ENTREPRENEURSHIP AND MANAGEMENT
ŁÓDŹ - WARSZAWA 2016 | ISSN 1733-2486

XVII VOLUME
1 ISSUE
II PART

Editor

Halina Sobocka-Szczapa

Management - Human Resources Management - Knowledge Management

Research and Analysis

Wydawnictwo Społecznej Akademii Nauk

ENTREPRENEURSHIP
AND MANAGEMENT

ŁÓDŹ - WARSZAWA 2016 | ISSN 1733-2486

XVII VOLUME
1 ISSUE
II PART

Editor

Halina Sobocka-Szczapa

Management - Human Resources Management - Knowledge Management

Research and Analysis

Wydawnictwo
Społecznej Akademii Nauk

Articles are subject ro reviews.
Editor: Halina Sobocka-Szczapa

Language editing: Dominika Świech
Typesetting: Marcin Szadkowski
Cover design: Marcin Szadkowski

ISSN 1733-2486

WYDAWNICTWO
SPOŁECZNEJ AKADEMII NAUK
piz.san.edu.pl

Table of Contents

Preface

We provide you with the next issue of the series "Entrepreneurship and Management", containing 14 papers in the field of management, human resources management, as well as phenomena that affect these processes, allowing to increase their innovation and adaptation to the conditions of modern economies and modern organization. In the first part, entitled "Selected problems of management" there are seven studies. Their content is relevant to a variety of issues, related to the social determinants of management (succession of managers, corporate social responsibility, public – private partnership, social networks). The analyses carried out were to verify directly or indirectly the impact of these factors on the efficiency of the organization. Undoubtedly, issues important for the whole management are also involved in management of health care, the essence of decision-making in special conditions and methodological aspects of culture research. In the second part, entitled "Selected issues of human resource management", also consisting of seven articles, the main interest is the authors knowledge management, an integral part of human resource management. Besides, this section analyzes issues of competence, career management, as well as personnel reserve and controlling.

Articles have been developed based on studies, statistical sources, and literature, as well as international comparisons

It is worth at this point to present the main content of the articles.

In her article entitled **The Idea of Corporate Social Responsibility and the Practice of SMEs** Edyta Kulej-Dudek shows the concept and the role of corporate social responsibility. The author points to the initiatives for employees, local communities and society, whose purpose is to protect the environment in the context of sustainable development. It also presents the results of research on the social involvement of the SMEs sector and activities in this field, contributing to building long-term, successful relationships with the social environment. The main conclusion from the conception is that, in practice, the use of CSR principles requires commitment of not only big corporations but also small and medium-sized enterprises. Therefore, it is essential to raise awareness among entrepreneurs in terms of Corporate Social Responsibility and to indicate the principles to be used during CSR activities. Community involvement of enterprises may become the shared space for solving social problems while care for the natural environment should contribute to many changes, beneficial to both humans and the natural environment. Popularization of the examples of social business responsibility should represent valuable contribution to the process of raising awareness among entrepreneurs and to management practice, improving the competitive potential of enterprises.

The importance of the social factor in the functioning of the organization is considered in the paper titled **Social Networks as a Place for Interaction of Customers and Brands** by Dominika Kaczorowska-Spychalska. The aim of the article is to determine the role of social networks in relations of contemporary consumers and brands with special consideration to their role in a decision-making process. The first part of the paper discusses a notion of a contemporary consumer as well as it indicates opportunities of social networks in the process of influencing their behavior and decisions. The subsequent part includes the results of own study that concerned the presented topic. The main emphasis was put on the identification of some activities of brands in social networks which are of crucial importance in consumers' opinion. Social networks are vital for the success of the brand, if they are to be effective in the process of influencing customers they must be based on thorough knowledge about who they are and what expectations they have. It is impossible to expect that the mere presence in the space of social networks guarantees success for a brand.

With the approach of a social nature we are also dealing in another study, entitled **Evolution of the market for public – private partnership projects in EU Member States and Poland from 2007 to 2014"** whose author is Dagmara Hajdys. Its aim was to compare the PPP market in Poland in the years 2009–2014 with the other Member States of the European Union and make recommendations for its development. As it is evident from the discussion, EU experiences with public – private partnerships leave no doubt that they can increase the quality of services, make their delivery more efficient, reduce lead times and improve the allocation of risks compared with traditional solutions. Poland has pioneered the adoption of legislation regulating public – private partnerships among the new Member States of the EU. It is stressed today that not only should favourable climate for PPP be created and wide access to promotional and advisory services be ensured, but also that the authorities and the central government administration need to actively participate in the delivery of projects utilising intersectoral cooperation. Its expansion could be accelerated by large, flagship projects enabling the development of good practices for public authorities and private sector to enter into cooperation more easily. Tight budgets, mounting public debt and the influx of EU funding ending with the 2014–2020 perspective should be factors encouraging a wider use of the PPP formula.

In the article entitled **Managerial Succession and Corporate Effectiveness. Review of Research Trends,** Radosław Pastusiak, Magdalena Jasiniak, Ewa Feder

Sempach point to the semitraile changes in managerial staff for the prices and inventories in the organization, and consequently for its effectiveness. This is the main objective of the development, which was realized as a result of the analysis of trends in domestic and international. The discussion also highlighted the importance of diversity in terms of management policy and other political commitment of managers depending on the location of the company, while small due to its economic condition. It was also noted that in this context the role of the supervisory board is varied. It could only advise the managers. The biggest influence on prices or effectiveness of the company has the management board dismiss reason. We cannot observe reactions in share prices if the management board tenure is ending or dismissed. However, in the event of the forced dismiss the share price reaction depends on the company situation. However, in the event of the forced dismiss the share price reaction depends on the company situation.

The role changes among managers of the corporation can be a prerequisite to reflect on the functioning of health services, and actually managing health. This issue is the subject of another study, entitled **Health Management - Definition and Description of the Concept** by Joanna Sułkowska. The paper presents a theoretical model of health management. It begins with an attempt to answer the question of whether or not to use a different management concept, to a large number of previously developed definitions of organization and management. The article proposes its own model of health management system based on the concept of the organization. The concept is a starting point to conduct empirical research methods of health management. The author points out in the article the importance of this kind of analysis for the identification of problems at different levels of health management: micro, mezzo and macro.

The last two studies included in this part of the publication, refer to humanistic aspects of the functioning of the organization, namely the factors influencing the decision-making under conditions of instability and uncertainty, and organizational culture.

The first one is entitled **The Impact of Instability and Uncertainty on Decision-making Procedures** and includes the result of analysis carried out by Władysław Szymański. The article presents the analysis of radical changes in the supply and demand relations, hence also among the prices on global markets of the capital: commodities and monetary. Author aims to prove the impact of uncertainty on the decision-making procedures. They are based on the promise that every situation involves certain unpredictability and ambiguity, while scenario methods and elasticity constitute a tool of strategic methods and are used for the purpose of planning in the context of uncertainty. The article presents how the action adapted by the researchers may lead to formulation of a blurred recommendation or either draw irrelevant conclusions.

A recent study, entitled **Methodological Determinants of the Organizational Culture Research Process** is by Joanna Wiśniewska-Mikosik. The subject of this article is to analyse the determinants of studying organizational culture resulting from the methodology of studies. A division into quantitative and qualitative methods as well as data collection techniques was taken into account. Disadvantages and advantages of individual methods were presented. An attempt was also made to indicate the directions of their use. The aim of these deliberations is to draw attention to the importance and consequences of choices made by researchers. Regarding the multiplicity of studies conducted, it seems that studies based on rational reasons, supported by correctly selected tools that allow to measure material in a reliable and precise way, are an important contribution to the development of this field of study. The aim set in that way indicates that this study is dedicated mainly to people who are planning to start a process of studying organizational culture for scientific purposes, but also to practitioners interested in culture studies. What makes studies effective is conducting the whole procedure reliably, according to the methodological rules of scientific studies, taking into account the character of the studied subject, which is organizational culture.

Dominant role in the second part – as has been pointed out – plays the study of knowledge management, and considerations on the humanities competence of managers, the issue of personnel reserve, as part of the personnel policy. The reports discussed also problems of controlling role in human resources management, as well as career management. From the point of view of human resource management, a problem of functioning of universities and their role in shaping the quality of the graduates of this level of education, as well as how education has a relationship with the economic environment, could be essential. Therefore the introductory article to this section is by Łukasz Sułkowski and Michał Zawadzki, entitled **Corporate University: A Critical Approach**. The authors focused on a critique of the ongoing erosion of an important cultural function performed by the Western universities, which is democratization of social life through development of critical thinking, imagination, and through cultivation of social and humanistic sensibility. The ability of university to educate students to be responsible and informed citizens in the future has been undercut by the market-inspired, neoliberal attempts to commercialize universities and to turn them into suppliers of proprietary knowledge. We attempt to diagnose the causes of erosion, the consequences of it and to design a possible future social function of a contemporary university as a counterbalancing agency and a testing ground for civic training. The paper opposes a commonly accepted belief that the university should be changed through the corporate market model and presents theoretical research with references to empirical data gathered by other authors.

Halina Sobocka-Szczapa in her article **Knowledge Management System and Management Styles** considers the importance of knowledge management and goes even further, since it analyzes the correlation between this action and equal styles management organization. This approach allows to set both aspects relating to the subject, the reference of knowledge, as well as managerial functions, implemented in relation to this subject. This implies at the same time a need to recognize the knowledge management system, as an integral part of a comprehensive management method implemented in order to achieve its success in the market of goods and services. The principal conclusion is that the process of creating and implementing a knowledge management system is a difficult task, requiring specific technical solutions and incurring considerable financial outlays. An important prerequisite in determining the success of such a system is the full involvement of all company employees. This requirement, however, is closely dependent on management style labor groups, with only the use of style democratic guarantees efficient – from the point of view of the organization – functioning knowledge management system. It makes possible to take into account three components of knowledge management, namely: people, possessing and using knowledge, processes in which people create, acquire and store knowledge and information, which include data turned into knowledge useful for organization.

In the next article, entitled **Logistics Activities in Diffusion of Knowledge in the SMEs Sector**, Danuta Janczewska discusses the absorption of knowledge in the SME sector and the role logistic activities play in this area. The study indicated that both Poland and the European Union allow the transfer of knowledge from science to the functioning of the organization. Literature confirms that there are a lot of barriers for implementation of innovative processes and transfer of technologies. The output of discussion was the presentation of knowledge diffusion in SMEs, based on integration of marketing instruments and logistic methods in managing SMEs at confectionery branch. Identification of both areas: marketing and logistic expects a diffusion of knowledge and as a reason gives possibilities to benefit from the implementation of marketing and logistics management as an innovation. The management of the SMEs company requires broad knowledge and collection of data about the possible use of innovation in the enterprise. Logistics support of diffusion of knowledge is associated with the logistics processes of supply and distribution, by gathering information and knowledge about the environment, activities of competitive businesses.

The study by Stanisław Smyk, entitled **Humanistic Competencies of Logistic Managers** was connected with competences of managers of logistics and their importance for the tasks in the practice of logistics, as well as the scale of humanistic education in the field of logistics at the bachelor level. The basic conclusion of the analyzes is that the logistics manager should be equipped with knowledge and humanistic skills, because the process of working affects the others, and at the same time he should meet the expectations of customers in terms of quality of logistics services. The final part of the article provide directions to improve the content of education programs, as well as proposals aimed at helping to achieve this goal.

The next two articles are devoted to the problems of two different categories of staff, namely personnel reserve and control of human resource management.

The first study, by Joanna Moczydłowska, is entitled **The Reserve Staff as the Tool of Personnel Policy in Managers' Evaluation (on the Grounds of Results of Qualitative Research).** The aim of the article is gaining knowledge about the reserve staff and also the managerial staff opinion about the effectiveness of this tool. Providing the reserve personnel for the organization is the crucial element of planning human resources. The costs of recruiting, selection and implementation of new employees enlisted from the external job market are high, moreover, cognition and understanding the new organization require time. Therefore building the reserve staff is standard in the most professionally managed organizations, it is recurrently repeated activity which provides continuity of management and maintenance owned abilities. As is evident from the considerations, personnel reserve should be created primarily from employees who may become potential leaders. Their choice should be made in the planning process of employment, because then it is more consistent with the strategy of the organization, as well as have a better chance of matching the qualifications and skills for the job. Position presented by the author is not found, however, reflected in the opinions of participants in the study, because generally they considered building a personnel reserve for the operation inefficient.

