterprises (almost 71%), service receivers describe the offered service standard as sufficient, and the offer appeals to their tastes and consumer needs (93%). Despite an already-high degree of adjusting the offer to the receivers' needs, managers of companies are prone to introduce changes in the nature of an existing service.

Surprisingly, many companies (almost 80%) do not perform their own marketing research. Only 5% of them commission the external companies to conduct such research.

The pro-innovative attitude of enterprises is mostly positively affected by the following factors (table 1): flexible working hours, larger-than-average profitability of new services and personnel's inclination for empathy towards a client. The least significant role in the group of determinants, according to the managers, is played by: equipping a job post with ICT devices, a job with a progressive position and employment stability.

Table 1. Managers' opinions on stimulating factors that affect the inclination for extending a service offer by the progressive services (in %). 1 – means weak factor influence, 5 – very big factor influence

Factor	1	2	3	4	5
Large market needs	7.32	9.76	34.15	29.27	19.51
Larger-than-average profitability of new services	9.75	12.20	31.71	21.95	24.39
Staff creativity	12.20	19.51	26.83	29.27	12.20
Progressive job position	24.39	7.32	21.95	43.90	2.44
Employment stability	19.51	2.44	29.27	34.15	14.63
Flexible working hours	14.63	12.20	21.95	26.83	24.39
Staff's empathy inclination for clients	9.76	14.63	21.95	31.71	21.95
ICT equipment at a post	12.20	7.32	46.34	31.71	2.44

Source: Own elaboration based on own research results.

Then, the strongest group of development barriers includes (table 2): lack of proper financial support, complicated administrative procedures, big competition, to a lesser extent, but still – lack of marketing research. The

weakest influential force, in a negative sense, is found in: insufficient information about a market and lack of a proper target group.

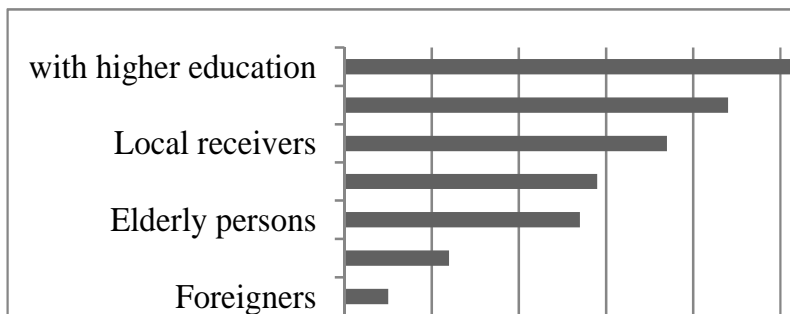
Table 2. Managers' opinions on barriers that affect extending a service offer by the progressive services (in %). 1 – means weak factor influence, 5 – very big factor influence

Factor	1	2	3	4	5
Large competition	7.32	9.76	26.83	29.27	26.83
Lack of marketing research	21.95	14.63	26.83	19.51	17.07
Insufficient information on market needs	19.51	12.20	31.71	24.39	12.20
Irrational employment (improper personnel for company's mission)	19.51	19.51	34.15	14.63	12.20
Weak traffic at the point of service provision (location)	17.07	17.07	34.15	17.07	14.63
Administrative difficulties (obtaining license)	31.71	17.07	29.27	9.76	12.20
Lack of proper financial support	12.20	9.76	24.39	21.95	31.71
Complicated administrative procedures	14.63	14.63	36.59	7.32	26.83
Lack of proper target group	21.95	17.07	34.15	14.63	12.20

Source: Own elaboration based on own research results.

During the research, the following service categories have been identified (figure 1): advisory, training, medical, trade, IT, tourist, transportation, construction, legal, recreational and others that covered: hairdressing, design and cleaning services.

Figure 1. Service categories identified during the research



Source: Own elaboration based on own research results.

The greatest number of entrepreneurs that opt for the progressive services represented the following service categories: advisory – almost 40% of the surveyed, training – about 30%, construction – about 20% and medical – almost 15%. In turn, the group of the least interested in the above services included managers from the tourist trade, hairdressing and cleaning – only 2.5%.

Almost 40% of the surveyed declared introduction of specific changes in the nature of a service, its quality in the nearest period of 1-3 years. The changes cover:

- 1) more automated search for clients;
1. extending online offer;
2. purchase of software;
3. creating 365/24 service which is round-the-clock emergency service;
4. constant software and calculation method update;
5. training the personnel in accordance with clients' needs;
6. possibility of online ordering;
7. shortening realization/delivery time;
8. innovative approach to a client, extending a service catalog;
9. machinery park development;
10. BIM (Building Information Modeling) – innovative CAD software;
11. increasing the standard of provided services;
12. online service.

Conclusions

The summary of the analysis makes it possible to present the following statements: Firstly, the entrepreneurs in Podlasie take into consideration a longer period of time when a client can access services which is obtained by extending the working hours to 24 hours a day. Secondly, the personnel training in accordance with clients' needs is considerably influential on the inclination for introducing a progressive service which is also practiced by regional service companies in the world. Thirdly, managers' attitude as for meeting clients' needs by adding them in the process of service provision is an important aspect of innovative activity in services. Fourthly, the internet is perceived as a tool for maintaining bonds with a client who becomes a co-innovator. Fifthly, advisory, training and construction service trades belong to an innovation-oriented group of service companies as for progressive services. Sixthly, in managers opinion, employees do not search for the stabilization that is connected with a single job position. They value the prospect of changing a job more than a job with a progressive post. Seventhly, over-than-average profitability of introducing new services is a main reason for introducing services of added value. Eighthly, the lack of proper financial support from the government institutions is discouraging. Ninthly, a proper measurement of the results has key significance for boosting the investments in production and use of new knowledge.

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**Knowledge management models as a source of employee
and organization's efficiency**

JEL Classification: *O00*

Key words: *management, organization, effectiveness, knowledge management models*

Abstract

Research background: Knowledge management in an organization is a new and less explored area in business literature and business practice. The scope of changes to enterprises influenced by competitive environment forces them to continuously seeking new ways of achieving the success. So-called intangible development factors start to be extremely meaningful – especially knowledge, consciously gained, created and disseminated through diversified methods aimed at shaping employees' appropriate behaviours and developing information technology, which succours this process. Applying this approach requires the proper preparation of the organizational background and the system operation allowing the selection of a specific model. There are a lot of knowledge management models for organisation's decision-makers to be able to manage the resources properly and skilfully

Purpose of the article: The aim of the article is to present the significance of knowledge management models' use in modern organizations.

Methodology/methods: The authors constructed 2 main research questions for which they sought answers within the collection of empirical material: What are the main knowledge management models used in a company? And How can models influence the effectiveness of a organization? The following research hypothesis has been constructed: In practice management has not yet developed appropriate models for evaluating and diagnosing the impact of models on the effectiveness of business decisions. The empirical material was collected by means of a qualita-

tive method and the technique used was a secondary analysis of the existing data in the form of thematic sources. The results of the review of the literature of the subject are presented as a synthetic description. Literary research was conducted at the turn of 2016 and 2017.

Findings: Added value is a review of existing models that can be used in management practice.

Introduction

Virtually until the end of 20th century, traditional economy embraced mainly two production factors: work and capital. However, the basic character of the world's economy has vastly altered, especially over a dozen of years. Its predominant features include global competition, fast information flow, and a wider range of communication. The scope of changes to enterprises influenced by competitive environment forces them to continuous seeking new ways of achieving the success. So-called intangible development factors start to be extremely meaningful – especially knowledge, consciously gained, created and disseminated through diversified methods aimed at shaping employees' appropriate behaviours and developing information technology, which succours this process.

There are a lot of knowledge management models for organisation's decision-makers to be able to manage the resources properly and skilfully. The above mentioned methods will never replace human minds, but they will make employers and employees aware of how knowledge arises and what actions they can take to grow organization's potential. The objective of the paper is to present the significance of knowledge management models' use in modern organizations. The article is based on qualitative method and secondary analysis of the subject literature.

Research Methodology

The purpose of the study is to describe the impact of knowledge management models on organizational effectiveness. The authors constructed 2 main research questions for which they sought answers within the collection of empirical material.

1. What are the main knowledge management models used in a company?
2. How can models influence the effectiveness of a organization?

In order to answer these questions, the following research hypothesis has been constructed: In practice management has not yet developed ap-

propriate models for evaluating and diagnosing the impact of models on the effectiveness of business decisions.

The empirical material was collected by means of a qualitative method and the technique used was a secondary analysis of the existing data in the form of thematic sources. The results of the review of the literature of the subject are presented as a synthetic description.

Literary research was conducted at the turn of 2016 and 2017.

Various definitions of organization's effectiveness

Effectiveness belongs to one of the basic criteria of organization's assessment, however, as a matter of practice, there is huge divergence in defining this phenomenon (Potocki, 2007, pp. 332-336). In the literature there are a lot of interpretations of this notion, according to which effectiveness is:

- in economic context – a report between the results and spending expressed through the basic criteria: productivity, efficiency, profitability
- in terms of goals – the extent to which organizational tasks are completed regarding economy or thriftiness – the concept deriving from praxeology
- in systemic context – the extent to which organizational resources are exploited and establishing a rapport within environment
- in comprehensive context – organization's ability to achieve its operational goals; this approach involves both systemic and task-based context; in fact, there are diverse effectiveness assessment concepts regarding its various aspects (Ziębicki, 2007, pp. 333-334).

Among many definitions of effectiveness in organization, there is one which states that it is an organization's ability to strategically adjust to particular changes in a given environment and also to productively and economically exploit resources in order to complete the formerly assumed tasks. Organization's effectiveness vastly depends on the degree of task completion, the amount of money and the way of allocating resources for particular actions. It depends on the delegated staff's working time as well.

Effectiveness is a visible result of organization's operation. Each organization tends to achieve the assumed goals or complete the tasks. It is hard to define if the given result meets expectations or if it stays in compliance with the previously accepted norms. Effectiveness is a feature that can be measured through different indicators. If an organization is able to stay on the competitive market and adjust to constant changes, its success is tangible.

Organization's effectiveness improvement process can start from the properly defined strategy, which should be characterised by:

- intellectual simplicity – a few key elements that can be presented in the chart; implementation on the operational level should be described in detail,
- external cohesion – matched with market trends or situations in a general and target environment,
- internal cohesion – operational programmes should indicate positive feedback (to support and complement one another),
- communicativeness – this strategy should be explained to employees to be accepted (Obłój, 2007, pp. 67-69).
- empowerment it is crucial knowledge sharing factor which supports to implement strategy (Wong & Laschinger, 2013, p. 950).

In the literature there are completely different approaches to organization's effectiveness assessment, taking its diverse aspects into consideration. The most common approach is elaborated by R.S. Kaplan and D.P. Norton, that is Balanced Scorecard. In this case, effectiveness is shown as the extent to which organization's strategy is accomplished and it embraces 4 categories:

- financial
- operational
- market
- developmental

Defining strategic goals, the appropriately linked assessment measures for all above-mentioned perspectives should be selected. This approach, according to the authors, forces managers to follow the holistic path in organization and to draw attention to organization's steady development (Kaplan & Norton, 2001, pp.27-29).

G.A. Rummler and A.P. Bracher raised an interesting approach to organization's effectiveness (Kaplan & Norton, 2001, pp.27-29).