In the second article, by Barbara Kamińska, entitled **Personnel Controlling in Human Resource Management - Theoretical Perspective**, the problem of inspection staff was mentioned. Its meaning is - in the opinion of the author - essential for the proper management of human resources, conducted in the organization. This is an internal system of controlling processes in specific management areas such as, among others: personnel policy, effects and costs of work, remunerating or development of potential. Therefore, the aim of the article is to discuss issues connected with controlling personnel and present the role of controlling in the management of human resources. Generally, the monitoring of human potential is often a decisive factor for the competitiveness and success of the enterprise. Thus, the implementation directory of personnel control in the area seems to be a matter of priority. It prevents from bad decisions, and especially indicates the appropriate action to support the objectives of the entire organization. Personnel control is in fact a vital tool of building competitive advantage.

The last publication, **Career Management**, by Beata Wiewiór, analyzes the phenomenon of career management. The objective of this article is to demonstrate the significance of shaping an employee's career in the process of human resources management. A career has a big impact on the future life of each employee. Regardless of the method of analysis, career is an important element in shaping the course of professional activity of each employee. Career management is also important for the organization. Therefore plays an important role in the management of human resources, because it consists of the same elements and allows the company to hire ambitious, talented employees, enabling them to achieve success.

Studies included in the publication are of high scientific and cognitive values. The issues discussed are extremely important for the functioning of the organization. In particular, it is important to identify a variety of opportunities to use experience from the past that can lead to an overwhelming improvement of the companies' effectiveness. In many cases, a combination of theoretical considerations with empirical analyzes, enabled a greater understanding of the presented issues. Therefore, presented articles may be an important complement to the literature, primarily economic, but also social. They can also be used in the learning process.

Halina Sobocka-Szczapa

Part I

Selected Problems of Management

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **15–30**

Edyta Kulej-Dudek | edku@zim.pcz.pl
Czestochowa University of Technology

The Idea of Corporate Social Responsibility and the Practice of SMEs

Abstract: The paper presents the concept, idea and role of corporate social responsibility. Key areas of social responsibility have been discussed. The author indicated initiatives aimed at employees, local communities and society, with their target being natural environment protection in light of sustainable development. The paper also presents the results of research on social involvement of enterprises and activities in this area that contribute to building long-term, successful relationships with social environment.
Keywords: CSR (Corporate Social Responsibility), SME (Small and Medium Enterprises), relationships.

Introduction

The concept of corporate social responsibility is considered to be a tool for achievement of competitive advantage in the market where customers, investors and employees attach more and more importance to non-economic values. In order to build trust in their environment concerning business activities, enterprises have to develop corporate social responsibility strategies [Adamczyk 2009, p. 116].

The interest in corporate social responsibility is on the increase. The rapid changes are being observed in this area. Corporate social responsibility attracts much interest among managers, entrepreneurs, owners as well as institutions in business environment, investors and public administration bodies. It is becoming the basis for development of a comprehensive strategy for business development. The improved knowledge about corporate social responsibility in Poland translates into changes in managers' attitudes. More and more entrepreneurs look at the operation of their businesses from the standpoint of social environment and adjust their activities to the tendencies that are arising. Polish enterprises are more and more often willing to implement the principles of corporate social responsibility, which has been demonstrated in surveys published by the entities interested in these problems (PARP, KPMG, Responsible Business Forum, GoodBrand & Company). These studied have shown that over two thirds of managers in the biggest Polish enterprises are familiar with the concept of responsible business. These attitudes are reflected by respecting ethical norms and regular and fair remuneration for employees [Raport PARP 2011, p. 4]. The entrepreneurs are also confident that it is necessary to improve management systems in order to develop good relations with stakeholders. Many enterprises, especially big companies, present their practices in broadly available social reports.

Previously, the issues of social responsibility concerned mainly the biggest enterprises that operated in Poland. Nowadays, more and more smaller entrepreneurs are noticing the need for implementation of CSR strategies. However, the knowledge about this concept in small businesses does not always translate into practice. The activities are usually short-term, tentative and combined with high expectations of achieving profits instead of seeing them as long-term business investments.

Corporate social strategy should ensure a comprehensive response to the dynamic challenges of the changing reality. The comprehensively viewed corporate social responsibility involves comprehensive and aware management of the impact on the environment and business surroundings, being guided by the values that determine business credibility and are integrated into the organizational culture and relationships with external stakeholders and employees. Therefore, the aim of this publication is to indicate the role of corporate social responsibility through practical activities of enterprises in terms of environmental protection and activities oriented at achievement of the goals connected with employees and local communities. This study discusses key areas of corporate social responsibility, defines levels of involvement of enterprises in CSR activities, indicates example tools and CSR principles in activities of the enterprises from the SME sector. The study presents the survey published by the Polish Agency for Enterprise Development (PARP) which was conducted in micro-, small, medium and big enterprises (850 entities in total). The survey employed computer-aided personal interviews, in-depth interviews with representatives of enterprises and the focus group interview with the employees responsible for implementation of CSR in the enterprise. Based on the results obtained in the survey, the most important aspects of corporate social responsibility were indicated with key CSR initiatives which were actually implemented in enterprises. The principles used within three areas (relations with employees, natural environment, social involvement) were highlighted. The final part of the study emphasizes potential benefits of using CSR principles in enterprises from the standpoint of employees, the environment and society.

Key Areas of CSR

Activities of any enterprise have an impact on the natural environment it operates in. Furthermore, more and more conscious consumers expect that the enterprises are involved in social problems and rest their activities on the principles of corporate social responsibility. The concept of sustainable development takes into consideration the economic, social and ecological aspects, striving for improvement in the quality of life of present generations and those to come. Therefore it is important to incorporate the ideas of sustainable development in enterprise strategies while taking into consideration the economic, environmental and social problems. These activities should be oriented at respecting natural resources while meeting the physical and social needs towards sustainable development. In light of the above observations, the enterprises should focus on the activities in the three key areas: relations with employees, environmental protection and social involvement.

Relations with Employees

Relations with employees concern meeting the obligations, fair conduct, meeting expectations, stimulation of mutual dialogue, ensuring constant development and cooperation. They affect the greatest involvement and feeling of safety among employees. They should be based on mutual respect and recognition of human dignity. The following components of these relations can be emphasized:

- development of employees and the enterprise,
- constant improvement of employees' skills and competencies, creating work environment and the atmosphere conducive to development of skills and competencies,
- building careers, proper promotion policies,
- ensuring safe and hygienic conditions of work,
- perceiving and respecting variety and the needs of employees, customers and partners,

- care for positive and transparent relations based on mutual trust and respect,
- using CSR tools and modern management methods to raise employees' motivation and their commitment,
- involving employees in activities connected with implementation of CSR strategies,
- implementation of standards for corporate social responsibility,
- integration of business strategy with CSR strategy.

Environment

Activities aimed at environmental protection concern mainly a rational development of the environment and management of its resources using the principles of sustainable development. Raising ecological awareness and development of ecological attitudes in everyday activities of local communities should become one of the top priorities for activities of enterprises that care for the image of environmentally-friendly entities. In this area, the following initiatives can be indicated:

- environmental protection activities, reduction of the effect on the environment,
- respecting regulations, standards and norms of environmental protection, implementation of environmental management,
- designing environmentally-friendly products and processes, respecting the highest standards of quality and ethics,
- responsibility for taking actions,
- limitation of the waste generated, waste sorting, recycling,
- reduction in carbon dioxide emissions and other pollutions,
- reduction in consumption of resources (water, energy).

Community Involvement

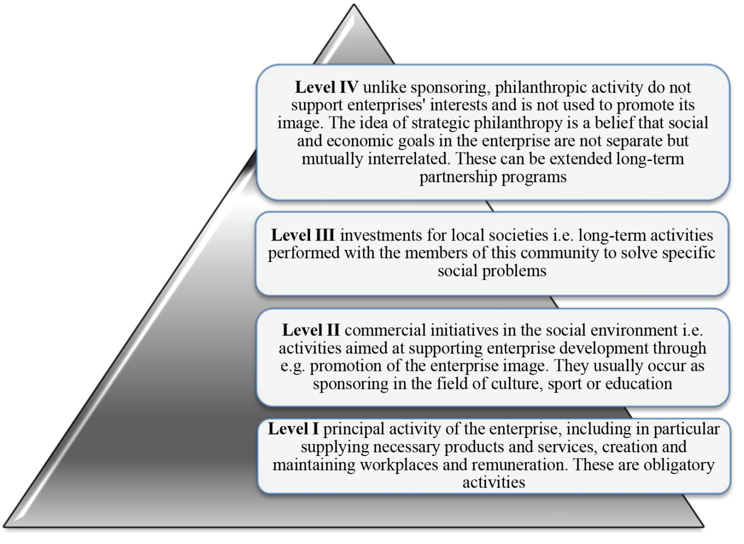
Community involvement is one of the major components of corporate social responsibility. The activities in this area contribute to building long-term and positive relations with the social environment, help building enterprise identity and trademarks, support enterprise reputation and facilitate solving specific social problems. Enterprise involvement in social problems can adopt various forms of activity, e.g.:

- financial or material support for people from enterprise environment,
- employee volunteer program, i.e. involvement of employees in working for others within working hours at the workplace,
- education for local communities in terms of environmental protection,

- responsible and ethical conduct, being open to dialogue and cooperation with the business environment,
- activities consistent with legal regulations and principles of fair competition,
- preventing discrimination and promoting equal opportunities,
- ecological and health-oriented activities,
- initiatives of local development.

Degree and levels of social involvement are presented in Fig. 1.

Fig. 1. Levels of enterprise involvement



Source: author's own elaboration based on Materiały PARP, *Zwiększenie…*, **p. 47.**

Social involvement should not be associated only with an incidental help. It is also important to adjust the forms of support to the specific enterprise, its profile, objectives, mission, vision and strategies. The components of initiatives of social involvement, environmental involvement or relations with employees should be thoroughly planned, discussed and accepted not only by managers but also by the broad community of enterprise employees.

Apart from the declared involvement, the enterprises should communicate and reliably present the description of their social and ecological activities. Involvement of socially responsible enterprises helps establish relations between stakeholders and the enterprise, with each party deriving specific benefits. Communities obtain actual support while the enterprise builds its own image of a trustworthy partner for social activities.

Tools of Corporate Social Responsibility

There are a number of tools for the adopted concept of corporate social responsibility that can be used in enterprises that incorporate CSR principles into their operations. These activities allow for achievement of a long-term increase in the enterprise value and bring measurable environmental and social benefits in the aspect of sustainable development.

The most important tools for corporate social responsibility are [Józefczyk, Gołąb, Bajurski et al. 2013, pp. 6, 7, 37]:

- **activities for local communities** – supporting local institutions and people, cooperation with local organizations, supporting programs for children and young people, investment programs,
- **ecological activities** – implementation of environmental policies, sustainable resource management, ecological education for employees and customers, implementation of green manufacturing processes and ecological products and services,
- **programs for employees** – investments in development of employees, integration programs, programs to promote equal opportunities,
- **employee volunteer programs** – voluntary work of employees to support social initiatives, which consists in promotion of individual involvement of employees in social initiatives within the work environment,
- **ethical programs for employees** – their aim is to encourage employees to respect shared values of the organization, including trainings, bonuses, prizes or promotions,
- **social campaigns** – activities oriented at changing attitudes or behaviour in a group, with the information carrier being media; the campaigns support helping those in need, raise social awareness and are aimed at changing attitudes in society,
- **Social reports:** publications that present the enterprise management and implementation of enterprise strategy with description of socially responsible initiatives; they are aimed at summarizing activities of the enterprise, contain the analysis of social, economic and ecological effect,
- **cause related marketing** – enterprise activities that are based on both achievement of business goals and meeting social needs,

- **product labelling** – eco-labelling and social labelling, which means labelling products with information about ecological or social activities,
- **management systems** – implementation of transparent and efficient management systems e.g. Quality Management System ISO 9000 and ISO 14000, Social Accountability System (SA 8000) and Sustainability and CSR Reporting: Global Reporting Initiative (GRI) or Worlds Bank's Good Practice Manual on Effective Public Consultation,
- **socially responsible investments (SRI)** – these include investments based on ethical principles and investments concerning involvement of the enterprise in various CSR programs,
- **green investments** – investments in solutions that minimize the adverse impact of enterprise's activities on the natural environment.

Used within the framework of corporate social responsibility, the above tools are a component of the enterprise strategy and help achieve the set goals. The integration of social responsibility into the enterprise strategy should take into consideration such aspects as ecology, economy and ethics in the areas connected with employees, care for the environment and local societies [Rojek-Nowosielska 2006, p. 50].

Examples of Socially Responsible Initiatives

It is difficult to find structured principles, procedure, policies and standards for CSR in micro, small and medium-sized enterprises. However, despite the lack of conscious building the formal framework, these principles are reflected in activities taken by these entities. The examples of CSR principles integrated into activities of the enterprises from the SME sector include:

- encouraging creative solutions and changes,
- development and implementation of new models of cooperation, including ecological education of customers and employees,
- integration of knowledge and experience, knowledge transfer, coaching meetings, mentoring,
- monitoring of emissions of harmful gases and flue gases to Earth's atmosphere,
- monitoring of energy and water consumption,
- waste sorting, recycling ecological activities,
- support for local communities, education, sport and culture,
- grants for schools and non-governmental organizations,
- internship programs for students from universities and schools,
- organization of courses and trainings for employees,

- consolidation of business trips (one trip to several customers instead of several separate trips in the same direction),
- supporting teleconferencing and videoconferencing instead of personal meetings in remote parts of the country,
- suggesting and organization of e-learning courses instead of meetings in the bigger group in remote locations,
- implementation of electronic workflow,
- utilization of channels of electronic communication such as e-mails or electronic platforms for information exchange,
- emphasis on the choice of more ecological means of transport,
- training for employees concerning safe and energy-efficient driving (eco-driving),
- printing on both sides of paper pages,
- utilization of waste paper for renewed printing,
- waste paper sorting, collecting waste paper,
- organization of kindergartens in enterprises to help perform both professional and parental roles,
- support for animal shelters,
- charity activities,
- charity collections and auctions,
- employee volunteer program, specific number of working hours for other entities,
- sponsoring sports and/or cultural events,
- renting equipment, real estate and means of transport,
- physical support.

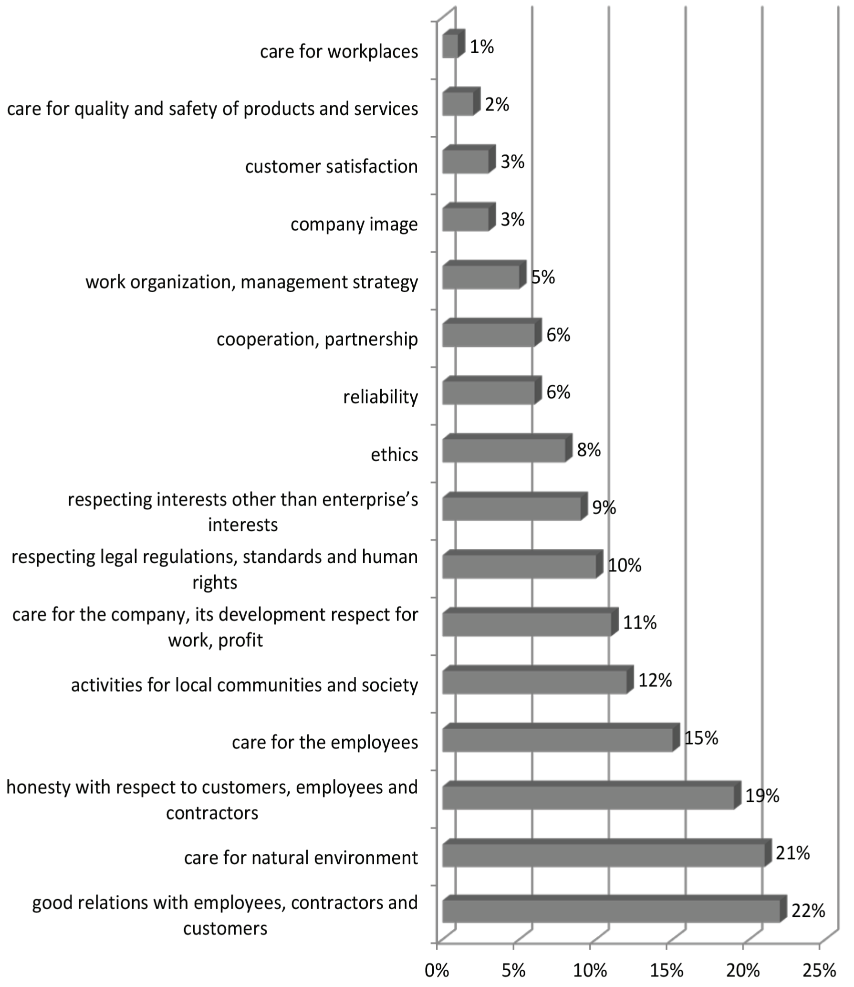
The above examples of activities in real functioning in the market translate into measurable economic and social effects. Ecological initiatives can help reduce the use of raw materials, limit the amount of waste and implement technologies to save cash funds invested. Consequently, the enterprise can yield real financial savings. Ecological activities also generate value added since they promote employees' commitment, increase customer loyalty, improve image and increase trust to the enterprise.

Surveys of corporate business responsibility

Operation of enterprises in the market depends on social acceptance of the methods and consequences of its operation by social environment and market participants. Enterprises can adopt various types of attitudes towards social obligations [Korpus 2006, p. 51, 58].

One of the biggest and the most complex surveys in Poland concerning the state of implementation of corporate social responsibility and the attitudes adopted in this area was "Evaluation of the state of implementation of standards for corporate social responsibility with development of a set of social responsibility indices in micro-, small and medium-sized enterprises", with its methodology based on ISO 26000 standard.

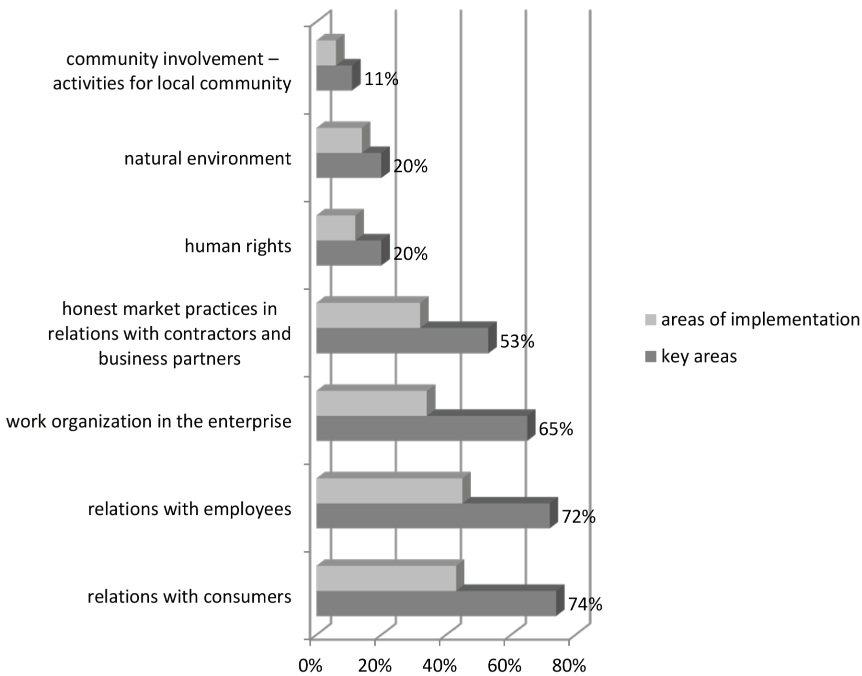
Fig. 2. The most important aspects of corporate social responsibility



Source: author's own elaboration based on Raport PARP 2011, p. 52.

When asked about the most important aspects of CSR, the representatives of the enterprises analysed in the study who claimed to be familiar with the concept of corporate social responsibility associated CSR with such components as maintaining good relations with employees (22%), care for the environment (21%), honesty with respect to business partners (19%), care for employees' well-being (15%) and activities towards local community (12%) (see Fig. 2).

Fig. 3. Key CSR problems for enterprises



Source: author's own elaboration based on Raport PARP 2011, p. 60.

Respondents were also asked about key areas of corporate social responsibility and actual implementation of their principles in enterprises (see Fig. 3). Among the problems included in corporate social responsibility, the most important for company development are relations with consumers (more important from the standpoint of small businesses) and relations with employees (usually typical of bigger enterprises), with 74% and 72%, respectively. Some 65% of entrepreneurs (especially from bigger enterprises) responded that work organization was also important for development. Over half of the enterprises studied indicated fair market practices. The least frequent indication was community involvement with particular focus on smaller enterprises.

Table 1. CSR principles used in three areas

AREA	CSR PRINCIPLES USED IN THE AREA	Indication [%]
RELATIONS WITH EMPLOYEES	care for good relations in the enterprise, including meetings and integration trips	26%
	fair remuneration paid on time, incentive schemes	24%
	care for employee rights, respecting agreements, fairness	18%
	appreciating employees: prizes, awards, refunds, facilities	10%
	transparent rules of work: division of duties, evaluation of employees	8%
	respect	7%
	care for development of employees, including trainings	7%
	individual approach to the employee, taking into consideration personal needs, assistance	6%
	working time flexibility	6%
	good conditions of work (ergonomics, working without pressure, respecting working time)	6%
	examination of employee opinion, their needs and satisfaction level, care for their satisfaction	5%
	social fund, packages and social facilities	2%
	transparency and easy access to information about the enterprise	1%

THE ENVIRONMENT	waste sorting, recycling, disposal	53%
	saving energy, water, paper, no waste	19%
	respecting standards, regulations, ISO14000	12%
	reduction of harmful waste and gases	12%
	utilization of green technologies and manufacturing processes	5%
	care for green areas	5%
	manufacturing of ecological products	5%
	collection of hazardous waste	2%
	education in terms of environmental protection, promotion of green solutions	1%
	charges in the Marshall's Office	1%
COMMUNITY INVOLVEMENT	sponsoring, financing of local initiatives, helping those in need (charity initiatives)	36%
	support/helping/cooperation with local institutions, offices, schools	28%
	supporting local initiatives (sport, culture)	10%
	education, raising awareness	7%
	organization of events/activities, co-organization	5%

Source: author's own elaboration based on Raport PARP 2011, pp. 64, 67.

Human capital represents one of the most valuable resources of any enterprise. Care for employees, investing in human capital and maintaining good relations represents the basis for enterprise development. In the area of relations with employees, the respondents emphasized the three most important principles used in the enterprises: care for good relations in the enterprise (between employees and between employees and employers, 26%), fair remuneration system (salaries paid on time, adequate for the value of work and working time, 24%) and care and respecting employee rights (respecting agreements etc., 18%) (see Tab. 1.) [Raport PARP 2011, p. 63]. It should be emphasized that system of fair remuneration and respecting employee rights should become the standard procedure and duties of the employer rather than CSR principles.

In the area of the environment, CSR was associated by the respondents with activities of waste separation (53%), economical management of natural resources (energy, water) (19%) or respecting standards, norms and regulations (e.g. ISO 14000) (12%). The area connected with the natural environment was rarely indicated by the entrepreneurs.

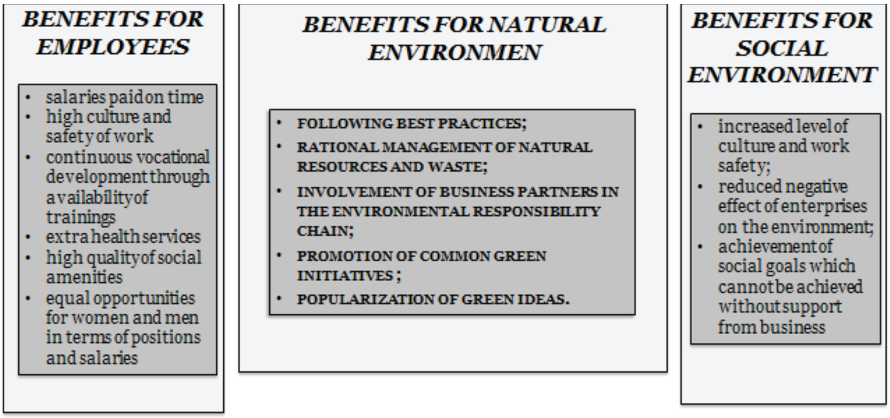
The enterprises studied chose mainly these forms of community involvement that were easy to be realized. Socially responsible activities in the area of community involvement are mainly focused on sponsoring and financing of local initiatives (charity activities) (36%) and cooperation with local institutions, offices and schools (28%). An insignificant percentage of answers were educational programs or programs that raised awareness of ecology and environmental protection and socially responsible activities (7%).

Potential Benefits of Using CSR Principles in Enterprises for Employees, Environment and Society

Driven by rapidly changing market conditions and growing competition, the enterprises which want to be competitive have to search for new competitive opportunities. This occurs through creation of higher values for customers in the form of improved quality of products or services. Gaining competitive advantage also involves finding the appropriate tools of management which will allow enterprises to achieve strategic goals in an efficient and effective manner [Dudek 2011, pp. 602–616]. Operation according to the principles of corporate social responsibility seems to be the right solution.

The main assumption of corporate social responsibility is to build value for all stakeholders in the enterprise. The most frequently reported benefit of being socially responsible is improved enterprise's image in the market, improved acceptance in the environment, increased interest of customers and reduced costs. Figure 4 presents potential benefits of using the principles of corporate social responsibility from three standpoints: for employees, environment and local community.