It has to be pointed out that skillful effectiveness management entails proper presentation of goals, projecting, and managing each of the three above-mentioned levels: organization, process and position, but all the levels have to be correlated with each other, e.g. a given post cannot be described properly, with no understanding the processes it involves. All attempts of defining organization's goals not linking them with the processes and employee's effectiveness system may result in not reaching the assumed aims.

Hajro and others point out that to develop a model illuminating team knowledge exchange processes ask key link between organizational diver-

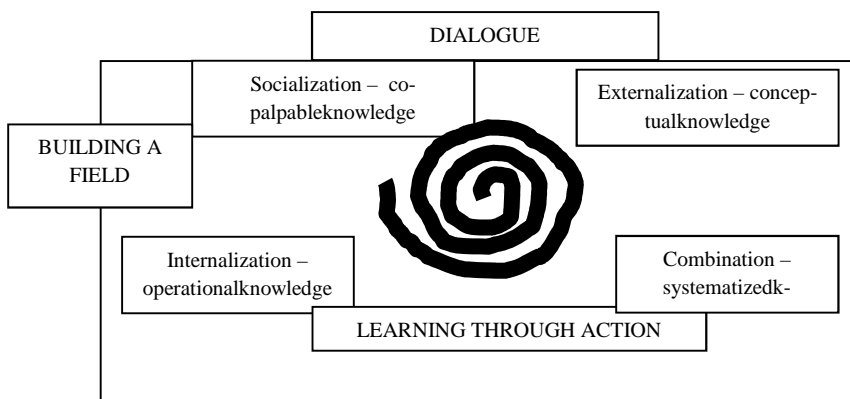
sity climate and the effectiveness of multicultural teams (Hajro(Ed.), 2017, p.245)

The Japanese Model

This model was elaborated by the two Japanese: Nonaka and Takeuchi at the beginning of the 90s in their research study and is called „a knowledge spiral”. It is considered the most innovative and futuristic approach to knowledge management. The model is based on tacit and explicit (formal) knowledge. Knowledge management by the rule of „knowledge spiral” is a repetitive cycle of four knowledge conversion processes:

- **Socialization** – from tacit to tacit knowledge. The key is to capture knowledge through direct contact with people. A significant factor is the experience of people passing the knowledge, that is e.g. teachers conveying the knowledge to students, „brainstorm” meetings in organizations, or training courses conducted by managers.
- **Externalization** – from tacit to explicit knowledge. Owing to this process it is possible to create knowledge, provide new solutions and come up with new ideas.
- **Combination** – from explicit to explicit knowledge. It allows to systematize available/ accessible knowledge through categorizing and unifying of the information gained.
- **Internalization** – from explicit to tacit knowledge. It allows to learn through action (Jasińska, 2015, p. 98).

Drawing 1. Knowledge spiral



Source: http://www.zarz.agh.edu.pl/rkusa/w_no_w3.pdf as of 20.12.2015.

The basis for effective modeling is knowledge sharing by workers in teams [Hormig, 2017, pp. 10-32]. Key players play a key role in this process, which encourages and motivates them to share knowledge. One of the key management tools is feedback (Quigley, 2013, p. 580).

A.Jarugowa and J.Fijałkowska distinguish a few principles the Japanese model is based on:

- two types of knowledge: tacit and explicit
- knowledge is not only a set of data and information, but also values, emotions or premonitions
- apart from knowledge management enterprises ought to drive at creating it
- all employees are involved in knowledge management and creation process
- a fundamental role in the knowledge creation process is played by mid-level managers (Jarugowa&Fijałkowska, 2002, pp. 22-31).

The resource-based model

The resource-based model just theoretically shows how organizations generate and use knowledge. It is based on the ideas put forward by D. Leonard-Barton known as „*Wellsprings of Knowledge*”¹. D. Leonard-Barton indicates that in order to effectively manage knowledge, it is indispensable to correlate the following five elements with each other:

- key skills and competence including physical, technical and management systems, employees’ skills and knowledge, norms and values,
- solving problems together, sharing knowledge and looking for the best solutions,
- implementation and combination of new tools and technologies,
- experimentation, that is searching for better and innovative solutions,
- knowledge transfer, that is capturing knowledge from the environment.

The constituents of this model are strictly related to the internal structure of organization (implementation and integration of knowledge) and with environment they interact with (knowledge transfer). The factor linking all the elements and thus forming one system is key competence.

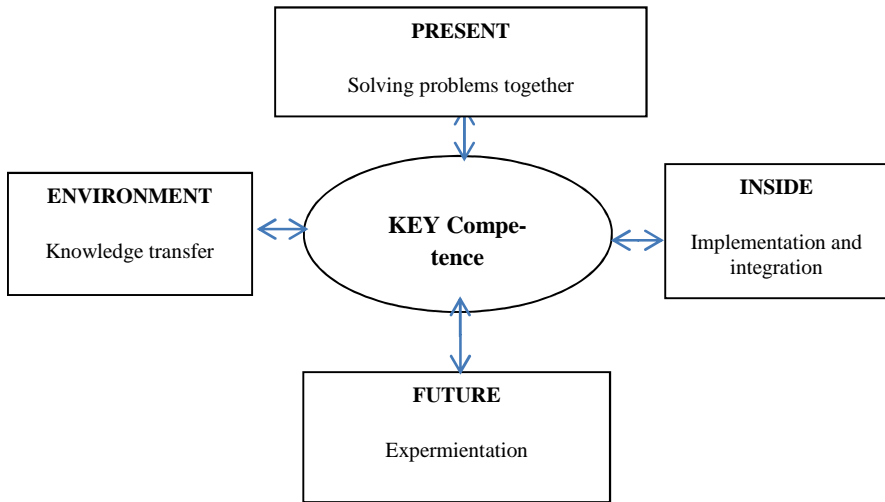
The model highlights that generating new knowledge and using the already-existing ‘know-how’ is determined by making particular kinds of knowledge interact as well with each other as with knowledge resources

¹<http://www.strategy-business.com/article/8599?gko=8edb4> as of 12.05.2016.

available in organization's surroundings. An indispensable condition of this synergy is proper shaping and using personalized knowledge of other components of organization's human resources that always get involved in turning codified knowledge into well-established one and vice versa.

The resource-based model affects present time, future, organization's inside and its environment.

Drawing 2. Wellsprings in resource-based model



Source: <http://www.e-mentor.edu.pl/arttykul/index/numer/14/id/275> [as of 28.12.2015]

The process-based model

This model is based on experiences and solutions applied in practice, mainly in big consulting companies. Generally speaking, in this approach there are three major knowledge management processes²:

- creating knowledge – these are all actions aimed at expanding the knowledge resources within an organization. The process may take place through developing human resources or through gaining information from the target or general environment. Knowledge should be acquired or captured externally only when the development of an organization's human resources is not promising. Knowledge is unique exclusively when it is created on one's own. Therefore, the best alternative is

²<http://www.info-strategy.com>. as of 04.06.2016

to acquire knowledge internally through expanding intellectual capital, and if impossible, through acquisition of the whole businesses including their potential. As a result, a company becomes able to take its own decisions and initiatives single-handedly in order to implement changes.

- codifying knowledge – it aims at securing, gathering and making knowledge (documents) accessible. The process tends to present knowledge in the most assimilable way to all members of organization. It lies in presenting organization's knowledge appropriately, making it accessible for everybody wanting to make use of it at the given moment, and disseminating these resources inside and outside an organization. Consequently, the gathered knowledge becomes intelligible and is easy to localize.
- knowledge transfer – it embraces knowledge transfer and absorption. In case of explicit knowledge, it is transferred via phone or email. There are plenty of methods: audio or videoconference, groupware, email, Internet, Intranet. In case of hidden/ tacit knowledge, which results from experiences and skills, it has two dimensions: professional (gestures, movements) and integrating (thinking, perception of reality, vision of the future).

The determinant of the effectiveness of knowledge transfer is the appropriate management of the organizational culture that improves individual and team engagement. (Wennberg & Pathak & Autio, 2013, p. 778)

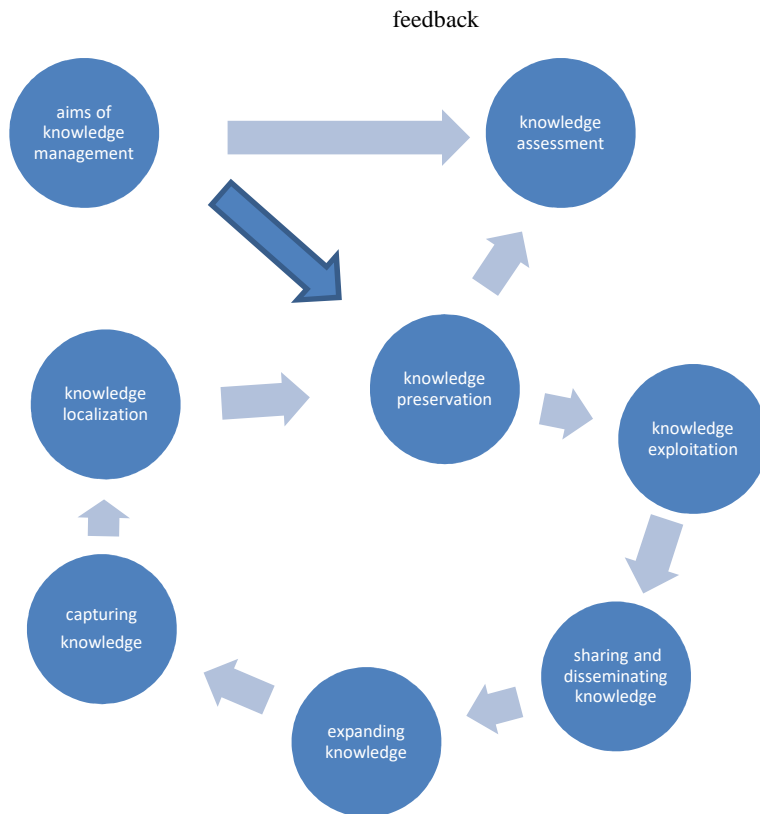
The model by Gilbert Probst, Steffan Raub and Kai Romhardt

This model illustrates management of intellectual capital in organization (Probst, Raub, Romhardt, 2002). According to the authors, there are six processes connected with knowledge management and that are presented in the form of circles and ellipses.

The above mentioned processes can be described as follows:

- knowledge localization – it is aimed at discovering wellsprings of knowledge and creating the methods allowing to capture knowledge through structuring intellectual capital and through creating knowledge maps (as a tool to locate the resources of knowledge in organization),
- capturing knowledge – knowledge is gained through interactions or social relationships with external environment, that is customers, suppliers or business partners. There is also a possibility to hire external experts or to acquire an innovative organization,

Drawing 3. Six knowledge management processes



Źródło: Probst, Raub, Romhardt 2002, s. 46

- expanding knowledge – these are research studies and developing new products, improving processes or the skills possessed. Here employers should pay attention to their employees' ideas and appreciate or reward their creativity,
- sharing and disseminating knowledge – it is a complex aspect. On the one hand, the knowledge possessed by organization or employee constitutes a competitive advantage, is unique and people do not want to share it. On the other hand, employees should have access to some information so as to bring some benefits for organization if combined with their skills. It should be taken into consideration what knowledge

particular units in organization need, what it should concern, influence or change and how it will be disseminated,

- knowledge exploitation - knowledge should be used effectively, thus, creating an added value. One has to overcome obstacles or barriers connected with routine, fear of the unknown or losing a job,
- knowledge preservation –if knowledge is captured and exploited, it must be also preserved. The appropriate data is selected and saved. It is also updated once in a while. Access to such information contributes to vast development within organization, the mistakes are not repeated and intellectual capital is fully taken advantage of. Through defining goals, knowledge management is given a proper direction which allows to make some assumptions, plan a strategy and define the specific tasks. Such an approach affects shaping corporate culture in a knowledge-based organization. All plans and strategies refer to the resources that a given organization possesses.

Conclusions

Knowledge management is a hard fact. More and more organizations resort to this model. New IT solutions and better-qualified staff make organizations be able to capture not only explicit knowledge, but also make use of tacit knowledge. The formerly acquired knowledge resources constitute a well-established foundation to create new doctrines and theories. The prerequisite for the above-described models to work faultlessly is properly shaped corporate culture. It has to be open to environment, innovative and pragmatic. Friendly atmosphere fostering cooperation and a moderate level of competitiveness between the employed are essential as well. Managers of business entities should be aware of benefits from implementation of a given knowledge management model in their enterprise. They have to initiate, propagate and propel all changes. A crucial factor for implementing this kind of management is also staff and rewarding system applied in organization. An employee has to be persuaded that it is worth sharing knowledge. It is worth highlighting that possessing appropriate knowledge resources, one can break all barriers and gain access to new possibilities contributing to effectiveness growth on a micro and macro level. In contemporary approach to organization's effectiveness assessment, different areas of business operation and correlating all actions should be taken into account. Organization's effectiveness assessment is mostly connected with company's strategy and its proper implementation. Individualization of

business entities' actions lies in choosing the proper knowledge management model which should fit into their long-term development strategy.

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**Direct participation of a higher education institution employees
in the organisational change process – a study report**

JEL Classification: *I23; M12; M54*

Keywords: *employee direct participation; organizational changes; higher education institutions; the cycle of organisational change process, employee resistance to change*

Abstract

Research background: Changes in the organisation require its adjustment through the process of organisational change. For changes to bring expected, positive results, all employees should be involved. Employee direct participation is one of the most effective methods of winning them for change and leading them to positive reaction in form of cooperation, engagement and reduction of resistance.

Purpose of the article: The objective of this study is to analyse the process of change of the organisational structure (number of departments) at a faculty of a Pomeranian university, in terms of direct participation of the research and teaching and the teaching staff in the process.

Methodology/methods: The study involved direct polling. The study sample (the faculty and its employees) has been intentionally selected.

Findings: The study revealed that the employees participate in the change cycle in a limited way, indifference and resistance being their main attitudes. The results suggest that causes of this state are the autocratic style of the change initiators, little time devoted to involve employees in the process, and the negative atmosphere caused by staff rotation (dominant internal factor).

Introduction

Organizational changes are a characteristic feature of today's organizations that have to adapt to the environment (technological progress, changes in

customer needs and expectations, growing competition). The effectiveness of the change process is related to the social factor (Czerska, 1996, p. 145; Igielski, 2015, p. 216). In order for employees to become allies of change and for the change to be effective and reach the destination, employees must be attracted and involved in the process (Grobela & Marciszewska, 2016b, p. 96; Westhuizen et al., 2012; Ignyś, 2014, pp. 31-34), the atmosphere and possibility of creative action must be introduced (Sobka, 2014, p. 32), and motivation, sense of security, access to information, time to get acquainted with the change, adaptation to it and, above all, the possibility of direct participation in the process must be assured (Czerska, 1996, pp. 145-151; Zarębska, 2002, pp. 157, 197; Hodgkinson, 1999, p. 2; Strykowska, 2010, pp. 11,14; Ignyś, 2014, pp. 26-28).

Direct participation of employees designates their individual and group participation in decision-making processes relevant to the company and employees and their functioning in the life of the organization (Moczulska 2008, pp. 20-24). It can refer to issues of various scope, all or selected stages of the decision-making process, be formal, informal, actual, perceived, passive or active. The first one involves the employees' right to information, being heard, being able to speak out, and advise. The latter includes the right to object, to consent, to common dispute settlement and to decide independently (Szelągowska-Rudzka, 2015, p. 479).

Among the determinants of participation, the management style (Summers & Hymen, 2005), attitudes and behaviors (also ethical) of superiors (Grobela & Marciszewska, 2016a, p. 139; Kizielewicz, 2015, p. 186; Mowbray et al., 2015, pp. 392- 393) play an important role. Participatory (democratic) and consultative styles are conducive to participation; autocratic style is unfavorable (Szelągowska-Rudzka, 2015, pp. 479-480). Thoughtful executives engage subordinates in the change process to make them react appropriately – cooperate and minimize resistance. They are responsible for shaping the internal determinants (strategies, communication, financial conditions) to limit the negative influence of external factors (legal, economic, social) and to support employee participation in the change process (Szelągowska-Rudzka, 2016, pp. 52-53; Sobka, 2014, pp. 14-17).

The aim of the study is to analyze direct participation of the research and teaching staff and the teaching staff in the process of changing the organizational structure (the number of departments) of a faculty in a Pomeranian university.

Research method

The study was led with a direct questionnaire developed by the author (Kaczmarczyk, 1999, pp. 219, 227). It consists of 11 questions and respondent's particulars and concerns the willingness and ability to participate in change, the intensity of participation (passive, active), information sources, techniques and forms of participation, management style, attitudes and behaviors of the deanery, employees' reactions to change, and internal and external determinants of these reactions. The study was conducted in March 2017, among the research and teaching staff and the teaching staff of a Pomeranian public university faculty, in which a change of organizational structure had began during the winter term of 2016/2017. The Dean of the faculty gave a written consent. The questionnaires were given to respondents personally or left in the offices of their departments. Completed questionnaires were brought back to the offices or given directly to the author.

Results of the study

The study involved 61 people (out of 77 employees), 61% women and 39% men. The group consisted mainly of regular employees – 85% (15% were managing staff), the research and teaching staff constituted 67% (teaching staff – 33%), employees with job seniority of 17-25 years constituted 49%, those of job seniority of over 25 years – 28% (up to 8 years - 10%, 9-16 years - 13%). Only 67% of respondents (41 people) provided their academic degree/title, and these were mainly PhD (71%) (professors – 12%, associate professors – 10%, holders of master's degree – 7%). The results of the study are presented in Tables 1-7.

Table 1. The willingness to participate in the change of the faculty organizational structure and its improvement

Willingness	Responses (%)				
	definitely agree	agree	neither agree nor disagree	disagree	definitely disagree
to participate in the change of the faculty organizational structure (number of departments)	20	39	15	20	6
to submit ideas and suggestions for improvements related to the change of the faculty organizational structure	25	36	15	18	6
to submit ideas and suggestions for improvements concerning: a) the faculty organizational matters	20	57	7	11	5
b) the faculty didactics	33	51	6	5	5
c) scientific development of the faculty members	30	44	8	15	3

Source: own study based on the research results.

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Most of the staff (59% - *definitely agree* and *agree* in total) are willing to participate in the change in the faculty organizational structure, submit ideas and suggestions for improvement of the didactics – 84%, organizational matters – 77%, and scientific development of the employees – 74% (Table 1). Yet, they possess rather limited capabilities concerning the participation in the change in the faculty organizational structure – 56% (*disagree* and *definitely disagree* in total) (Table 2).

Table 2. Ability to participate in the organizational change and to engage in the faculty affairs

Ability	Responses (%)				
	definitely agree	agree	neither agree nor disagree	disagree	definitely disagree
to participate in the change of the faculty organizational structure (number of departments)	11	13	20	33	23
to submit ideas and suggestions for improvements related to the change of the faculty organizational structure	12	16	26	30	17
to submit ideas and suggestions for improvements concerning: a) the faculty organizational matters	13	23	18	30	16
b) the faculty didactics	16	38	15	21	10
c) scientific development of the faculty members	15	21	21	30	13

Source: own study based on the research results.

Table 3. The way of participating in the change declared by respondents

Process stage	Way of participation in decision-making (%)						
	Informing	Being able to speak out	Advising	Right to object	Common dispute settlement	Independent decision - making	Lack of participation
Recognition of the problem – the need for change	30	13	3	2	8	2	42
Collecting information on the problematic situation (the need for change)	23	5	5	0	8	2	57
Searching for solutions	23	11	3	0	12	0	51
Solution evaluation	20	11	3	2	10	0	54
Choice of the ultimate solution	30	7	0	1	13	0	49
Preparation for implementation of the chosen solution (change)	26	11	2	0	11	2	48
Implementation of the chosen solution	33	12	3	0	10	2	39

Source: own study based on the research results.

Despite their willingness and certain abilities, a significant percentage of respondents (39% to 57%) state they do not actually participate in the process of changing the faculty organizational structure. This includes gathering information related to change (57%), search for possible solutions (55%), and their evaluation (51%). Participation is mostly passive and is based primarily on information, less frequently on the possibility of speaking out. It mainly concerns implementation of the chosen solution (48%) and recognition of the need for change (46%). Active participation (responses: *right to object*, *common dispute settlement*, and *independent decision-making*) is much rarer (Table 3) and involves mainly the managing staff and senior academic staff members (who most often responded, "I participate in common dispute settlement").

Employees are informed about the change usually by the immediate supervisor - 66%, the deanery, or their associates – 62% each. The significance of informal communication (gossip) is relatively large – 54%. The most frequent techniques for employee participation are information meetings with faculty authorities – 64% or departmental meetings – 57% (less commonly group solution search - 13%, or submitting one's own ideas - 10%).

In terms of the choice of individual, group or both forms of participation in the change, 67% of respondents declare lack of participation in any of them. This is surprising due to the fact that group techniques (informational meetings) were most commonly indicated.

Table 4. How change designers make decisions about changing the faculty organiz. structure

No.	Way of decision-making	Responses (%)
1.	Individually	46
2.	By consulting individual employees	7
3.	By consulting the situation (solution) with a group of employees	31
4.	Together with employees	8
5.	I do not know	8

Source: own study based on the research results.

In the opinion of 53% of respondents authorities apply the autocratic style (total of lines 1, 2), making the decision about the change without employee participation. 31% of them indicate the consultative style (line 3), and only 8% indicate the participatory style (line 4) (Table 4).

Table 5. Attitudes and behaviors of the change designers of the faculty organizational structure

Statement	Responses (%)				
	strongly agree	agree	I don't know	disagree	strongly disagree
They set clear goal connected to the change	8	38	16	25	13
They support employees in the implementation of goals	3	21,5	31	23	21,5
They work in agreement with employees	3	21	28	23	23
They inform employees about results	2	53	18	16	11
They take into account employees' advice and opinions	5	11	38	25	21
In a difficult situation employees can count on their support	8	17	39	16	20
They treat employees on a subjective basis (employees are important)	11	25	33	16	15
They care about employees and their future at the university	7	21	36	16	20
They are honest and trustworthy	6,5	28	46	6,5	13
They can win employees to cooperate in the process of organiz. change	8	11	39	25	17

Source: own study based on the research results.

Table 6. Respondents' reactions to the change in the faculty organizational structure

Respondents' reaction to the change:		Responses (%)*
dominant	- particular	
The change is neutral to me because:		31
I only engage when it is beneficial for me		15
I only engage when it is possible		1
I engage in the change, actively cooperating in implementation		23
I resist the change because:		30
	- I am not fully informed about it	18
	- I do not know why it is being implemented	13
	- I am afraid that it is going to be adverse for me	10
	- I have no confidence in the managing staff and their change design	8
	- I was not invited to participate in the change	10
	- I have bad previous experience with the way of implementing changes at the faculty	5
	- others	2

* People who responded, "I resist" could indicate more than one specific cause for this reaction, and their percentage is related to the number of all respondents.