Fig. 4. Potential benefits of using CSR principles in enterprises for employees, environment and society



Source: author's own elaboration based on Materiały PARP, *Zwiększenie…*, **p. 5.**

CSR represents a continuation and extension of abilities to learn and adapt, strategic fit of the organization, organizational flexibility in terms of market changes and development of the dynamic structure [Pypłacz, Sasak 2015, pp. 164–173]. Implementation of long-term CSR strategies is possible through skilful utilization of processes and tools that facilitate implementation of this concept in enterprises. Properly prepared and implemented CSR strategy will allow for transformation of the whole organization in the socially responsible organization while effective implementation of the assumptions of corporate social responsibility translates into measurable benefits to the enterprise, taking strong position in the market and strengthens innovativeness.

Conclusion

Corporate social responsibility is a concept that respects social interests and environmental protection as well as relations with various groups of stakeholders. In practice, the use of CSR principles requires commitment of not only big corporations but also small and medium-sized enterprises. Nowadays, more and more small and medium-sized entrepreneurs rest their strategies on the principles of cooperation with local communities while searching for solutions which are beneficial for the enterprise, its business environment, employees, stakeholders and the natural environment. Therefore, it is essential to raise awareness among entrepreneurs in terms of corporate social responsibility and to indicate the principles to be used during CSR activities. Community involvement of enterprises may become the shared space for solving social problems while care for the natural environment should contribute to many changes, beneficial to both humans and the natural environment. Popularization of the examples of social business responsibility should represent valuable contribution to the process of raising awareness among entrepreneurs and to management practice, improving the competitive potential of enterprises.

References

Adamczyk J. (2009), *Społeczna odpowiedzialność przedsiębiorstw*, PWE, Warsaw.

Dudek D. (2011), *Information Technologies And Tools As Strategic Instruments Of Management* [in:] A. Pabian (ed.), *Nowe kierunki, metody, techniki w zarządzaniu i marketingu*, Wydawnictwo Wydziału Zarządzania Politechniki Częstochowskiej, Częstochowa.

Józefczyk A., Gołąb M., Bajurski P. et al. (2013), *Wdrażanie narzędzi społecznej odpowiedzialności biznesu przez organizacje pozarządowe,* Fundusz Inicjatyw Obywatelskich, Gdynia.

Korpus J. (2006), *Społeczna odpowiedzialność przedsiębiorstw w obszarze kształtowania środowiska pracy*, Placet, Warsaw.

PARP materials*, Zwiększenie konkurencyjności regionów poprzez społeczną odpowiedzialność biznesu (CSR)*, www.parp.gov.pl/files/74/455/14303.doc [10 November 2015]

Pypłacz P., Sasak J. (2015), *CSR jako element gospodarki opartej na wiedzy* [in:] L. Kiełtyka, W. Jędrzejczyk (eds.), *Wykorzystanie potencjału współczesnych technologii informacyjnych w zarządzaniu organizacjami*, Wydawnictwo Politechniki Częstochowskiej, Częstochowa.

Raport PARP (2011), *Ocena stanu wdrażania standardów społecznej odpowiedzialności biznesu. Zestaw wskaźników społecznej odpowiedzialności w mikro, małych, średnich oraz dużych przedsiębiorstwach*, Warsaw.

Rojek-Nowosielska M. (2006), *Kształtowanie społecznej odpowiedzialności przedsiębiorstw*, Wydawnictwo Akademii Ekonomicznej we Wrocławiu, Wrocław.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. 31**–43**

Dominika Kaczorowska-Spychalska | dspychalska@spoleczna.pl
University of Social Sciences

Social Networks as a Place for Interaction of Customers and Brands

Abstract: The World Wide Web enables enterprises and brands to act in the virtual world in which transfer of information goes on twenty four hours a day for the whole year. It takes place on a much larger scale than it was possible before and all that can happen thanks to a developed set of components (text, graphics, sound or video animation) [Małachowski ed. 2004, p. 78]. Social networks work perfectly in this space because their essence states that a contemporary customer is their main and the most important part. A customer is not only an addressee of sent messages but their sender as well. It is the customer that creates their own space in social networks where behavioral level and its emotional dimension become a prerequisite for interactions with individual brands.
Key words: customer, social networks, virtual work, brands

Introduction

Changes resulting from the information revolution, mobile telephony and the Internet turned out to be so vast and dynamic that they can be called a cultural shock. What seemed impossible, unattainable and remote not a long time ago, became a fact within one generation. The 21st century is the era of the advent of a new consumer [Jaciow, Wolny 2011, p. 9]. Dynamics and the range of changes resulting from IT technologies, their omnipresence and multimedia dimension of contemporary market became factors that determine a process of consumer evolution and turned to be the main pillar in the process of shaping their counterparts in hypermedia space. It is them that to a large extent condition their profile and determine directions of further development. Incentives that are delivered and a channel that is used by brands has an impact on their subsequent attitudes, preferences and beahaviour. It is, however, a complex multidimensional category which comprises a big number of demographic, economic, socio-cultural or political factors. What also plays a significant role is the influence of reference groups, including e-communities, to which a consumer belongs and which are a normative and/or an information model for them.

Social networks became a perfect environment for the development of a consumer as they are broadly used by brands in the process of influencing a decision-making process and consumer choices. They are liquid – they evolve, they change their form every day. They include text, sound, images and video. In every medium, every single second. They are like a current in a river – steady but never the same [Gitomer 2011, p. 15]. That means that they can become a very innovative tool in hands of brands that think not only about satisfying needs that a consumer is aware of, but also about awakening those which they do not know about yet.

The aim of the article is to determine the role of social networks in relations of contemporary consumers and brands with special consideration to their role in a decision-making process. The first part of the paper discusses a notion of a contemporary consumer as well as it indicates opportunities of social networks in the process of influencing their behavior and decisions. The subsequent part includes the results of own study that concerned the presented topic. The main emphasis was put on the identification of some activities of brands in social networks which are of crucial importance in consumers' opinion.

Consumer as an element of social networks

Development of technologies and their impact on shaping the contemporary market influenced the process of the evolution of contemporary customers. It is no longer a recipient of messages or a passive observer of ongoing phenomena who indiscriminately accepts all activities of brands. While functioning in hypermedia space they had to adjust to new reality and adapt to their specificity. At the same time a consumer becomes a creator of decisions and behaviors of other users of this space including brands. They do not only look for products and services that could satisfy their needs but they look around to find experiences and business models that satisfy them spiritually [Kotler, Kartajaya, Setiewan 2010, p. 37]. Emotional level in mutual interactions plays a more and more important role as a consumer is a human who thinks and feels and on the basis of their own experiences and recollections, shapes their opinion of a given brand. It is crucial in the process of selection of activities that are initiated by individual brands in order to activate their customers and shape their future behaviour.

In the network and information society a consumer becomes a consumer of a new type – com-sumer (**com**-munication + **con**-sumer).[…] Not only do they receive contents emitted by a specific sender (e.g. an enterprise) but they also actively seek for them in the web, process them independently, formulate opinions and comments, share them with other, often anonymous, Internet users. They turn into an active entity and the process of communication in a new environment becomes virtually interactive [Mruk ed. 2002, p. 251]. At the same time a new consumer:

- shows higher awareness of their rights and a more national attitude to market offers;
- has an explicit need to establish social bonds including online environment (e-communities);
- is multicultural because they have to function in such an environment;
- is more mobile and thus, more willingly participates in various forms of communication [Mazurek-Łopacińska 2003, p. 17].

They pay attention to a form and character of transmitted messages. Their multimodality increases a chance to be noticed. Unique content, usefulness of transmitted information, elements of fun and entertainment create a unique layout of emotions associated with a given brand. A product itself, even in the broadest version is currently not enough. What a consumer expects is brand involvement in an activity connected with an appropriate frame of an offered product [Stopczyńska 2013, p. 79]. This is a kind of specific shopping experience that a consumer receives while establishing individual relations with a specific brand, both in a traditional and online market. Individual experiences created that way and emotions associated with them constitute a general brand image and influence related shopping decisions. A contemporary consumer, instead of tangible products, glorifies their traces – first, in the form of denotation of their trademarks and subsequently, in the form of their connotations (they move from lower to higher levels of meanings) [Kardaszewski 2004, p. 189]. Increasingly often it is an opinion leader who does not fear to express their views, both negative and positive as well as critical towards a brand. For them the network is a certain style of life, a form of perception of surrounding reality and a form of expression of their own personality. They are better educated, they have broader knowledge, including practical knowledge, they remain under a constant pressure of time. They know what is possible and will relentlessly try to obtain it [de Kare-Silver 2002, p. 197]. However, establishment of relations and building long-term bonds is a much more complicated process. To a large extent it results from the fact that a contemporary consumer is a complex and multidimensional category. One of the factors that differentiates their attitude to contemporary technologies and related marketing activities are conditions connected with age. Constraints and predispositions as well as a system of values, views and aspirations that are their consequences, shape their current profile and attitude to the market. Silent Generation (1901–1945), Baby Boomers (1946–1964), X Generation (1965–1976), Y (1977–1997) or Z Generation (1998–2012) are separate worlds shaped in disparate economic, political or cultural conditions. As a result, their opinion about the application of IT technologies in relations with brands is significantly different. As an effect of complexity of specific market segments, C generation (*connect, change, communication*) was formed at their borders. That is the generation that regardless of age, is united by the attitude to the surrounding world and a conviction that it is strictly connected with IT technologies. So, it means that it is not the age or related factors that have a decisive influence on decisions concerning undertaking an on-line interaction with favourite brands, but it is also a certain state of awareness, a conviction concerning the essence of changes happening around. Moreover, a contemporary customer is of a hybrid nature, which results from the fact that they can simultaneously do shopping, both in a traditional and online market and freely choose a set of brands and their products purchased in one and/or in the other market.

Consequently, expectations towards brands are not identical. Customers may expect actions focused on building relations but at the same time, they remain passive in this process, or they can expect exceptional quality of these relations and actively engage into creating them. They can also remain totally indifferent towards incentives prepared for them. The Internet reversed a traditional strategy of influencing the market which used to be applied before – from the push strategies to pull strategies [Frąckiewicz 2006, p. 47]. As a result, this is the customer who decides about what, when, where, through which channel and device as well as in what form, they want to read, listen to or watch. It is the customer who is the verifier of values provided by brands while having a specific inclination to perceive the surrounding reality according to their own system of values and expectations.

IT technology is considered a driving force in the process of communication with a customer and also increasing expectations concerning staying in touch with favourite brands in the real time, have lead to intensive applications of social media in this area. They are a kind of interactive WWW websites which are jointly created by social networks of people sharing common interests or who want to learn about interests of other people [Świerczyńska-Kaczor 2008, p. 64]. They enable to create your own contents, commonly called user-generated contents thanks to which they become attractive for representatives of many different generations. They also allow to share own experiences in many ways (Evans, 2011, p. 21). In the effect, social networks are the people who create them, users who concentrate around brands, companies or values. It is them who are the most important element of social networks generating the effect of a so-called, epidemic according to which the bigger number of users, the bigger availability of information. Consumers generally base on information given by other users who already bought a certain product [Janasz, Kozioł-Nadolna 2011, p. 120]. Decision-making process is then based on information acquired from other users and conditioned by its quality. It also depends on emotional and sensory attributes which are triggered, it shortens the time of making a purchasing decision and reduces their risk at the same time expanding the spectrum of analyzed alternatives. Consequently, more and more often social networks are no longer defined only through the prism of their functional features but through the potential they generate for every party in the market.

The most popular network in Poland is Facebook that was used by 78% Internet users in December 2014. The second social network in the ranking of popularity was Nasza Klasa that was used by 22% of Internet users. Other networks such as Twitter, Instagram, Pinterest, despite the initial growth of popularity have not managed to attract a huge number of users in Poland. The number of Twitter users stabilized at the level of 2.5 – 3 million a month, Instagram – 2-2.3 million, Pinterest – 1.4 – 1.7 million [Dmowski, Przewoźnik 2014, p. 54].

Nowadays a contact of social network users usually takes a form of a virtual nudge – a gesture, an emoticon or graphics – one does not need to respond if the emotions of sender and recipient do not correspond. Acquaintances copy their tweets, purposefully and openly support the views and opinions of those whom they support and imitate [Mac 2012, p. 17]. Hence, activity in social networks is mostly directed at creating an image in a consumer's mind which will be recalled when the time to make a purchasing decision comes [Zaltman 2008, p. 220]. However, it requires such a selection of methods and related tools which will in an optimal way correspond to changes happening in a profile of a contemporary customer and will evolve with them. Consumers will be more and more willing to engage in brands while having their own stories to tell or a life philosophy, a foothold, something they can refer to. People will more easily build relations with brands that they can identify with [Strzelec 2011, p. 9]. Multidimensional character of relations established in social networks and their unconventional character enable a consumer to participate actively in a life of a given brand. The stronger identification with values that a brand carries and its activity in cyberspace, the stronger emotional involvement in a brand. As a result, image and sales potential related to the presence of a brand in social networks is unlimited. Creating positive experiences in the space of social networks allows to integrate a customer's perspective (buyer's satisfaction) with an economic perspective (company's profit). Profits of a company certainly depend on customers' emotional experience with a brand and an ability to manage these relations [Skowronek 2012, p. 108].

However, social networks are not a remedy for every problem and just like sporadic presence in them will not guarantee the confidence and respect of customers for any brand. It is worth remembering that the phenomenon of the Internet significantly goes beyond a set of useful tools for communication and data transmission. A network, while connecting customers gives them common identity, efficiency and power which they have never had before. It causes that brands are forced to listen to the network's voice and establish a dialogue with this specific and demanding community [Cunnigham, Roberts 2012, p. 11]. Knowledge about it and its proper application can become a key factor in the process of building a competitive advantage of contemporary brands.

Consumer Vis-a-vis Brands in Social Media in Light of Own Research

The aim of conducted research was the evaluation of the range of customers' interest in brands present in social networks. The most important point was to identify some reasons for which customers decide to add profiles of brands to their friends as well as their impact on purchasing decisions.

The research was of survey character and was conducted in the period between 21.02.2015 to 30.03.2015. It included a group of students from Łódź colleges (the University of Łódź, the Social Academy of Sciences). The selection of respondents was purposeful. Students besides managerial staff, are the second biggest group of the Internet users (23%), according to the IAB Polska 2014 strategic report. The research was conducted by means of a direct questionnaire whose measurement instrument was a survey questionnaire. It consisted of 26 questions, but 6 of them were demographic questions. They concerned: a gender, a place of residence, a type and subject of studies. Presented results are fragmentary and concern only selected aspects of analysed issues, so their generalizing value is limited. They can indicate only general trends that are the basis for further, detailed research and analyses in this area.

649 students took part in the research and 634 correctly filled questionnaires were accepted for further analysis. Women were a predominant group – 67.35% of respondents. It is definitely connected with the character of both schools which are not technical ones. Nearly 65% were people below 25, which means that they were representatives of Y generation that is associated with innovations in IT technologies. Every fifth respondent was at the age between 35–44. Only 4% of respondents were over 44. The predominant group of respondents were the people whose place of residence were small towns with below 5 000 residents (44.16%) and big cities with over 30 000 residents (31.54%). Then, it can be assumed that they were Łódź inhabitants as well as inhabitants of small towns located in the łódzkie province who started studying in Łódź. A bit over 82% of respondents were students of extramural studies. The prevailing group were students of Management (64.67%). Every third respondent studied Administration and 7% chose Logistics to study. The biggest number of students were first year students of the 1st cycle (44.16%). Every fifth was a student of the first year of the 2nd cycle whereas a bit over 18% of respondents studied at the third year of the 1st cycle studies. The smallest groups comprised students of the second year of the 1st and 2nd cycle studies, 9.46% and 7.89% of respondents respectively.

Among 634 respondents 556 people have their profiles in social networks, which accounts for 87.7% of the subjects. Women prevailed in this group (68% of respondents) and the second biggest group were people at the age below 25 (70.14%) whose place of residence were towns with less than 5 000 residents (44%) and towns with over 30 000 (31%). These respondents studied in extramural mode (79%) and they were students of the first year of the 1st cycle studies (46%).

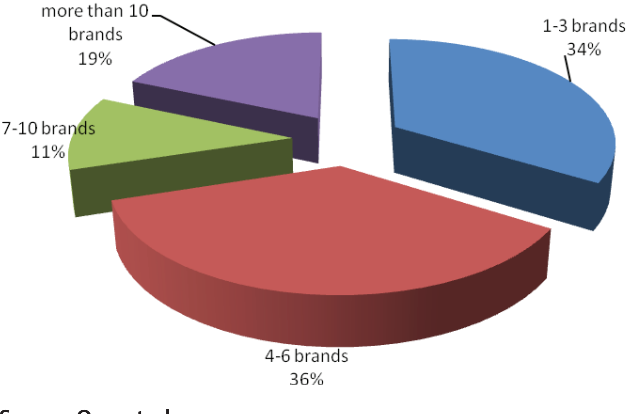
The most popular social network was Facebook, which seems natural taking into consideration the fact that it has been the most popular social network in Poland in recent years. Every fifth respondent used Nasza Klasa, a bit over 11% used Instagram. The remaining social networks (Twitter, Pinterest, Google+, Snapchat) constituted a negligible proportion and did not exceed 4%. The analysis of the layout of responses by the age indicated that as for the two first networks they were popular among respondents from all age groups. The smallest number of respondents confirmed having their profiles among the group at the age of above 44. It can be connected with the phase of their life, habits, attitude to modern technologies which, yet attractive, are only a complementation of their basic everyday activities realized in a traditional way, e.g. meeting with friends. In case of Instagram this network was popular only in the age group below 25. Regarding other respondents there were just a few of them who declared interest in it. It can be related to the character of this website that is a mobile application directed at social networks. It allows to make pictures using mobile devices and to put them immediately in the network as well as to share them with friends through a given community. The network is to a great extent aimed for young people, which is confirmed by the results of the research on this network from 2014 which showed that up to 80% of its users are below 35 (2 million Polish Instagram users, http://www.wirtualnemedia.pl/artykul/2-mln-polskich-uzytkownikow-instagramu-przewazaja-kobiety-mlodzi-i-ludzie-z-miast# (date of access:12.11.2015).

More than ¾ respondents devote maximum three hours a day for their activities in social networks and nearly half of them are active for less than 1 hour. A bit over 15% of respondents devote more than 3 hours for social networks. Nearly 6% had a problem to state explicitly how much time they spend in social networks every day.

The most frequent reason why respondents use social networks was a desire to contact friends, which was indicated by every third respondent. For 27% access to information was important, including information issued by brands, whereas every tenth respondent evaluated social networks as an attractive tool to meet new people. The least important factor was a specific vogue for social media, which seems justified as they have become an integral part of our life, especially in case of Y and Z generations. The phenomenon that is mentioned increasingly often is so-called passive facebooking. The factors that also proved less important included anonymity of responses or a possibility to use social media to create an own image.

Up to 68% of respondents add brand profiles to their friends. A comparative analysis of individual age groups indicated that the biggest inclination is manifested by people at the age below 25 (75.46%). In the subsequent age group comprising people at the age between 25 to 34 the value remained slightly above 17%.

Figure 1. A number of brand profiles that respondents added to their friends



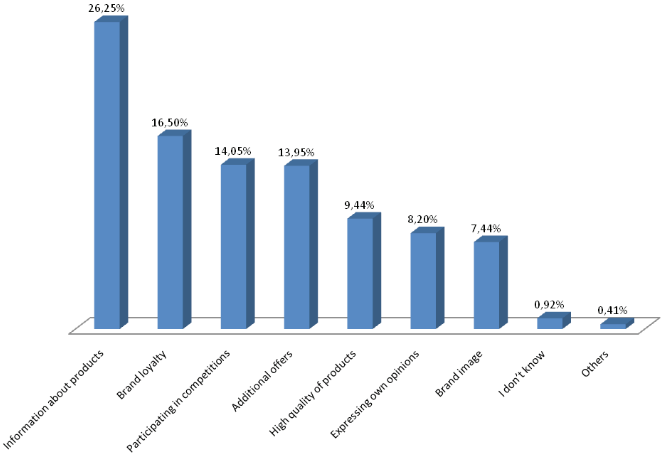
Source: Own study.

36% of respondents declared that they had from 4 to 6 brand profiles among their friends and they were loyal to them, whereas 34% indicated maximum 3 brand profiles. What seems interesting is that nearly every fifth respondent has more than 10 brands among their friends. So, it can be assumed that in this case there must be other factors than brand loyalty, which decide about including a brand to a circle of friends.

Respondents most frequently added profiles of clothing (26.6%) and cosmetic (16.77%) brands. The brands that were the least important in the examined group were profiles of food brands (5.52%) and banks (2.72%). Such a layout of responses can be determined by a profile of respondents participating in the research.

Among the factors that decided about adding a brand profile to a circle of friends the most important one was a possibility to obtain detailed information about a brand and its products, which was issued by the brand itself and its users, which was indicated by every fourth respondent. Other important factors included brand loyalty (16.5%), a possibility to take part in competitions organized by social networks (14%) as well as additional offers aimed especially for brand „fans" (13.9%). The least important factor was a possibility to influence a brand, its decisions and strategies. It may result from the lack of faith that brands can seriously consider opinions of their users and/or is a result of previous negative experiences in this area.

Figure 2. Respondents' reasons for adding a brand to a circle of friends

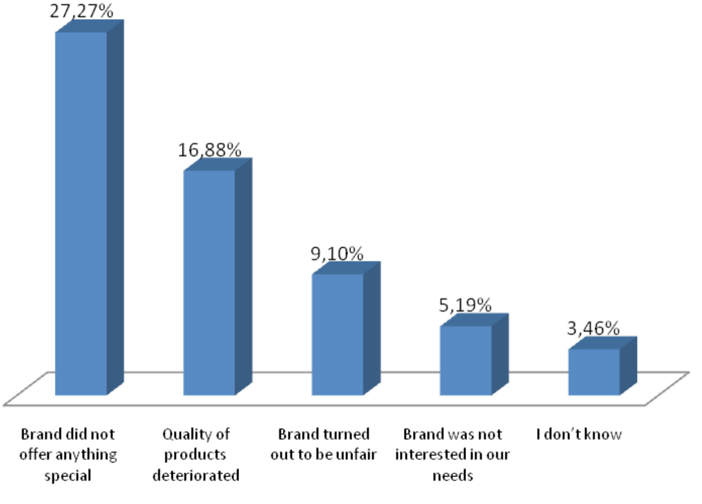


Source: own study.

In the group of people who are „fans" of a given brand about 62% check its profile before making a purchase. So, it can be assumed that it concerns information about a certain product and a way of using it as well as an opinion about it among other users. It means that the content included in a brand profile can prove a key factor in the process of making a decision by a customer. However, at the same time up to 71% do not pay any attention to a number of fans that is shown by a brand in its profile. So, it is not a criterion that influences a decision-making process. It can result from unfair practices that brands use in this area and/or from a growing knowledge of customers who show awareness that what matters for a brand value is not an overall number of fans but a number of active fans. It is them who create its community and provide support also for other users of a brand profile and consumers of its products. The place for this type of interaction is one of the most important elements of a brand profile and can be a factor that determines the effectiveness of activities conducted by a brand through social networks.

Above 47% of respondents who add brand profiles to their friends declared that they happened to remove a brand profile. The most frequent reason for doing that was the fact that the brand did not offer anything special for its „fans" (38.10%) or the quality of products offered by the brand deteriorated (27.27%).

Figure 3. Respondents' reasons for removing a brand profile from a circle of friends



Source: own study.

It means that brands must make a greater effort not only at the stage of attracting a customer and trying to get them in the space of social networks but also while maintaining their mutual relations. Regardless of the level of activity shown by a user of a brand profile, they also read information placed in the profile by other fans and on the basis of that they build their own brand image. The range of delivered incentives can either stimulate or weaken this image. Moreover, it is clearly visible that there are connections between on- and offline markets that mutually generate a synergy effect for a customer. Deteriorating quality of products labeled by a brand or lack of interest in customers' needs in the space of traditional market was reflected in the activity of customers in the cyberspace.

Conclusion

Most of the Internet users take advantage of social networks. Thanks to them they keep in touch with friends, establish business relations or can enjoy various forms of entertainment. Companies/brands realized that they can find customers there and made social networks another channel of marketing communication [Bonek, Smaga 2012, p. 122]. Nevertheless, if they are to be effective in the process of influencing customers they must be based on thorough knowledge about who they are and what expectations they have. It is impossible to expect that the mere presence in the space of social networks guarantees success for a brand. The profile of a modern customer and their evolution that is conditioned by an intensive digitization process, multi-screening or development of mobile technologies definitely require more activity and involvement of brands. Content, authenticity, partnership or interaction permanently entered a set of notions connected with presence of brands in social media. It can be assumed that in the near future the essence of social networks as a place for mutual interactions of consumers and brands will be increasing. However, what will gain more importance will be some tools and methods which will to a larger extent refer to the solutions of real time marketing. We are living in the times of global revolution. It is the social media revolution which causes that every consumer has a voice. This voice is far-reaching and can influence fortunes and strategies of the biggest companies, brands, events or people [Sadowski 2013, p. 15].

Bibliography

Bonek T., Smaga M. (2012), *Biznes w Internecie*, Oficyna Wolters Kluwer Business, Warszawa.

Cunnigham J., Roberts P. (2012), *Zakupy na obcasach*, PWN, Warszawa.

Dmowski K., Przewoźnik A. (2015), *Social media* [in:] IAB Polska, PWC, Raport strategiczny Internet 2014.

Evans L. (2011), *Social media marketing*, One Press, Helion, Gliwice.