Source: own study based on the research results.

In addition, the respondents believe that the faculty authorities do not take into account the advice and opinions of employees in the process of changing the organizational structure – 47% (*disagree* and *strongly disagree*), they do not work in agreement with employees – 46%, they do not support employees in the implementation of targets connected to the change – 44.5%, and they are not able to win the employees to cooperate in the change – 42%. A high percentage of respondents have no opinion on whether the change designers are honest and trustworthy – 46%. In turn, the respondents favorably refer to the fact that the Dean's office informs the staff about results – 55%, and sets clear goals connected to the change – 46% (Table 5).

Employees of the studied faculty react with indifference (31%) and resistance (30%) to rebuilding its organizational structure. 23% of the respondents actively participate in the change, including almost all managers (7 out of 9 – 11% of all respondents) and senior academic staff members (professors and associate prof. – 11% of the total number of respondents) (Table 6).

Table 7. The impact of the following factors on the behavior of respondents in relation to the change in the faculty organizational structure

Factors	Responses (%)					
	very big	big	neither big nor small	small	very small	none
The atmosphere at the university caused by staff rotation	48	33	11	1	0	7
Strategy of the University	30	24	30	5	5	6
Strategy of the Faculty	25	39	23	2	3	8
System of motivating faculty employees	17	25	28	11	8	11
Financial situation of faculty	26	23	28	10	3	8
The way the faculty is perceived by other core units of the university	12	26	31	8	8	15
The attitude/actions of immediate supervisors	23	41	21	5	3	7
Work on the new law on higher education (the so-called 2.0) and resulting possible directions of changing the system	15	34	28	5	5	13
The country's demographic situation	3	31	31	7	15	13
General atmosphere in the country concerning science and higher education institutions	17	33	21	13	3	13

Source: own study based on the research results.

Employees' reactions to the faculty organizational change are mainly influenced by the atmosphere at the university related to staff rotation – 81% (responses *very big* and *big*). Next factors are the strategy of the faculty, and the attitude (actions) of immediate supervisors – 64% each (internal factors). The least significant determinants are the demographic situation of the country (34%) and how the faculty is perceived by other units of the university (38%) (Table 7).

Conclusions

The study revealed that:

- The staff have greater motivation than possibilities to participate in the change of the organizational structure and to submit suggestions for improvement.
- Their participation in the change often has a passive form and consists in being informed.

- Active participation is rare and generally limited to senior academic staff members (professors and associate professors) and managerial positions.
- A significant percentage of respondents declare lack of participation in the change.
- The limited scope and dissemination of employee participation is evidenced by the fact that they are unable to properly identify the group form of their participation in the whole process, although group participatory techniques (information meetings) are commonly used.
- The respondents claim that the designers of the change most often use the autocratic style adverse to participation; the consultative or participatory styles are applied sporadically.
- Their attitudes and actions towards subordinates are variously assessed, also negatively.
- Employees are usually indifferent to the change or resist it, although only one in five is engaged.
- The most significant internal determinant of the respondents' reactions to the change is the atmosphere at the university linked to staff rotation and the attitude of the immediate supervisor. The most significant external factors are the overall atmosphere in the country around science and higher education, and work on the new law 2.0.

The study results show that the direct participation of the research and teaching staff and the teaching staff occurs to a small extent at the faculty undergoing an organizational change. Most frequently it has a passive form (co-operation) including informing, less commonly speaking out. Active participation (co-decision) is almost non-existent. This state of affairs is caused by the autocratic style of the deanery, most often identified by the respondents, and also the unfavorable internal factor – the atmosphere at the university connected to the rotation of the employees.

Little direct employee participation does not positively influence employees' attitudes towards the change – cooperation and engagement, and does not counteract negative feedback – resistance. Perhaps the employees were included too late, hence there was no time to invite them to a full participation in all stages of the process, which could have (in the light of the source literature) translated into their greater and more effective collaboration in the change cycle.

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**The improvement of the company's environmental performance
through the application of Green Lean/Lean and Green approach**

JEL Classification: *Q5; Q59*

Keywords: *Lean Management; Green Lean; Lean and Green; environment*

Abstract

Research background: Green Lean (Lean and Green) approach is based on the lean method. As the literature and case studies show the Japanese quality improvement tools can be used in environmental management as well as in quality management. Companies that focus on sustainability may use those tools and methods to improve its processes and eliminate green waste at the same time. The research concentrates on the examples of the companies that started to implement the Green Lean (Lean and Green).

Purpose of the article: The purpose of the article is to present how the application of Green Lean (Lean and Green) approach improves the environmental performance of the company and what are the benefits.

Methodology/methods: critical review of the literature, observation, interviews in selected researched companies.

Findings: By identifying and eliminating the green waste i.a. in energy, materials, garbage, water, emissions, biodiversity, transportation researched companies are minimizing its negative impact on environment. As the research shows the employees should be motivated and involved in the process so does the management to make it work. Green Lean (Lean and Green) approach enables the companies to perform in profitable and sustainable way at the same time.

Introduction

Reducing the negative impact on the environment should be one of the key issues for every company that is performing on the market. Environmentally aware companies could be profitable and successful in business by identifying, monitoring and reducing green wastes located in areas such as water, energy, transportation, materials, garbage, emissions and biodiversity (Wills, 2009, pp. 3-9; Pampanelli *et al.*, 2014, pp. 24-25).

Using the lean method in environmental management may lead to reducing environmental impact of the company. The integration of “lean” and “green” practices could be beneficial for the company in many ways such as increase in productivity and costs savings (Pampanelli *et al.*, 2014, pp. 24-25, Dües *et al.*, 2013, p. 93).

The purpose of the article is to present how the application of Green Lean (Lean and Green) approach improves the environmental performance of the company and what are the benefits.

Research methodology

Research methods contain the critical review of the literature, observation and interviews in two selected companies. The research was carried out during the workshops for the group of students from the Faculty of Management University of Gdansk in two production companies and started on March 2016 till beginning of 2017. During that time observations and interviews have been made by the authors. The cooperating companies that took part in the study are in Pomorskie Voivodship.

Green lean (lean and green)

The idea of lean gave organizations the possibility to reduce the waste in every aspect of company's performance and activities. The Japanese improvement approach that was known as Lean manufacturing and described as Toyota Production System (TPS) (Garza-Reyes, 2015, p. 18) focused on reduction of every activity that does not give and value. Moreover, this approach has given the companies the chance to improve its activities to be more cost effective, efficient and customer friendly (Carvalho *et al.*, 2017, p. 75; Prasad *et al.*, 2016, p. 409).

Green Lean presented in literature also as “Lean and Green” (Garza-Reyes, 2015, p. 18; Verrier *et al.*, 2014, p. 83; Kainuma & Tawara, 2006, p.

99, Ng *et al.*, 2015, p. 243) is based on the lean method, using its tools and techniques in minimalizing company's negative impact on the environment. It concentrates on the reduction of green waste.

Green waste in production

Green waste is an activity that does not bring any value in environmental management. It is identified in area of water, energy, materials, garbage, emissions, land contamination, transportation, noise and nuisance, lost potential of people and biodiversity. The types of green waste are presented in table 1.

Table 1. Type of green waste in production with the examples of environmental improvements

Type of green waste	Description	Examples of environmental improvements
Energy	Energy consumption in production and administration	Energy saving educational programs for employees, investments in new energy efficient equipment, using energy from renewable sources, green office programs, energy management programs and initiatives
Materials	Physical wastes during production process	Recycling and reuse of the materials, eco-design of products so that the materials are recycled and reused, lowering the usage of non-recyclable materials
Garbage	Physical wastes such as garbage	Garbage selection educational programs for employees, garbage selection on production, minimizing the amount of garbage
Water	Water that is used during production process, water used in the office	Reduction of the water consumption in production processes and in the office, water saving programs for the employees, new technologies supporting more effective water consumption
Emissions	Emissions to air	Reduction of the emissions to air by implementing innovative technologies, investing in new equipment

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Table 2. Continued

Type of green waste	Description	Examples of environmental improvements
Land contamination	Land contamination	Reduction land contamination by implementing innovative technologies, investing in new equipment
Discharges to water	Discharges to water	Reusing the water, using eco-friendly detergents, implementing the water saving programs for employees
Noise and nuisance	Noise and nuisance during the production	Implementing innovative technologies, investing in new equipment and monitoring system
Transportation	Transportation of produced goods, transportation during the production, transport of the employees	Implementing eco-driving programs for employees, investing in lower emissions programs for trucks and cars, car-sharing initiatives, green lean supply chain management programs
Lost potential of people	Misused employees' potential and knowledge	Employees' involvement programs, trainings, kaizen teams and initiatives
Biodiversity	The diversity of fauna and flora in the company and in its environment	Green building initiatives, supporting the green areas near company's facilities, planting the trees, supporting local environment programs

Source: Wills (2009, pp. 3-9), Winston (2009, pp. 45-76), Pampanelli *et al.* (2014, p. 27), Averill (2011, pp. 182-185), Zokaei *et al.* (2013, pp. 44-46), Schendler (2009, pp. 182-185), Friend (2009, p. 49), Bachman (2009, p. 23).

Identifying the green waste in area of energy may lead to many advantages. Support for the energy saving educational programs creates the awareness of what single employee may do to consume less energy and how it impacts the company (see tab.1). Some companies may decide to invest in new energy efficient equipment or in simple solutions for example; changing the bulbs for LEDs in the production buildings and in the offices (Winston, 2009, pp. 50-51). Some of them decide for switching on to renewable energy sources.

Recycling and reuse of the materials, eco-design of products and lowering the usage of non-recyclable materials are the key issues for reduction in materials and waste. Minimizing the amount of garbage by implementing the garbage selection educational programs for employees in the administration and production, may lead to cost savings (tab. 2).

Saving the water resources is one of the most important global environmental issues therefore companies by monitoring water consumption and

supporting water educational programs, reduce the costs (see tab. 1 and tab. 2).

Table 3. Type of green waste in production – examples of companies and environmental benefits

Type of green waste	Example of the company	Examples of economic and environmental benefits in researched companies
Energy	Coca-Cola Enterprises, InterContinental Hotels Group (IHG), Home Depot, The Boeing Company, Lockheed Martin, 3M, Coors Brewing Company, Toyota, Tesco	Cost savings, reduction of energy consumption, lower emissions, improve energy efficiency
Materials	The Boeing Company, Baxter Healthcare Corporation, General Motors Corporation, Dell, Coors Brewing Company, Toyota, Marks & Spencer, Tesco	Cost savings, reduction in materials and waste, release inventory
Garbage	3M, Lockheed Martin, General Motors Corporation, DuBois-Johnson Diversey and Steelcase, Coca-Cola Enterprises, Coors Brewing Company, Marks & Spencer, Tesco	Garbage selection educational programs for employees, garbage selection on production, minimizing the amount of garbage
Water	DuBois-Johnson Diversey and Steelcase, Baxter Healthcare Corporation, Coca-Cola Enterprises	Cost savings, reduction of water consumption, improve water efficiency
Emissions	3M, DuBois-Johnson Diversey and Steelcase, Lockheed Martin, General Motors Corporation, General Electric, The Boeing Company, Tesco	Cost savings, reduction of air emissions
Land contamination	Coors Brewing Company,	Cost savings
Discharges to water	Columbia Paint and Coatings, Coca-Cola Enterprises, General Motors Corporation,	Cost savings, reduction of liquid waste, reduction of hazard chemicals
Noise and nuisance	Tesco, Marks & Spencer	Cost savings on penalties, improving the health of the employees
Transportation	Coca-Cola Enterprises, General Motors Corporation, Marks & Spencer, Tesco	Cost savings, new transport technologies, reduced fuel consumption
Lost potential of people	Baxter Healthcare Corporation, Lockheed Martin, Marks & Spencer	Increase employee loyalty and engagement, improved communication in the company, increased employee efficiency
Biodiversity	Coors Brewing Company, Tesco, Marks & Spencer	Enhanced company's green image, increase in biodiversity, supporting environmental initiatives in local communities

Source: Wills (2009, pp. 3-9), Winston (2009, pp. 50-51), Pampanelli *et al.* (2014, p. 27), Averill (2011, pp. 182-185), Zokaei *et al.* (2013, pp. 44-46, 91, 141, 147, 158), *Green Manufacturing* (2008, pp. 46-49, 54, 63, 65, 72, 107, 112, 121).

Investing in new technologies and equipment that reduces air emissions, land contamination, discharges to water, noise and nuisance may lead to cost savings, better working environment for the employees. It makes the local environment cleaner and enhance company's image for customers and local community.

Transportation is the area of green waste where a lot of positive actions towards the environment could be done. Supporting sustainable transport initiatives among the employees such as car-sharing or eco-driving, may lead to savings on transportation and it is a better choice for the environment.

Employees are the key factor in implementing Green Lean (Lean and Green) approach. They should be trained and evaluated so the general management know their skills and knowledge and their potential.

One of the green waste areas is biodiversity. Supporting local environment programs makes company more integrated with local community and improves its image.

Further research

The further research was carried out in two production companies in Pomorskie Voivodship in Poland. In the study the researched companies were coded as A and B.

Both companies organized together with Division of Quality and Environmental Management (Department of Business Economics, Faculty of Management, University of Gdansk) workshops for students. The research started on March 2016 and continued till the beginning of 2017. Students were divided into groups and they had to solve the problems on production lines and work stations.

Company B is implementing the approach Green Lean (Lean and Green), company A is using Lean Management tools and techniques not naming it specifically "Green Lean (Lean and Green)". Both companies are using Lean Management tools and techniques to improve its processes.

Based on the observation and interviews with Lean Managers in both companies the conclusions have been made (see tab. 3). While planning the investments and building new production facilities and offices, both companies use energy efficient equipment and energy saving solutions such as LED bulbs in new facilities, light and water sensors. Both companies monitor the energy consumption and try to reduce it as well as water consumption. They also work on reduction of waste and reuse of the materials.

Moreover, they are motivating the employees to give the ideas on changes in their working environment.

Company B has more experience with implementation of Lean Management tools and techniques into environmental management so it also discovered problems during the implementation. Though the years those problems were:

- the lack of authority to implement changes,
- the lack of support from supervisors,
- the lack of proper involvement and engagement of the employees,
- problems with employees' motivation,
- low knowledge level of the employees about the environmental issues.

Table 4. Type of green waste in production in researched companies

Type of green waste	Example of the company	Examples of economic and environmental benefits in researched companies
Energy	A, B	Cost savings, reduction of energy consumption, lower emissions, improve energy efficiency
Materials	A, B	Cost savings, reduction in materials and waste, release inventory
Garbage	A, B	Garbage selection educational programs for employees, garbage selection on production, minimizing the amount of garbage
Water	A, B	Cost savings, reduction of water consumption, improve water efficiency
Emissions	B	Cost savings, reduction of air emissions
Land contamination	B	Cost savings
Discharges to water	A, B	Cost savings, reduction of liquid waste, reduction of hazard chemicals
Noise and nuisance	B	Cost savings on penalties, improving the health of the employees
Transportation	A, B	Cost savings, new transport technologies, reduced fuel consumption
Lost potential of people	A, B	Increase employee loyalty and engagement, improved communication in the company, increased employee efficiency
Biodiversity	A, B	Enhanced company's green image, increase in biodiversity, supporting environmental and social initiatives in local communities

Source: Own source.

As the research shows both companies are using Lean Management tools and techniques in environmental management. One company is describing it as Green Lean (Lean and Green) approach. Company B is already facing some problems with implementation, concerned mostly with human factor.

The right motivation and engagement of the employees makes these green changes successful so does the company and employees may benefit in a long run. The study is ongoing and there are a lot of aspects of research approach that authors find interesting to evaluate in the future.

Conclusions

Based on the literature review, case studies of the companies that implemented Green Lean (Lean and Green) approach it is a very interesting solution for minimizing negative impact on environment (Verrier *et al.*, 2014, p. 83) and saving money at the same time. Companies that already are using Lean Management tools and techniques may also implement Green Lean (Lean and Green) (Pampanelli *et al.*, 2014, p. 21, Garza-Reyes, 2015, p. 24). Moreover, the lean tools and techniques could be successfully used in identifying and reducing green waste (Pampanelli *et al.*, 2014, p. 21, Fercoq *et al.*, 2016, p. 576).

As the research shows many companies worldwide benefit from this approach by improving operational, economic and performance measures (Prasad *et al.*, 2016, p. 419, Pampanelli *et al.*, 2014, p. 21). It may also improve the competitiveness of the company (Verrier *et al.*, 2014, p. 91), its supply chain (Dües *et al.*, 2013, p. 93, Carvalho H. *et al.*, 2017, p. 75) and social and environmental image.

As further research shows there has been some interest about this approach in Poland and in Pomorskie Voivodship but still not many companies are motivated enough to take this direction. Those who decide to implement Green Lean (Lean and Green) will have to solve the problems that may come during the process including the lack of; authority to implement changes, support from supervisors, involvement and engagement of the employees.

In the opinion of authors, it is the matter of time till the companies find it useful to improve its economic and environmental performance. They should train the employees and motivate them so the Green Lean (Lean and Green) implementation is successful. In authors' opinion, the human factor is the key issue in Green Lean (Lean and Green) approach and employees

should be motivated to understand economic and environmental aspects of changes.

The purpose of the article was to present how the application of Green Lean (Lean and Green) approach improves the environmental performance of the company and what are the benefits that relate to researched approach. Authors presented the types of green waste with the examples of environmental and economic benefits. Future study will focus on the barriers of the Green Lean (Lean and Green) implementation in Poland.

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Social irresponsibility in a socially responsible business

JEL Classification: *I19, M14; O15*

Keywords: *corporate social responsibility, corporate social irresponsibility, companies, management*

Abstract

Research background: Since decades the companies have tried to build the advantage in the competitive fight by proving that their activity is socially responsible. Along with the propagation of CSR idea and its various measurements methods and techniques, number of critical comments increases. In most cases they refer to excessive formal requirements resulting from standardization, introduction of standards, measurements and reporting of activities connected with social responsibility. At the same time every now and then scandals related to the disclosure of the companies' socially irresponsible practices break.

Purpose of the article: It raises the question: why this is so? Is really the pursuit of the maximization of profits stronger than ethical, safe for the environment and social mode of operation? And in which situations the tendency to escape from social responsibility occurs most frequently and what are its consequences? In this article, the author wants to indicate the chosen socially irresponsible actions of socially responsible companies, their causes and consequences.

Methodology/methods: The article is a theoretical reflection and case study on the responsibility and irresponsibility.

Findings: In this article, the author wants to indicate the chosen socially irresponsible actions of socially responsible companies, their causes and consequences.

Introduction

The concept of Corporate Social Responsibility - CSR which is becoming more and more popular and of obligatory character in the UE causes that

companies in Member States are forced to take up initiatives in the social and environmental area that enable sustainable development concepts realization.

Along with the propagation of the CSR idea and its various measurements methods and techniques, number of critical comments increases. In most cases they refer to excessive formal requirements resulting from standardization, introduction of standards, measurements and reporting of activities connected with social responsibility and widely understood costs related to their introduction. Apart from that many authors draw attention to the fact that companies make numerous mistakes and acts of negligence during the CSR implementation. Confusing promotional activities and PR with socially responsible ones constitutes the most popular mistake.

The elaboration presented here reflects author's attitude to the socially irresponsible actions of socially responsible companies, their causes and consequences.

Definitions and method of the research

Creation and the development of CSR fall on the turn of 50s and 60s of the 20th century. H.R. Bowen who in 1953 published a book titled "Social Responsibility of Businessmen" is regarded to be a father of the concept. In his elaboration the author assumes that Social Responsibility should be treated as an attribute of an entrepreneur and not of a company and the issues referring to the natural environment and its protection are left aside. Such an attitude differs significantly from the contemporary comprehension of CSR. An Entrepreneur, in his opinion, is obliged to "pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society." (Bowen, 1953 p. 6).

Later his concept is being developed and further improved by such researchers as K. Davis, R. Blomstron or A.B. Carroll at. all. It is in this period that a change in the approach to CSR takes place, the concept no longer assumes the responsibility of the entrepreneur, instead it becomes the concept assuming the responsibility of the company. It is reflected in the name of the concept that starts to be called: Corporate Social Responsibility. This apparently slight change has far-reaching effects. First of all, owners are no longer subjects that can decide about CSR implementation as decisions in this area are made by managers who manage and administer the owner's property.

Nowadays the concept of CSR is understood as an assumption according to which organizations while carrying out their activity will take into account the interests of the society, environment protection and relations with widely understood stakeholders. It constitutes an approach of strategic dimension and of dynamic character and related to such a way of managers behaviour that results from making decisions targeted at the achievement of the balance between the interests of all the stakeholders. In the canonical view of the corporation, management is the agent of the owners of the corporation - the stockholders - and, as such, has a fiduciary duty to manage the corporation in their best interests. Most business ethicists condemn this arrangement as morally indefensible because it fails to respect the right of other corporate constituencies or “stakeholders” to self-determination (Maitland, 1994, pp. 445-458).

The European Commission defines corporate social responsibility as a concept, according to which companies voluntarily take into account social and environmental concerns in their business operations and in their relations with stakeholders (*Green Paper*, 2001.)

The contemporary meaning of CSR is very wide and complex, that is why more and more standards and methods for defining the content of this notion are introduced. Global Compact (GC), the concept elaborated by the UN Secretary-General Kofi Annan and presented in 1999 on the World Economic Forum in Davos is one of the most important measurement methods all over the world. GC encourages companies to support, adopt and use 10 fundamental rules related to human rights, work standards, environmental protection and anti-corruption strategies. Since 2011 member companies have been ranked according to the level of CSR implementation. “The classification to a given level is based on the implementation of GC rules and reporting (CoP). There are two levels: “Active” and “Advanced” and a group of companies that are assigned to the platform “Learners.” (UN Global Compact)

The Caux Round Table was also a significant global event affecting the standardization of CSR. Thanks to the CTR Principles for Business approved during this event capital economy based on moral principles can develop.

Analyzing the EU documents, especially those of the European Commission, one can come to a conclusion that CSR is one of the most important concepts functioning of the whole EU economy is to be based on. The European Parliament suggested to recognize CSR as a fundamental doctrine in all the areas of competence of EU. Its implementation is to guarantee the realization of targets set by EU in the Lisbon strategy (Lisbon Strategy UE, pp. 6-8). That is why for the understanding of CSR in Europe-

an countries today, its definition adopted by the European Commission has the key meaning. According to this definition: “companies voluntarily include social and environmental issues in their economic activity and relations with interested parties” (European Commission 2011).