Frąckiewicz E. (2006), *Marketing internetowy*, PWN, Warszawa.

Gitomer J. (2011), *Społecznościowy boom*, Helion, Gliwice.

Jaciow M., Wolny R. (2011), *Polski e-konsument, typologia, zachowania*, Helion, Gliwice.

Janasz W., Kozioł-Nadolna K., (2011), *Innowacje w organizacji,* PWE, Warszawa.

Kardaszewski J. (2004), *Narodziny marketing z ducha ekonomii*, Wyd. Słowo/obraz terytoria, Gdańsk.

Kare-Silver de M. (2002), *e-Szok*, PWE, Warszawa.

Kotler Ph., Kartajaya H., Setiawan I. (2010), *Marketing 3.0*, Wyd. MT Biznes, Warszawa.

Mac A. (2012), *E-przyjaciele*, One Press, Helion, Gliwice.

Małachowski A. (red.) (2014), *Marketing w Internecie*, wyd. Akademii Ekonomicznej im. O.Langego we Wrocławiu, Wrocław.

Mazurek-Łopacińska K. (2003), *Zachowania nabywców i ich konsekwencje marketingowe*, PWE Warszawa.

Sadowski M. (2013), *Rewolucja social media*, one Press, Gliwice.

Skowronek I. (2012), *Marketing doświadczeń. Od doświadczeń klienta do wizerunku firmy*, Wydawnictwo Poltext, Warszawa

Stopczyńska K. (2013), *Wykorzystanie experiential marketing w kreowaniu wizerunku marki* [in:] M. Boguszewicz-Kreft (red.), *Trendy i wyzwania współczesnego marketingu*, Prace naukowe Wyższej Szkoły Bankowej w Gdańsku, *Gdańsk*.

Strzelec M. (2011), *Powrót do korzeni*, „Marketing w Praktyce", nr 7.

Świerczyńska-Kaczor U. (2012), *e-Marketing przedsiębiorstwa w społeczności wirtualnej*, Difin, Warszawa.

Zaltman G. (2008), *Jak myślą klienci*, Wyd. Rebis, Poznań.

2 mln polskich użytkowników Instagramu, http://www.wirtualnemedia.pl/artykul/2-mln-polskich-uzytkownikow-instagramu-przewazaja-kobiety-mlodzi-i-ludzie-z-miast# (acces: 12.11.2015).

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **45–56**

Dagmara Hajdys | dagmara.hajdys@uni.lodz.pl
University of Lodz

Evolution of the Market for Public-private Partnership Projects in EU Member States and Poland from 2007 to 2014

Abstract: Poland adopted the first act on public-private partnership (PPP) in 2005, becoming a pioneer among the new members of enlarged European Union in creating laws regulating intersectoral cooperation. Compared with other Member States, the Polish market for PPP projects is in the early stage of development. PPP projects are mainly initiated by local and regional governments, which predetermines their scope and the character of this market. The purpose of the article is to evaluate the Polish market for PPP projects in the years 2009-2014 against other EU Member States and to formulate recommendations for its development.
Key words: public-private partnership, European Union, Poland, market for PPP projects, legislation.

Introduction

In 2015, six years have passed since Poland adopted new acts regulating public private partnerships (PPP) and concessions for construction works or services. The new acts, which became effective in 2009, resulted from the Ministry of Economy's efforts to rectify the public-private partnership act of 28 July 2005 [Act of 2005], called the "old" private-partnership act, the provisions of which were generally recognised as rigid and hindering cooperation between public authorities and the private sector. The new acts proved useful and encouraged public entities to seek private partners and sign contracts through competitive tendering. In legal terms, a public-private partnership is cooperation that a public authority and a private party enter into to deliver a project or a service, where the partners share responsibilities and risks [Act of 2008].

The article was designed to evaluate and compare the PPP market in Poland in the years 2009–2014 with other Member States of the European Union and to formulate recommendations for its development. The main research method employed to fulfil this objective is a synthetic analysis of the legislation governing cooperation between the public sector and the private sector, of selected literature, and of the publications by the European PPP Expertise Centre (EPEC), the Ministry of Economy, and the Ministry of Infrastructure and Development.

1. Public-private partnership in EU Member States

Dynamic development of democratic societies in the 1980s and 1990s revealed that public budgets were insufficient to fund the construction, repair, and exploitation of public infrastructure through which public services were delivered. Because of tight budgets and increasing public demand for public services and tasks, other sources of funding had to be found, as fast rising expectations of societies about the quantity and quality of services and stretched public budgets carried the risk of crises [Herbst, Jadach-Sepioło 2012, p. 6]. The economic and political response to the challenges faced by contemporary market economies was public-private partnership that needed some framework solutions enabling its use to be worked out. A measure of the advancement of the PPP formula [Cenkier 2010, p. 40] is the pertinent legislation, institutional environment, and the number of delivered projects.

The PPP formula has been reached for more and more frequently in the world since 1990s. While in 1997 only five countries (UK, Australia, RSA, Japan and Austria) used cooperation between public authorities and the private sector to deliver infrastructure projects, nowadays most countries of the world use it with a different degree of success.

The PPP formula is strongly supported by the European Commission. An illustration of the EC's commitment to promoting public-private partnerships is the documents and recommendations it has issued on this subject. The most important of them are Guidelines for Successful Public-Private Partnerships [2004], Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions [2004] and 2 communications: "**Commission Interpretative Communication on the application of Community law on Public Procurement and Concessions to Institutionalised Public-Private Partnerships"** [EC Communication of 2008] and "Mobilising private and public investment for recovery and long term structural change: developing Public Private Partnerships" [EC Communication 2009]. With all the importance that is attached to public-private partnerships, no rigid laws regulating them have been adopted at the EU level. PPP is generally viewed as a model of cooperation operating on free-market rules, in which the providers are selected through open tendering according to the same laws that apply to public procurement or concessions. The aforementioned documents represent so-called soft legislation and are treated as a sort of a signpost facilitating the delivery of projects [Hajdys 2013, p. 43].

In the wake of the recent global economic and financial crisis, the EU authorities and the governments of Member States turned their attention to the investment potential contained in the PPP formula. As one of the measures undertaken to restore financial and economic stability, the cooperation between public authorities and the private sector can be a strong incentive for initiating infrastructure projects. In the reports by the European Investment Bank and the European PPP Expertise Centre [European Investment Bank 2010, EPEC 2014], the size of the EU market for PPP projects is presented through their value and number. Between 2007 and 2014, there were years when the two indicators were going up and down. Single periods of growth took place in 2010 and 2013. The reason for the decreasing volume of PPP projects in the Member States was volatility of economic and financial conditions and a very restrictive attitude of the banks towards lending. In table 1, PPP projects completed in the European Union are presented in terms of numbers and values.

Table 1. The numbers and values of PPP projects in European Union, years 2007–2014

Specification	Years							
	2007	2008	2009	2010	2011	2012	2013	2014
Value of projects (€ bn)	29.5	24.1	15.1	18.3	17.9	11.7	16.3	18.7
Change in value (%)	x	-19.0	-37.3	21.1	-2.2	-35.0	39.0	15.0
Number of projects	136	115	83	98	98	76	92	99

Source: developed by the author from *Market Update Review of the European PPP Market*, **years 2009-2014, European PPP Expertise Centre, Public-private partnerships in Europe – before and during the recent financial crisis, European Investment Bank, July 2010, p. 7 [online], www.eib.org/epec/resources/efr_epec_ppp_report1.pdf, accessed on 9 Nov. 2015.**

The value of PPP projects was the lowest in 2009 when the economies of all Member States were hit by the global crisis, but as soon as 2010 their number and value increased by 18% and 21%, respectively. In the next two years, the number of PPP projects declined against. In 2013 and 2014, the private sector increased its financial commitment to the public sector projects, but this hardly marked a regular trend, because in 2014 their value was lower than in 2013, even though their number was higher.

According to the European Commission [EC Communication 2009, p. 11], the numbers of projects delivered through intersectoral collaboration declined for the following reasons:

- less favourable conditions of PPP loans offered by banks because of their different perspective on risks involved in PPP projects,
- some governments choosing to reduce the range of PPP programmes or suspend them,
- limited availability of loan funds to PPP projects, because of the collapse of lending activity,
- shorter repayment periods for PPP loans offered by banks,
- banks refusing to release the granted funds until a tendering procedure is closed.

An unquestionable leader in the EU market for PPP projects is the United Kingdom, with 980 projects accounting for 23% of all public projects completed from 1992 [Grzybowski 2013, p. 63]. Other countries that successfully used partnership cooperation to deliver public tasks were France, Germany, Spain and Ireland (table 2).

Table 2. EU Member States with the highest numbers and values of PPP projects (€ million) in 2010-2014

Country	2010		2011		2012		2013		2014	
	number	value	number	value	Number	value	number	value	number	Value
UK	43	3800	27	3100	26	5800	12	3400	23	6500
France	18	1700	18	11000	22	3900	2	200	10	850
Germany	14	400	16	1800	6	200	1	100	7	1300
Spain	13	4000	6	900	3	350	2	250	5	800
Portugal	4	3100	x	x	3	100	x	x	x	X
Ireland	2	300	x	x	3	150	1	190	3	900
Belgium	5	1800	6	1000	3	200	x	x	3	1200

Source: developed by the author from *Market Update Review of the European PPP Market,* **years 2009-2014, European PPP Expertise Centre, [online] www.eib.org/epec/resources/efr_epec_ppp_report1.pdf, accessed: 9 Nov. 2015.**

The EPEC reports show that public-private partnerships are used to deliver technical infrastructure (motorways, expressways), as well as in social areas such as education or healthcare. In countries which are the leaders in PPP, most projects completed between 2010 and 2014 related to education (95), transport (78), healthcare (50) and environmental protection (27). In table 3, the structure of PPP projects by sector of the economy is presented.

Table 3. The sectoral distribution of PPP projects in EU Member States, years 2010–2014

Sector	2010	2011	2012	2013	2014
Education	37	22	18	4	14
Transport	24	12	13	7	22
Healthcare	18	5	8	4	15
Environmental protection	2	7	4	7	7

Source: developed by the author from *Market Update Review of the European PPP Market,* **years 2009-2014***,* **European PPP Expertise Centre, [online] www.eib.org/epec/resources/efr_epec_ppp_report1.pdf, accessed: 9 Nov. 2015.**

As the data show, the EU Member States clearly differed in the use of the PPP formula in the years under consideration, the causes of which should be sought in the unstable economic and financial situation that followed from the global crisis. Many countries made cuts in public investments, scrapping also projects intended for the PPP formula. In order to improve the situation**,** government guarantees (France, Belgium, Portugal, etc.) and new instruments for public sector debt management (UK and Germany) were introduced [EC Communication 2009, p. 11].

2. Public-private partnership in Poland

Public-private partnership has become today one of the most widely discussed and promoted vehicles for delivering public tasks. Its special importance is determined by rising aspirations of people that expect to receive more services of better quality in the situation when public budgets are stretched. Public authorities are therefore forced to actively seek and implement new solutions to fulfil their mandatory tasks without straining their budgets and increasing public debt. The public-private partnership act of 2005 was meant as a „remedy" for the financial problems of the public sector and infrastructure deficiencies, but turned into „a hollow law". The blame for this was placed on the complicated preliminary procedures that required public authorities to perform costly and time-consuming analyses to demonstrate that the PPP formula had advantage over more classical approaches provided in the public procurement law. Another impediment was legal barriers, such as a lack of appropriate secondary legislation and of standard tender documents for the procurement of private partners to public-private partnerships. All these problems caused that not a single project was initiated, despite many attempts at forming partnerships made in the years 2005–2008.

Sharp criticism made the Ministry of Economy initiate work on new legislation that brought the enactment of two separate acts at the turn of 2009. One applied to public-private partnerships [act of 2008] and the other one regulated concessions for construction works or services [act of 2009]. Both of them largely facilitated the conclusion of PPP contracts, making public authorities and the private sector more interested in long-term cooperation and contributing to the conclusion of PPP contracts. Between 2009 and 2014, a total of 342 announcements involving PPP projects were published in the Public Procurement Bulletin or the Official Journal of the European Union and following that 82 contracts were signed (table 4).