However, it is not the only definition in the EU documents, as an uncertified standard ISO 26000 Guidance on Social Responsibility was elaborated and approved (1.11.2010) on the basis of definitions presented in Green Paper. According to this standard CSR is a company responsibility for the influence of its decisions and activities on the society and the environment by means of transparent and ethical behaviour (O’Rourke, 2003, pp. 683–693).

When compared with the definition adopted in Green Paper for example „*Promoting a European Framework for Corporate Social Responsibility*”, a very significant change appears, namely a word “voluntary” that for numerous experts on this topic has the key meaning in relation to responsibility was removed”. It can be assumed that EU started to treat CSR as a commonly obligatory standard that is to be realized and reported. The position of the European Parliament and of the European Commission as to revealing non-financial information and information concerning variety in large companies serves as a confirmation of this. By means of the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 former regulations concerning reporting of non-financial data were changed and the duty to report all the operations was imposed on all the companies employing more than 500 workers and achieving the net profit in the balance of at least 20 million EURO Countries are to implement the Directive up to 6 December 2016 (<http://eur-lex.europa.eu/legal-content>, from 2014 No330/1).

Along with ISO 26000 there is a certified standard ISO 14001 (comprised by ISO 14000) regarded as a standard supporting the appliance of social responsibility principles in companies and relating to the environment management. The main target realized on the basis of this standard is improvement of the relation between the effects of the economic activity of the man and the natural environment (International Organization for Standardization, 1995).

The certified standard SA8000 has still another character. It is a collection of principles and procedures that protect basic rights of workers. It is based on universal values contained in ILO Declaration on Fundamental Principles and Rights at Work, Universal Declaration of Human Rights and United Nations Convention (Advisory Board, 2015). It is a global standard and it can be used in all the countries in case of companies from all sectors.

Introduction of standards enabling the measurement of the level of CSR realization resulted in the process of its reporting based on the GRI indicator - Global Reporting Initiative. GRI is an independent institution seated in Netherlands and acting for the development and promotion of Sustainability Reporting Guidelines. Detailed rules of reporting on the basis of which Polish companies can prepare their own reports are in the document titled: "Guidelines for sustainable development reporting" that is on the following website www.globalreporting.org.

Discussion - criticism of CSR

First critical voices related to the concept of Corporate Social Responsibility already appeared at the beginning of the 60s of the 20th century. Criticisms made by M. Friedman were cited most often. His opinion that one corporate social responsibility consists in generating company profits in accordance with binding principles and without affecting ethical principles, while the CSR concept violates the nature and character of the free market economy belongs to the history of economic thought (Friedman 1962; Friedman 1970 p. 32-33). He also paid attention to the fact that the task of managers is to manage company resources as affectively as possible and to multiply owner's profits, and it is the owner who should voluntarily decide for what and how the profit will be spent. This argument is still valid and is often cited by critics of CSR.

Nowadays also disputes around it can be observed. This criticism is especially strong in the periods when negative practices and abuses of managers are revealed. For example the affair concerning lowering the amount of the emission of harmful substances in case of VW engines or the situation concerning the so called "creative accounting" used by some banks that several years ago led to financial crisis in the USA.

Other criticized issues are connected with the discussion around the topic if it is companies duty to contribute to the society, if they possess appropriate prerogatives and skills to do it (for example: Kamani, 2010; Murphy & Schlegelmilch, 2013, pp. 1807-1813; Hys, 2014). Numerous authors pay also attention to the fact that behind all the CSR practices there are pursuit of profit and power and pathologies, widely described among others by J. Bakan (Bakan, 2004).

Porter and Kramer argue that by overcoming the dichotomist thinking about business and society, companies can integrate social considerations more effectively into core business operations and strategy (Porter, Kramer, 2006, pp. 78-92).

Example of social responsibility manipulation is the situation in case of which companies act in compliance with CSR standards at the country's market, but at the same time they transfer most of their production to the countries where no moral or ethical standards or principles are binding, all the more standards relating to environment protection.

Particularly paradoxical situations comprise those when the status of socially responsible companies is gained by those producing alcoholic products or tobacco products, for example British American Tobacco, that informs that CSR constitutes part of its company strategy as it has a program of prevention of smoking among the underage (<http://www.bat.com.pl>). It is possible because it is often the case that the consulting company at the same time prepares a report for a customer and carries out an audit, or belongs to a group of arbiters who award documents of this type.

In the sixties of the twentieth century, R. Baumhart made one of the first studies in the field of irresponsible business. The analysis conducted by him shows that among more than 1,700 respondents, nearly 80% believe that companies use unethical practices (Baumhart, 1961, pp. 6-31). And in the academic literature the study and examination of CSI was introduced in an article written by Armstrong in the Journal of Business Research in 1977 (Armstrong, 197, pp. 185-213. 7). Nowadays corporate social irresponsibility is defined differently depending on the approach to the analysis. The common denominator of CSI is that the actions or the consequences of actions considered to be irresponsible are seen as immoral, illegal, unethical. (*Corporate*, 2013, p. 19)

The term corporate social irresponsibility is rarely mentioned in the scientific literature. Comparison of the number of indications of the terms „corporate social irresponsibility” and „corporate social responsibility” in the database of the Web of Science and Google Scholar are shown in Table 1

Table 1. Comparison of the number of indications of the terms „corporate social irresponsibility” and „corporate social responsibility” in the database, Google Scholar and Web of Science

Database	Number of indications			
	<i>corporate social irresponsibility</i>		<i>corporate social responsibility</i>	
	<i>2012 year</i>	<i>2016 year</i>	<i>2012 year</i>	<i>2016 year</i>
<i>Google Scholar</i>	460	3010	156 000	248 500
<i>Web of Science (WoS)</i>	14	74	3 816	10 817

Source: own.

Based on the analysis of Table 2, it can be stated that in the last three years there has been an increase in the interest of the scientists in the concept of corporate social irresponsibility.

Table 2. Search results from the Google Scholar database, using the term „corporate social irresponsibility”

year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
results	2	5	3	3	9	20	12	22	30	36	34	57	92	108	252	496	685

Source: own, too: *Corporate Social (ir)Responsibility* ed. by A. Lulewicz-Sas, Białystok Agencja Wydawnicza EkoPress, Białystok 2013, p. 17.

The international economy is changing at a rapid rate. The alteration and reduction of both geographical and political borders, coupled with the growing interdependence of socially, politically, economically, and legally diverse countries, have caused multinational corporate entities to revise various policies. These revisions include revisions in marketing strategies, strategic alliances, product and service strategies and, perhaps most importantly as it affects all strategies, a MNC's approach to ethical systems (Payne D., Raiborn C., & Askvik J., 1997, pp. 1727-1735).

Conclusions

Summing up it should be stated that there is no reasonable basis for the 0-1 approach to the implementation of CSR in organizations. Companies, and more specifically their owners, should be entirely free to choose in this respect as the lack of strategy in this area does not automatically mean unethical and immoral functioning. It only reflects a different view on the process of companies management and functioning in the economic system of the country and the world. What is more, it may constitute a way to express objection to the hypocrisy noticeable in some companies in which under the disguise of CSR various types of wickedness are committed.

Perhaps verification of universally valid definitions of this notion including Friedman assumptions that social responsibility consists in maintaining the system of free enterprising and doing good at the entrepreneurs own expense are worth doing.

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Gender roles in marketing communications in real estate markets

JEL Classification: *M21; M31*

Keywords: *marketing communications, real estate market, gender roles*

Abstract

Research background: The real estate market has attracted a lot of public interest due to its significant economic role. Changes are, however, going to abound in the nearest future as a result difficulties in accessing housing loans and amendments to the building construction laws, amongst others. This will call for even greater involvements of tenderers in the marketing communication process. Gender-related differences in the purchasing decision making process is growing in significance and should be reflected in marketing communications.

Purpose of the article: The aim of the article is identify contemporary activities undertaken in marketing communications in the real estate market. The specific objective is to analyse the use of one of the most significant tools of marketing communications namely, the internet in the real estate market. The specific objective also includes seeking answers to the question if the sex of recipients of marketing messages concerning the real estate market is taken into consideration by their broadcasters.

Methodology/methods: The study involved the use of literature analysis and criticism, analysis of web contents provided by tenderers of real estate as well as telephone interviews with representatives of both property developers and real estate agencies.

Findings: Online marketing communications are the most important in real estate markets. Websites of real estate agencies and property developers vary a lot. Real estate tenderers, very often, make use of social media in marketing communications undertaken by them. One of the most common trend is to the use of images and not texts in marketing communications, thus creating new possibilities for communication. Very few property developers and real estate agencies exploit the knowledge of gender-related differences in the reception of marketing messages.

Only few communication activities take cognisance of sex. The need for marketing communications in real estate to be directed at young customers has necessitated the engagement of new media sources in such activities.

Introduction

The real estate market arouses considerable social interest in many countries due to its significant economic role. Intense competition and macro-economic changes calls for even greater involvement of bidders in marketing communications processes. Marketing communication as a specific corporate dialogue with other actors in its market environment stimulates demand and shapes consumers' needs. The exchange of information and the relationship between a company and its customers is of value for both parties (Fill, 2006, pp. 8). The composition of the set of marketing communication tools is not clearly defined, but it usually includes advertising, personal communication (sales, personal sales), sales promotion, and public relations (Meffert, 1986).

Real estate is a very complex product. It is rarely acquired and needs the engagement of huge financial resources, hence the immense importance of interpersonal communication between bidders and buyers. Gender differences are becoming increasingly important in the purchasing decision making process (Feingold, 1994, pp. 429-456; Fischer & Arnold, 1994, pp. 163-182; Barletta, 2006, pp. 15-33). This should be reflected in marketing communications, especially since women have a strong influence on the purchase of property.

The Internet has been of significant importance for marketing communications in the real estate branch. According to Ren (2015, pp. 220-223), the Internet can change the way information is acquired, including the aggregation and integration of effective information. He has shown in his article, through the analysis of the impacts of the Internet to the real estate industry, that the Internet has changed the consumption trend, which is a key link between marketing and consumer demand. A broad research on the impact of information and communication technologies in the real estate industry was conducted by Kummerow & Chan (2005, pp. 173-190). It argues that consumers were the main beneficiaries of technological change.

The research objectives discussed in the foregoing paper include the following:

1. To identify relevant, contemporary activities in the area of marketing communications in the real estate market.
2. To determine the gender of the real estate agents (seller, agent, broker, agent, sales representative) and the recipient of this offer.
3. To determine whether the gender of the recipient of real estate marketing message is taken into account by their broadcasters (bidders).
4. To analyze the use of the Internet as one of the most important marketing communication tools in the real estate market.

Research methodology

The critical literature review, telephone interview and the web content analysis methods were applied to accomplish the three research objectives.

The telephone interview was conducted with employees of 12 real estate agencies and developers located in Rzeszow, a provincial capital city in south-eastern Poland. The interview focused on the most commonly used office communication tools and their differences in approaches to women and men. The interview was conducted from 6-10 March 2017.

The web content analysis method is an objective, systematic and quantitative description of the apparent content of the messages. The research difficulties included:

1. If the websites of real estate agencies contain information that is relevant for the recipients?
 2. Identifying what the way to present real estate offers on the Internet is.
- 30 web pages were selected for the analysis of the content. These were the first results in the most popular Google search engine (97% of users) listed under the entry "Rzeszów real estates". The content analysis was carried out 13-17 March, 2017.

The following issues were, in respect of the first difficulty, identified regarding the websites offering real estate:

1. Company presentation:
2. Information that make a company reliable:
3. Seller/Buyer Department
4. Current offer base
5. Search engine offer
6. Registration forms
7. Social media

8. A service added value: tutorial texts, market data (statistics, summaries, etc.), credit calculator, useful links, search information in the real estate market, etc.
9. The use of audiovisual technology
10. Contact

As for a way of presenting the estates offer on these websites, the following factors were identified:

1. Property information - scope, content, form
2. Graphical presentation - photos, maps, signs
3. Data about the area
4. Contact with an advisor
5. Charges calculator

The role of the tenderer's gender in the real estate market

More than 60% of people employed in real estate services in Poland are women (GUS, 2016). An interesting research on gender composition of the real estate market was conducted in Sweden, where about 40% of employees are women (Staffansson, 2014, pp. 5). It follows that men are more often in higher and technical positions, while women remain in supporting positions and not as often in positions such as a real estate manager (Staffansson, 2014, pp. VI). Similar results were obtained from studies in Australia (Dimovski et al, 2016, pp. 18-28.). The study revealed that of all the Financials Sub Industry sector groups, Real Estate Management and Development (REMD) companies have the lowest proportion of female directors on their boards - eight women on each of the 35 analyzed company boards compared to 159 men on these 35 boards in 2011.

In Poland, women in the real estate market are doing very well representing both the sellers and buyers. Women as sellers prepare more scrupulously for real estate transactions than men. Scrupulousness is already evident at the stage of sales announcement drafting. Women are well prepared to show detailed elements of an apartment, which for men is often reduced to the location, size, number of rooms and price per square meter space. For women, however, aspects such as the layout of the apartment, its geographical positioning, the view from the window or illumination are important. Buyers were able, in the case of re-sale flats sold by women, to negotiate an average of 4.3% discount. Men agreed to make some more generous concessions by decreasing the price by 5% on average. Women are also quicker at finding buyers for their apartments.

The gender of an agent in the real estate market is important, especially in price negotiations. The evidence suggests an interesting alternative to agent performance namely, that buyers and sellers with different reservation price and time on market expectations, such as those selling foreclosure homes, tend to select agents along gender lines (Seagraves & Galimore, 2012, pp. 600-631).

The gender role of a buyer (s) in the real estate market

Although women earn less than men in Poland they, however, move out of their family homes much faster. According to Eurostat data (2013), women move away from their parents 12 months earlier than men. Polish women in the pre- 35 age group leave the family homes on average at the age of 27.3. For men, the average age is 28.3, which is the average level for the "new EU" countries. Women are, for this reason, increasingly looking for real estates.

Gender significantly differentiates approaches to limiting risks associated with acquiring real estate. Women pay more attention to the limitation of this type of risk than men do. According to a survey of over 1,000 Home Broker clients, up to 58% of women consider it as important to avoid the risk of non-completion of building constructions compared to 51% for men (Turek, 2012). As a result, men are more likely to use the primary market. The desire to own a new home is at least moderately important for 90% of men and 80% of women. Women in Poland pay more attention to the interior finishing in accordance with their taste - this is important for 87% of women, but only for 78% of men. The studies conducted in Slovenia and Japan on the expectations of potential acquirers of residential real estate rights show that the participants are more expressive than men (see Grum & Salaj, 2010, pp. 501-516).

Gender, a key variable in marketing segmentation and research often indicates different responses from males and females in using the Internet for online shopping, communication and relationship management (Chan et. al., 2015, pp. 182 -206.). Significant differences in the perception of Internet messages by women and men are also analyzed and described by Perju-Mitran & Budacia (2015, pp. 567- 573).

Gender-related marketing communication in the real estate market

An analysis of secondary sources and interviews conducted with real estate agency employees shows that the Internet is of great significance in the communications of real estate agents. Internet advertising as a type of promotion aimed at informing and inducing the purchase of certain real estate or services is conducted most often on their own web sites and in the form of web-based advertisements (in advertising services). Advertising activities involves the application of various channels such as newspapers, radio, television, magazines, posters, advertisements, and inscriptions. The most popular types of channels in Rzeszów's local market include advertising banners located on the property sold and classified ads. Press releases and leaflets are, however, less popular.

When choosing real estate women are guided by feelings and they pay more attention to the aesthetic appeal of the apartment and its location. For them the arrangement of children's room, access to a kindergarten or school, kitchen area and its functionality, a view from the window and the cost of living are important. In Poland, there is a belief that women are more emotionally driven than men. However, in the process of buying a home, which in itself is an emotional act, women do not only rely on emotions, they are also increasingly exploring knowledge about the techniques and materials being used. It follows from the observation of developers that women are, in a sense, the driving force behind the dream of building a home. It can be concluded from the telephone interviews with real estate agents and developers that two thirds of the apartments are purchased by women.

Men, buying real estate pay attention to the infrastructure, first the service points, the garage or parking space and technical parameters such as the possibility of rearranging the purchased apartment, the TV access, and the acoustics of the apartment. It must be emphasized, however, that any advertising aimed at men should not be created on the basis of gender-based discrimination.

Analyzing the use of the Internet in real estate market

Real estate agents use the Internet primarily through their own websites, advertising services and social media. One of such key tools are the Internet advertising services. Agents have a huge number of sites to choose from, so the decision of who to patronize is not easy. Research on this issue was undertaken by PBS Agency, that carried out the CAWI study in

March and April 2015. 268 Real Estate Agency employees from all over Poland participated in the survey. Most of them (95%) used the Otodom service the previous year. The next highly rated services were Gratka and OLX.pl with 81% and 73% respondents respectively.

The results of the survey indicate that the most important argument for agents using a particular site is the number of property-related requests from potential customers that use the site. Visits Statistical data relating to visits and portal popularity are other elements that mediators pay particular attention to. They were successively followed – by the matching of listings to the needs of the office, costs of posting notices , an ease of use of the user account, customer support and access to industry-related analyses .

The core of any PR activities should be the website of the real estate agency or a developer. It should fulfill a number of tasks, including: attracting as many visitors as possible to the site, maintaining interest in the site, and establishing a two-way communication with Internet users.

The content analysis concerned 30 websites (of real estate agencies and developers), linked with the searched phrase "real estate Rzeszów" after Internet advertising services from real estate had been eliminated.

Table 1 presents the content of the analyzed web pages in both quantitative and percentage terms.

The analysis shows that the presentation of a real estate office or a developer is usually a brief description of the company as an organization, a business partner and/ or a consultant. Very rarely do such companies represent their team (6%). Most real estate agencies (50%) cite their business partners as respectable sources of information concerning them. Recommendations from satisfied customers and information about awards, successes, etc are contained on every fifth page of the real estate and developer's website. The vast majority of companies have their current base of offers on their websites. Due to the fact that a part of the analyzed companies were real estate offices while the other were developer's offices only half of the analyzed sites had sections for sellers and buyers and registration forms for purchases and sales. References to social media have only been identified on 8 websites. The most often occurring added value of the site are its pop-up guidance texts (53%), useful links (50%) and a loan calculator (47%). It is somewhat surprising that audiovisual technology is applied only to one-fifth of each page.

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Table. 1. The content of analyzed web pages (quantitatively and in percentage)

Elements of websites	No. of websites	Share (in %)
1. Company presentation: - company as an organization: mission, goals, successes - company as a team: presentation of the board and employees - company as a business partner: standards and principles of cooperation, benefits for the customer - company as an advisor: information about services other than sales (credit counseling, etc.)	24 6 28 22	80% 20% 93% 73%
2. Information that makes a company trustworthy: - awards, successes, affiliation, social and charitable activities, etc. - recommendations of satisfied customers - recommendations of famous people/companies - partners: consulting companies, organizations and associations, media, etc. - company in the media (press articles, radio speech and TV)	6 6 5 15 4	20% 20% 17% 50% 13%
3. Sellers/Buyers Section (basic information for each of these groups - why should they entrust the transaction to this company?)	15	50%
4. Up-to-date offers database	28	93%
5. Offers search engine	22	73%
6. Registration forms (real estate to buy and sell, customers' and journalist's applications)	15	50%
7. Social media	8	27%
8. Service added value: - guide texts - data about market (statistics, summaries, etc.) - credit calculator - useful links - information search engine about the real estate market, etc.	16 8 14 15 4	53% 27% 47% 50% 13%
9. The use of audiovisual technologies	6	20%
10. Contact	30	100%

Source: Own research

All analyzed web pages in their real estate presentations contained information about the property, graphic presentation, locational data as well as contact details to the advisor. Not all analyzed sites (73%) had a fee calculator included.

Conclusions

The research has confirmed that the Internet exercised the greatest importance in marketing communications in the real estate market. The fact that awareness of gender differences in marketing communications is still low was confirmed by interviews conducted with employees. Some of them

stressed the existence of differences in personal communication, but in no other form of communication did they notice such a need. The content analysis of websites has shown that companies located in medium-sized provincial cities have websites that could be much more technologically advanced, such as how to present real estate using audiovisual technology. However, the results cannot be generalized, as primary testing was performed on a small sample. An additional limitation was the conduct of the research among companies located in only one city. It would certainly be worthwhile to conduct further studies with a larger number of responding companies and on a wider territorial scale.

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**An influence of quality management system for improvement
of logistics supply**

JEL Classification: *D2; D21;*

Keywords: *ISO 9001, logistics supply, quality, systems*

Abstract

Research background: ISO 9001 with its requirements gives a company a guidance on the definition of the quality management system architecture, based on the process approach and the indications for its continuous improvement. Despite the general accentuation the benefits of implementation of ISO 9001 in the literature, there is still lacks of researches concerning the actual impact of quality management systems for improving specific logistics processes (especially in Polish organizations).

Purpose of the article: The aim of this publication was to examine the impact of the implementation of the requirements of ISO 9001 for process improvement supply logistics.

Methodology/methods: Empirical studies were carried out in September and October 2014 on a group of 17 companies with implemented and certified quality management system according to ISO 9001. The research tool was a questionnaire survey sent to management representatives (25 respondents) and workers (140 respondents). Surveys were enriched with direct interviews with employees of the companies. The impact of the quality management system for the improvement of procurement processes - presentation and analysis of the test results.

Findings: Based on the survey it can be stated that the quality management system according to ISO 9001 in a fairly large impact on improving procurement processes. This is particularly evident in areas including relationships with suppliers, quality control, workflow and communication, both internal and external. The positive aspects achieved through the implementation of quality management system due to the fact that the ISO 9001 standard in its commitments puts great emphasis on the organization of the procurement process. Good in that supplies the organization

must meet specified purchase requirements including approval processes semi-finished products, qualifications and functioning of the quality management system provider.