Table 4. The structure of announcements inviting tenders for PPP projects or concessions in Poland, years 2009–2014

Specification	Years					
	2009	2010	2011	2012	2013	2014
No. announcements published	44	61	43	77	72	45
No. of agreements made	1	15	18	15	17	16
Success rate (%)	2.2	24.5	41.8	19.5	23.6	35.5

Source: **developed by the author from** *Raport PPP. Rynek partnerstwa publiczno-prywatnego i koncesji w Polsce w 2014 r. na tle stanu obowiązującego w latach 2009–2013*, **Ministerstwo Gospodarki, Warszawa 2015, p. 4.**

The demand for the private providers of public tasks was the highest in the years 2010–2013, because persisting crisis, tight budgets and mounting public debt forced public authorities to be more active in seeking less standard sources of finance for public projects. The effectiveness of the PPP formula understood as a ratio between the number of projects that are respectively announced and concluded clearly increased. It was the highest in 2011, when 18 contracts for PPP projects were signed. The causes of the increase were formal as well as organizational. On the one hand, with the simplification of the preliminary arrangements it became it easier for public entities to set up and carry out tendering procedures for private partners and, on the other, the awareness and knowledge of this solution was increasing among the members of public administration. Another factor that is worth mentioning was the active involvement of the representatives of the Ministry of Economy and of the Ministry of Infrastructure and Development in promoting the PPP formula and providing advisory support.

The biggest beneficiary of the actions taken to set the stage for public-private partnerships was the units of territorial self-government. It can even be said that the PPP market in Poland is dominated by them. The most active players were municipalities that between 2009 and 2014 announced 189 projects leading to the conclusion of 46 contracts. Other major players were towns with county status (64 announcements and 7 contracts), county offices (14 and 8), and Regional Marshal's Offices (12 and 8). Other entities in the public finance sector were definitely less active in seeking private partners for their projects (table 5).

Table 5. The structure of announcements and contracts for PPP projects and concessions in Poland by type of awarding entity and number, years 2009–2014

Entity	Announced tenders for PPP /concessions		Signed contracts for PPP / concessions	
	Number	Share (%)	Number	Share (%)
Units of territorial self-government, including: -urban municipalities -rural municipalities -urban and rural municipalities -towns with county status -county offices -Marshal's offices	253 89 55 45 38 14 12	74.00 26.03 16.09 13.16 11.12 4.09 3.51	63 16 16 14 7 2 8	76.83 19.51 19.51 17.08 8.53 2.44 9.76
Budgetary units	35	10.22	8	9.75
Municipal companies	20	5.90	3	3.65
Independent public healthcare establishments	9	2.63	2	2.45
Tertiary education institutions	6	1.74	2	2.45
Government administration	5	1.45	3	3.65
Foundations	2	0.57	0	0.00
City district offices	2	0.57	0	0.00
Others	10	2.92	1	1.22
Total	342	100.00	82	100.00

Source: developed by the author from *Raport PPP. Rynek partnerstwa publiczno-prywatnego i koncesji w Polsce w 2014 r. na tle stanu obowiązującego w latach 2009-2013*, **Ministerstwo Gospodarki, Warszawa 2015, p. 14.**

The most determined in seeking the private providers of public tasks were the units of territorial self-government with a share of announcements and contracts exceeding 70%, and then budgetary units (10% of contracts), municipal companies (3%) and independent public healthcare establishments (2%).

The PPP formula can be used to deliver projects in different sectors of the economy (table 6). In the period under consideration, the sport and recreation sector with 77 announcements and the highest number of contracts – 11 – was evidently the most popular. J. Hausner [Hausner 2013] points to a political purpose underlying decisions on the construction of sport and recreation facilities, which are more popular with the public than other projects are.

Technical infrastructure projects falling under the statutory responsibilities of local authorities that drew less interest included parking lots (33 announcements and 4 contracts) and municipal infrastructure with water and sewage systems and power (more than 20 announcements and, respectively, 6, 9 and 4 contracts). The ITC infrastructure with 16 announcements and 10 contracts was apparently interesting too. A noteworthy phenomenon was the high interest in social projects relating to education and healthcare, but the comparatively high number of announcements (21 for education and 23 for healthcare) was followed by few contracts (6 and 4), showing problems with raising the necessary funding. It seems, however, that local governments which are the main force driving public-private partnerships will be gradually entering into new areas with their projects as they gain more experience.

Table 6. Numbers of tendering procedures involving PPP/concessions and of concluded contracts by branch, years 2009–2014

Branch	Number of procedures initiated in relation to PPP/ concessions	Number of contracts concluded in relation to PPP/ concessions
Sport and recreation	77	11
Parking lots	33	4
Municipal infrastructure	25	6
Water and sewage systems	25	9
Power sector	23	4
Healthcare	23	4
Education	21	6
Thermal efficiency improvement	19	8
Tourism	19	4
Transport infrastructure	17	7

ICT infrastructure	16	10
Waste management	11	4
Urban infrastructure	10	1
Services	7	1
Revitalisation	5	2
Culture	4	0
Others	7	1

Source: developed by the author from *Raport PPP. Rynek partnerstwa publiczno-prywatnego i koncesji w Polsce w 2014 r. na tle stanu obowiązującego w latach 2009-2013*, **Ministerstwo Gospodarki, Warszawa 2015, pp. 10–12.**

Poland has modest experience in delivering public tasks through public-private partnerships. Ten years from the introduction of the PPP legislation, the market is still in the early stage of development. The use of this formula could be boosted by large-scale projects initiated by the state administration, because they would provide an opportunity to develop good practices eliminating risks constraining the expansion of this market.

Conclusion

EU experiences with public-private partnerships leave no doubt that they can increase the quality of services, make their delivery more efficient, reduce lead times and improve the allocation of risks compared with traditional solutions. The National Audit Office (NAO) indicates in its report of 2003 that 76% of PPP projects were put into operation on schedule, but only 30% of those that were implemented in the same period based on the public procurement system [National Audit Office 2003].

Poland has pioneered the adoption of legislation regulating public-private partnerships among the new Member States of the EU. In the last ten years, many scientific, economic, expert and political communities gave their support to continued development of the PPP formula. They generally agree as to the urgency of incorporating public-private partnerships into Polish practice and of increasing the number of PPP projects. It is stressed today that not only should favourable climate for PPP be created and wide access to promotional and advisory services be ensured, but also that the authorities and the central government administration need to actively participate in the delivery of projects utilising intersectoral cooperation. The number of contracts that have been concluded so far clearly indicates that the Polish market for PPP projects is still undeveloped compared with its counterparts in other Member States. Its expansion could be accelerated by large, flagship projects enabling the development of good practices for public authorities and private sector to enter into cooperation more easily. Tight budgets, mounting public debt and the influx of EU funding ending with the 2014–2020 perspective should be factors encouraging a wider use of the PPP formula.

Bibliography

Cenkier A. (2010), *Partnerstwo publiczno-prywatne w Polsce w warunkach nowych regulacji prawnych*, „Studia i Prace Kolegium Zarządzania i Finansów", z. 104, SGH, Warszawa.

Grzybowski W. (2013), *PPP – realia czy mrzonki?*, „Przegląd Komunalny", nr 1.

Hajdys D. (2013), *Uwarunkowania partnerstwa publiczno-prywatnego w finansowaniu inwestycji jednostek samorządu terytorialnego*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź.

Hausner J. (red.) (2013), *Raport o partnerstwie publiczno-prywatnym w Polsce*, Centrum PPP, Warszawa.

Herbst I., Jadach-Sepioło A. (2012), *Analiza potencjału podmiotów publicznych i przedsiębiorstw do realizacji projektów partnerstwa publiczno-prywatnego*, PARP, Warszawa.

Komisja Rynku Wewnętrznego i Ochrony Konsumentów (2004), *Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions*, Pe 374.146v01-00, Bruksela.

Komisja Europejska (2004), Guidelines for Successful Public-Private Partnerships, COM (2004) 327, Bruksela.

Komunikat wyjaśniający Komisji w sprawie stosowania prawa wspólnotowego dotyczącego zamówień publicznych i koncesji w odniesieniu do zinstytucjonalizowanych partnerstw publiczno-prywatnych (2008), Dziennik Urzędowy Unii Europejskiej, 2008/C91/02.

Ministerstwo Gospodarki (2015), *Raportu PPP. Rynek partnerstwa publiczno-prywatnego i koncesji w Polsce w 2014 r. na tle stanu obowiązującego w latach 2009-2013*, Warszawa.

National Audit Office (2003), *PFI: Construction Performance*, HMSO, Londyn.

European Investment Bank (2010), *Public-private partnerships in Europe – before and during the recent financial crisis*, [online] www.eib.org/epec/resources/efr_epec_ppp_report1.pdf.

Ustawa z dnia 9 stycznia 2009 r. *o koncesji na roboty budowlane lub usługi*, Dz. U. 2009, Nr 19, poz. 101 ze zm.

Ustawa z dnia 19 grudnia 2008 r. *o partnerstwie publiczno-prywatnym*, Dz. U. 2009, Nr 19, poz. 100 ze zm.

Ustawa z dnia 28 lipca 2005 r. *o partnerstwie publiczno-prywatnym*, Dz. U. 2005, Nr 169, poz. 1420.

Komunikat Komisji do Parlamentu Europejskiego, Rady, Europejskiego Komitetu Ekonomiczno-Społecznego oraz Komitetu Regionów (2009), *Wspieranie inwestycji publiczno-prywatnych krokiem w kierunku naprawy gospodarki i długoterminowej zmiany strukturalnej: zwiększanie znaczenia partnerstw publiczno-prywatnych,* Bruksela.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **57–66**

Radosław Pastusiak | rpastusiak@uni.lodz.pl
University of Lodz
Magdalena Jasiniak
University of Lodz
Ewa Feder Sempach
University of Lodz

Managerial Succession and Corporate Effectiveness. Review of Research Trends

Abstract: The main goal of this article is to analyze stocks price reaction and company`s performance to changes in management authorities. Analysis of major international and Polish trends have been discussed. Depending on the location we may observe diversities in management policy and the different political commitment of managers. As things are, the rotation of managerial positions is not directly related to the economic situation of the company. In addition, supervisory board`s role is significantly different. It could control or only advise the managers. The biggest influence on stocks prices or effectiveness of the company has the management board dismiss reason. We cannot observe reactions in share prices if the management board tenure is ending or its voluntarily dismiss. However, in the event of the forced dismiss the share price reaction depends on the company situation. The shares rise or fall, if it was a surprise. It is important to stress that we can find a number of gaps in conducted research. The research related to demographic, cultural or religious characteristics versus company`s management efficiency are insufficient.
Key words: managerial succession, corporate effectiveness, CEO dismiss, company effectiveness.

Company management is one of the key factors related to company success. Company is managed by board of directors or top management team. The economy reality shows that Chief Executive Officer (CEO) and board of directors as well influence firm value. Lack of CEO who understands business and has a vision of company growth results in firm value depreciation. Additionally, the listed companies stock market analysis indicate that the CEO succession causes correction of quotations from –5% to – 12%. Therefore, it can be assumed that key person, who has a vision of company development strategy and sets the directions of its implementation, influences the company performance.

These issues are widely represented by numerous studies related with company effectiveness analyses in the context of company ownership structure, personal changes within board of directors, managers' personality analyses and CEO performance, their impact on behaviour within the organization and general role of man as a manager and key resource leading to company success.

The purpose of this article is to synthesise the results of previous studies in the field of public companies efficiency in term of financial results and change of quotations in the context of board of directors and CEO performance. The analysis examined the literature studies reflecting on corporate governance influence on stock prices and long-term company effectiveness. Additionally the analysis will include the role of supervisory board.

The phenomena associated with corporate governance have a very dynamic and big influence on business. Taking into consideration CEO tenure expiration and changes in board of director's structure, it may be assumed that such changes are driven by the idea of company improvement but it may appear to be not necessarily true. In case of state-owned companies, that is often an example of political swag, the phenomena called "position carousel" is a fact and is not relevant to care about company effectiveness or effectiveness of previous board performance.

Moreover, changes in company management are also affected by other factors. We expect that due to conducted analysis main trends of research in this field will be highlighted and we will be able to recommend certain actions, indicate the research gaps and directions of further studies in the field analysed. The article compares the studies conducted in Poland to international ones.

The article structure is as follows. In the initial part of the study, studies concerning the overall company situation after changes in board of directors were analysed. This part includes ownership structure and management efficiency analysis. Next, studies concerning the role of state in board and company performance were described. Another research area was the change of quotations as a reaction to company key person departure and the dynamic of changes in board on the example of Polish companies. Finally, issues mentioned above are discussed in international context, especially: the influence of CEO dismissal on quotations, employment of politically involved managers in board of directors.

The article ends with conclusions and recommendations for further studies concerning the importance of management in shaping the company efficiency.

The effects of board and CEO performance - literature studies

The relation between company profitability measured by various indicators and changes in board of director's structure are widely discussed in the field of finance and management, sociology and even psychology. The impact of changes in board of director's structure in private and public companies on corporate governance and companies' effectiveness is analysed in various context.

Alchuna [2007] studied the relation between the ownership structure and corporate governance on the Polish companies' example. Shareholders aim for influencing the companies' decisions through representation on the boards (supervisory directors) or by delegating authorities or their representatives. It was proved that:

- companies achieve better ROE and EBIT values with increasing shares held by majority shareholder(s) what is caused by realization of their interests at the expense of minority shareholders. However, when the ownership concentration is too excessive this effect is decelerated,
- companies owned by domestic capital are more profitable in terms of ROA, ROE and ROS than companies owned by foreign capital what states in contrast to previous literature studies,
- companies, in which managers have from 34% to 54% shares, achieve better values of ROE and EBIT indicators.