Introduction

From the author observation results that many organizations realizing objectives related to logistics and efficient customer service supports itself by the guidelines of standardized quality management systems. The implementation of quality management systems in the context of improving the logistics process seems to have a deeper justification, since both logistics and quality are aimed at achieving common objectives aimed at increasing customer (Ho, 1997, pp. 275-283). Especially great interest in this context has a quality management system according to ISO 9001. According to many authors, implementing the requirements of ISO 9001 offers companies a number of benefits such as (Kafel & Sikora, 2014, pp. 650-663; Psomas et al., 2013, pp. 149-164; Sampaio et al., 2009, pp. 38-58):

- Access to new markets,
- Productivity improvements,
- Corporate image improvement,
- Product defect rate decreases,
- Market share improvement,
- Quality awareness improvements,
- ISO 9000 certification as a marketing tool,
- Definition of the personnel responsibilities and obligations,
- Customer relationship improvements,
- Delivery times improvements,
- Customer satisfaction,
- Internal organisation improvements.

In addition, the ISO 9001 with its requirements gives a company a guidance on the definition of the quality management system architecture, based on the process approach and the indications for its continuous improvement. The ISO 9001 with its guidelines governs such areas in a company as: the development of system documentation, management responsibility, employees' rights, methods of communication, maintenance management, acquisition and management, comprehensive implementation of the product or measurement, analysis and improvement (Czajkowska & Kadłubek, 2015, pp. 28-38; Zimon *et al.*, 2015, pp. 68-70).

Despite the general accentuation the benefits of implementation of ISO 9001 in the literature, there is still lacks of researches concerning the actual impact of quality management systems for improving specific logistics processes (especially in Polish organizations). There are studies of a general nature concerning the relationship between quality and functioning of the supply chain, which provide the basis for further research and analysis:

- Flynn and Flynn (2005, pp. 3421-3436) concluded that there is a relationship between quality management and SCM and organizations that pursue quality and supply chain goals simultaneously achieve a competitive advantage that is difficult to imitate,
- Casadesus and Castro (2005, pp. 345-357) stated that it is not possible to affirm that ISO 9000 implementation totally favors SCM strategies. However, they found areas like relationship with suppliers, customer satisfaction, and customer complaints, that have improved with ISO 9000 implementation
- Prajogo, Huo and Han (2012, pp. 306-322), empirically tested a model of different aspects of ISO 9000 implementation in terms of their relationships with three key supply chain management practices (internal processes, supplier relationships, and customer relationships).
- As for Supply Chain and Quality organization's managers there is a strong argument that for managers of Portuguese organizations with a Quality Management Systems ISO 9001 certification, Supply Chain Management is relevant to stakeholder satisfaction and for superior organizational performance (Fonseca, & Lima, 2015, pp. 32-54).
- The issue of the functioning of the supply chain is analyzed for many years, but still there is not so far developed clear systematics, when it comes to creating the conditions for supply chains, their performance goals or benefits from the implementation of the requirements of ISO 9001standards (Kopecki et al., 2016, pp. 195-204; Aung & Chang, 2014, pp. 172-184).
- Muñuzuri et. al. (2013, pp. 479-495) claims that quality certifications help improve the management of logistics processes, but additional tools, possibly including a specific logistics management standard, are required.
- Bandyopadhyay i Spragu (2003, pp. 17-19) while analyzing the impact of quality systems on the functioning of the supply chain in the automotive industry, they noted its positive impact on the final quality of finished products. It is worth noting that the level of quality of our products has an impact on the competitive position.

According to the author on the basis of the presented results it seems appropriate to conduct studies on the effect of different quality management systems for the betterment of selected subsystems logistics. Therefore, in the article there will be presented studies concerning the impact of the quality management system for procurement logistics. Procurement logistics is a subsystem of the logistics involved in the first phase of the movement of goods. This step involves the flow of raw materials, semi-finished products, components, and other means of property and proceeds from the supplier on the market for the acquisition of the magazine input in the company. The key role of logistics supply is mainly due to the fact that it determines the timely and rhythmic processes of production and the fact that the purchase of materials organization dedicating considerable financial resources. In addition, it is supported for the following subsystems logistics (Malindžák, 2012, pp. 345-348; Zizka *et al.*, 2016, pp. 60-62). Errors made at this stage will adversely affect the effectiveness and efficiency of production logistics and distribution. Therefore, the support subsystem supply seems to be an extremely important task for any company. When considering the impact of the quality management system to improve the logistics supply it can be stated that ISO 9001 will positively impact especially on the implementation of the processes associated with:

- Ensuring the expected quality of the purchased goods
- Selecting and maintaining beneficial relationships with suppliers
- An improvement of forms of quality control
- Conscious obtaining components most fully corresponding to the requirements of customers.

Research methodology

The aim of this publication was to examine the impact of the implementation of the requirements of ISO 9001 for process improvement supply logistics. Selecting the operation was dictated by the following reasons:

- The ISO 9001 despite the fact that in recent years it has lost much of its popularity, it is still the most commonly-implemented quality management system in the world. This is due to the fact that the main goal of its creators was to develop a universal system addressed to any type of organization. Initially, the quality management systems in accordance with ISO 9001 standards were implemented in large industrial enterprises. Today, they are more popular in all types of organizations, including those that carry out any activity in logistics (Zimon, 2016, pp. 41-52).

- ISO 9001 International Standards can be an excellent start to TQM, if it is interpreted in a way that encourages the company to begin the process of continual improvement and aligns its entire people toward that goal.
- Logistics supply has a very large impact on subsequent subsystems logistics. Since its normal operations depends on the efficiency of the entire supply chain and meet customer requirements (Zimon & Bednarova, 2016, pp. 465-470).
- Standardized quality management systems of the assumptions supporting activities that affect the quality of the acquired assets. The study aims to answer the question whether these assumptions work in practice?

Empirical studies were carried out in September and October 2014 on a group of 17 companies with implemented and certified quality management system according to ISO 9001. The research tool was a questionnaire survey sent to management representatives (25 respondents) and workers (140 respondents). Surveys were enriched with direct interviews with employees of the companies. The impact of the quality management system for the improvement of procurement processes - presentation and analysis of the test results.

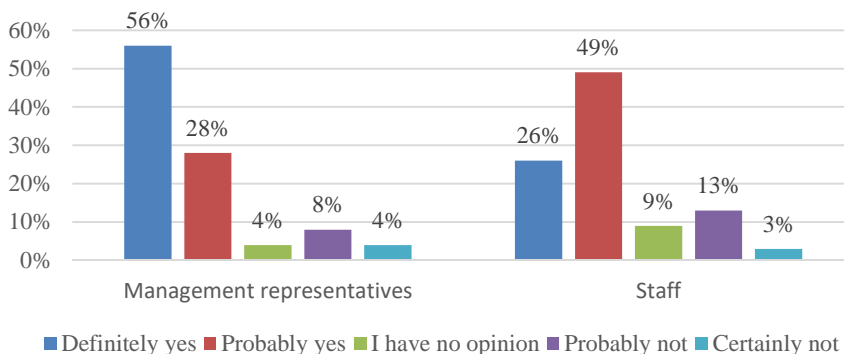
Presentation and analysis of research results

The first question was of a general nature and addressed to both representatives of management and employees (Fig. 1.).

The distribution of responses shows that among the representatives of the two studied groups dominate the response indicating that the quality management systems contribute to improving the supply subsystem. Executives pointed out that since the implementation of ISO 9001 improved procedures related to the evaluation and selection of suppliers, narrowed and improved processes related to quality control, and by developing new procedures arranged in a large part of the procurement process. The study stressed that ISO 9001 in particular had a positive effect on the selection and monitoring of suppliers through the introduction of audits at suppliers, a common approach to addressing the financial, technological, qualitative improvement of information channels, and continuous improvement of mutual relations. In turn, employees frequently suggested that, through a clear division of tasks and responsibilities gained a better comfort, also noted that the leadership decided to streamline and modernize infrastructure. Only 12% of management representatives and 16% of employees do

not notice the relationship between the implementation of the requirements of ISO 9001 and the improvement of procurement processes.

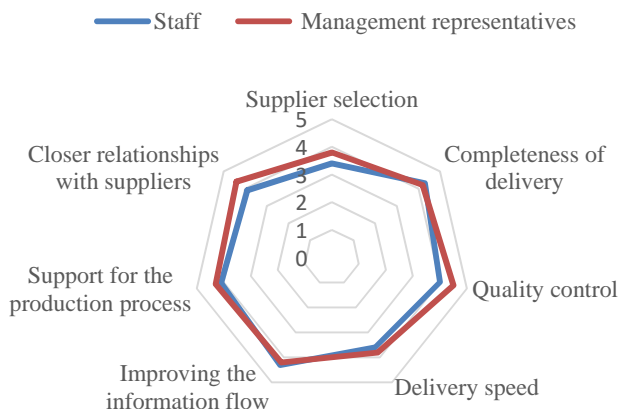
Figure 1. The impact of the quality management system to improve supply subsystem



Source: own calculations.

In order to deepen the research process asked respondents to determine the influence exerted by a standardized quality management system for individual supply processes (Fig. 2).

Figure 2. The impact of the quality management system to improve the individual processes



Source: own calculations.

According to representatives of management quality management system received the highest marks in the area of quality control, strengthen relationships with suppliers and further improve logistics subsystems. Their choice justified as follows:

- Ownership of standardized quality management systems by both suppliers which customers allows for certain restrictions to control the initial sourced components, the diversion of responsibility for the quality of supplies to suppliers, which affects sue for closer relations,
- Implementation of standardized quality management systems in the supply chain facilitates the creation of a common strategy, and directs the organization to implement a similar purpose. Moreover, ISO 9001 stimulates the development of long-term cooperation between organizations and also foster the development of new organizational and technical solutions to improve flows in the supply chain. In addition, the implementation of ISO 9001 runs some mechanisms that specify how carrying out the tasks in the supply chain and define the manner in which the cells in specific manufacturing processes of products or provision of services.
- System requirements also include other subsystems logistics to improve their integration and proper conduct.
- ISO 9001 standard requires from both producers and suppliers to identify, plan, supervise and optimize their processes directly affecting the quality of the finished products. Compliance with the requirements of standardized quality management system will force: the development of procedures, improve infrastructure, determine the criteria for the proper implementation of sub-processes. In addition, compliance with the requirements of the system will ensure repeatability of action and will contribute to increase the reliability of the product.

Conclusions

Based on the survey it can be stated that the quality management system according to ISO 9001 in a fairly large impact on improving procurement processes. This is particularly evident in areas including relationships with suppliers, quality control, workflow and communication, both internal and external. The positive aspects achieved through the implementation of quality management system due to the fact that the ISO 9001 standard in its commitments puts great emphasis on the organization of the procurement process. Good in that supplies the organization must meet specified purchase requirements including approval processes semi-finished products,

qualifications and functioning of the quality management system provider. It is necessary therefore to carry out the evaluation and selection of suppliers, to measure the quality of purchased components by trained personnel using appropriate control systems.

It should, however, indicate that a small proportion of respondents (oscillating in the range of about 10-15%) spoke very critically on the implementation of ISO 9001 in the context of improvement of logistics processes. The main charges have been formulated may include:

- The relatively high costs in relation to the benefits achieved,
- To introduce the documentation, which is not always needed
- Formalized systems limit the speed and flexibility of action,
- ISO 9001 is no longer an argument that attracts customers,
- Some employees stressed that the leadership of positive comments on the standardized quality management system, and does not show sufficient commitment to maintain and improve the system.

In conclusion it is worth noting that only recently (September 2015) released a new standard ISO 9001: 2015 to be less prescriptive and more focused on the management of the entire supply chain, requires a greater commitment of the management is also less bureaucratic and more friendly to the organization. If, in practice, this standard will actually be in line with the announcements it may be that most of the criticisms presented above will cease to be justified.

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