Additionally it was also noticed that companies established after 1989 are more profitable in comparison to privatized companies what might by explained i.a. by better companies entrepreneurial, not burdened by experiences of past management and production systems.

Bartkowiak and Borkowski [2013] studied the case of Polish companies with the participation of local governments units. Authors analysed the corporate management and governance system with expectation that these companies are highly profitable. However, the rotation in management position is high as a result of "managerial capitalism" and added value appropriation by managers. In addition, Authors identified the "symbolic" corporate governance. Directors limit their activities and commitment to deal with company matters as there is no motivation because of limited impact on company performance due to short time of being on such position. The influence of corporate governance is negligible or even illusory.

Jeżak [2012] focused his studies on supervisory boards in Polish corporation, coming into conclusions that its capabilities are too little in current model of corporate governance.

Bielicki [2013] described the reactions of key person departure. He came to conclusions that most important are reasons of this resignation. Voluntary resignation does not result in significant changes in stock prices and does not cause any conflict situations. Author speculates that market reactions on key person resignations in case of companies with significant share of the state may differ from companies with private capital. Additionally, there is a risk that some confident information is known before the public announcement.

Urbanek [2010] studied human resource policy on the case of Polish companies listed on Warsaw Stock Exchange. The most important conclusion is that position occupied by the company top managers is not stable. Changes on CEO position are relatively common, especially when the period given is longer than one year. The scale of these changes is higher than in other countries as well as their distribution in different years. Polish listed companies experienced the highest turnover rates for the year 2007, when the position was lost by nearly every fourth CEO. The comparable rate in European and American listed companies did not exceeded 20%. It is interesting that in 2008, when the effects of the economic crisis were more intense to the companies (like declines in sales and profitability) and to shareholders (decline in market value), the phenomena is no different from those observed in previous years.

Marchewka [2013] conducted research on company effectiveness in the context of demographic characteristics of managing authorities. According to upper echelons paradigm [Hambricks, Mason 1984], the effectiveness of senior management authorities directly dependent on the group processes course and indirectly from the structural characteristics of board, influences the company effectiveness.

The issues mentioned above are widely described in foreign studies. Farrukh et al. [2015] analyzed the influence of the size and composition of the supervisory board and CEO on ROA. It showed a positive relationship between Return on Assets (ROA) with board size and negative relationship between ROA with CEO Status. Relationship between CEO`s age and the company's results was also studied. Future company performance and managerial experience measured by age were analyzed. Numerous studies indicate that the age of CEO and the career horizon and tenure affect the financial results of the company. Young managers are trying to implement new risky strategies to increase the profitability of their companies. Young CEO with the prospect of staying on the position is willing to take riskier projects in order to increase the profitability of the company in the future than the director, who is older. The survey also indicated the relationship between CEO tenure, experience and the number of stocks that he holds in the managed company [McClelland, Barker, Oh 2013].

Another issue analyzed was the impact of CEO on the price of stocks on the market [Ertugrul, Krishnan, 2011]. Study made on US companies (S&P500) shows that CEO dismissal caused the changes in stock returns in the period 1996–2008. It turned out that the dismiss of CEO is most often caused by scandals and suggestions of involvement in unethical or illegal activity or low-skilled management and decreases in the value of the company. Authors analyzed the cross-section of stock returns prior to CEO dismissal and the possibility that certain CEOs may be dismissed before the company experiences drop of share prices. They also taken into account the time of CEO dismissal whether it was long or short. Little is known about the factors driving the decision of when in the continuum of stock price performance the board of directors decides to dismiss the CEO. Empirical evidence prompts that there is a significant amount of variation in the stock returns of company prior to the CEO dismissal. Results support two solutions regarding early dismissals: First, early dismissals are likely to be a result of unethical activities; and second, early dismissals are likely to be proactive actions by well incentivized directors to remove inadequate CEOs. Also Dewally, Peck [2010] analysed the motives and circumstances surrounding the decision to announce the resignation within board of directors. Additionally Authors found it as an another corporate governance mechanism to pressure management to act in shareholders' interests.

Hamadi, Heinen [2015] considered the effect of large controlling shareholders on Belgian listed firm performance. Results indicated that the effect of ownership of the largest shareholder on firm performance is positive. The analysis also showed that the effect on company performance varies depending on the size of ownership stakes. Especially in case of family firms, when CEO is or is not a family member, there are derogations from the linear relation. Maquineira, Espinosa, Vieito [2011] focused on the relation between ownership diversification and company performance on the Chilean firm example. Authors found that more diversified companies perform better, especially when the ownership is held by three major shareholders. Such results are in contrast to previous studies that usually indicated negative relationship between diversification and performance [f.e. Lefort and Walker 2005].

Antia, Pantzalis and Park [2010] aimed at investigating the effect of top managers' myopia on firms' market valuation. According to authors, the average CEO tenure has decreased over the last 20 years from about 8 to less than 4 years. As a result CEOs are at strong pressure to deliver the results in limited time. Additionally, the CEO's decision horizon and the stakeholders' investment horizon differ what strengthens the agency conflicts. Due to expected tenure, managers simply tend to place less attention to cash flows occurring after they employment time horizon. The empirical tests indicated that shorter CEO horizon is associated with more agency costs, lower firm valuation and higher level of information risk. Also Brookman, Thistle [2009] studied the CEOs' risk of termination, its effects and determinants on firm value. According to authors, better company performance increases expected tenure. Hou, Li, Priem [2013] examined the effects of CEO compensation and tenure in determining multinational corporations' equity ownership in international joint-venture agency theory, upper echelons theory and transaction cost theory. Study is mainly concentrated in analysing this phenomena in the context of relation between R&D intensity and equity ownership in international joint-ventures in high-tech industries. Authors indicated that there is a positive relationship between R&D intensity and equity ownership in international joint-venture companies and that CEO tenure and compensation types moderate this relationship.

One of many analyzed problems is the issue of employment in key positions people politically involved. This concerns mainly the companies where majority owner is the state. Fan'a, Wong'ai Zhang [Fan Wong, Zhang, pp. 330–357] performed a study of Chinese companies with politically connected CEOs who underperform those without politically connections by almost 18% based on three-year post IPO stock returns. In addition, on the first day of IPO share of the companies managed by people with political involvement was lower than those fully private. Also accounting performance indicators were compared, findings were consistent with the theory of "grabbing hand" [Shleifer, Vishny, pp. 1–288]. He, Wan, Zhou [2014] found a positive and statistically significant relation between stock market reaction and CEO succession on the Chinese market example. Authors noticed that Chinese stock market value political connections. Authors noted positive cumulative abnormal returns when: CEO succession is accompanied with increased political connections, the successor is an outsider, firm is underperforming, firm operates in traditional industry and is located in less developed region what supplements previous literature studies. However, the effect of political connections on the firm value is especially salient for underperforming firms, firms located in less developed regions and competing in traditional industries.

Another problem in state-owned companies is the Principal-principal Conflict (Principal-principal PP) –refers to the conflicts between two classes of principals – controlling shareholders and minority shareholders [Dharwadkar et al. 2000; Young et al. 2008]. This problem came out between a private owner and the minority public owner. Such companies are referred as conservative and lower risk taking if they were fully private. In general, the company owned by the state is seen as less efficient and privatization without the transfer of complete power to private investors does not lead to optimal growth [Uddin, pp. 322–339]. **Chen [2013**] examined the relation between managerial ownership and changes in firm value and the effects of changes in managerial ownership on company profitability. The results indicate that ownership adjustment (caused by deviations from the optimal level – increasing for below – optimal deviations or decreasing for above – optimal deviations) raise firm Q-Tobin's significantly. Managers tend to maintain a comparative advantage in controlling the process of changes in ownership structure.

Conclusions

Conducted literature review indicates high importance of the problem related to companies' efficiency in the context of CEO and board of directors' performance. There are some issues worth highlighting:

- the reaction of stock prices on key person departure,
- changes in company effectiveness after key person departure,
- reasons of key person departure and their effects on company performance (voluntary and non-voluntary),
- political engagement of CEO,
- size of the board, its specialization and size of supervisory board,
- demographic characteristics of board of directors as age, sex, education,
- period of board tenure.

Undoubtly, there are several areas that are directly related to company management as reason of CEO departure. In case of typical succession no significant changes in stock prices or company profitability are observed. Earlier leave, often non – voluntary, is caused by unsatisfactory company's financial results. Literature points the importance of CEO departure in case of appearing abnormalities of effectiveness. However, even then, the stock prices react in different ways. Some of companies gain and some loose on its value. However, still the changes in quotations are important.

Some studies highlight the importance of increasing trend in board of directors' turnover in state-owned companies, especially in China and developing countries what is strongly associated with changes in country policy – not economic company situation. This mean that to ensure the continuity of company management it is necessary to build strong middle – management team which will carry the operational actions and execute the strategic decisions of the board. The terms of company performance in this sphere have to ensure stability at this level of management.

An important part of conducted analysis is the role of supervisory board in corporate governance. There are a few approaches and individualized norms of behaviour. Namely, in case of strong concentration of company ownership, the supervisory board is merely advisory not a control body. It is common in case of companies with a distinct ownership, where the role of the manager and the owner permeates each other. In case of more fragmented shareholder structure, the mandate of a member of supervisory board provides rights to control activities (especially in the United States). Moreover, the role of supervisory board is also related to corporate culture and country where company is established. In case of cultures characterized by high importance of informal pressure groups or heavily politicized state-owned companies, the control function of supervisory board almost does not exist or is strongly impaired.

It is important to stress that we can find a number of gaps in conducted research The research related to demographic, cultural or religious characteristics versus company`s management efficiency are insufficient.

References

Aluchna M. (2007), *Struktura własności a efektywność przedsiębiorstwa. Przypadek polskich spółek giełdowych*, „Studia i Prace Kolegium Zarządzania", 59, 59–82

Bartkowiak P., Borkowski M. (2013), *Tendencja zmian osobowych w organach spółek z udziałem jednostek samorządu terytorialnego*, Zeszyty Naukowe Uniwersytetu Szczecińskiego. Finanse. Rynki finansowe. Ubezpieczenia (64, T. 1), 297–307.

Bielicki R. (2013), *Reakcje rynku na odejście z firmy osoby kluczowej*, Zeszyty Naukowe Uniwersytetu Szczecińskiego. Finanse. Rynki finansowe. Ubezpieczenia, (64, T. 1), 309–316.

Brookman J., Thistle P. D. (2009), *CEO tenure, the risk of termination and firm value*, "Journal of Corporate Finance", 15(3), 331–344.

Chen M.Y. (2013), *Adjustments in managerial ownership and changes in firm value*, "International Review of Economics & Finance", 25, 1–12.

Dewally M., Peck S.W. (2010), *Upheaval in the boardroom: Outside director public resignations, motivations, and consequences*, "Journal of Corporate Finance", 16(1), 38–52.

Ertugrul M., Krishnan K. (2011), *Can CEO dismissals be proactive?*, "Journal of Corporate Finance", 17(1), 134–151.

Fan J.P., Wong T.J., Zhang T. (2007), *Politically connected CEOs, corporate governance, and Post-IPO performance of China's newly partially privatized firms*, "Journal of financial economics", 84(2), 330–357.

Farrukh S., Naveed A., Zeeshan F., Bushra Z., Faisal N. (2015), *Corporate Governance Impact on Firm Performance: Evidence from Cement Industry of Pakistan*, "European Researcher", Vol. (90), Is. 1.

He L., Wan H., Zhou X. (2014), *How are political connections valued in China? Evidence from market reaction to CEO succession*, "International Review of Financial Analysis", 36, 141–152.

Hou W., Li S., Priem R.L. (2013), *How do CEOs matter? The moderating effects of CEO compensation and tenure on equity ownership in international joint ventures*, "Journal of International Management", 19(2), 138–151.

Hamadi M., Heinen A. (2015), *Firm Performance when Ownership is very Concentrated: Evidence from a Semiparametric Panel (No. 201502)*. Centre for North South Economic Research, University of Cagliari and Sassari, Sardinia.

Hambrick D., Mason P. (1984), *Upper Echelons: The Organization as a Reflection of Its Top Managers*, "The Academy of Management Review", Vol. 9, no 2.

Jeżak J. (2012), *Rada nadzorcza w procesie kreowania wartości spółki–potrzeba zmian modelowych i organizacyjnych*, „Zarządzanie i Finanse", 4(1), 237–250.

Lefort F., Walker E. (2000), *Ownership and capital structure of Chilean conglomerates: Facts and hypotheses for governance*, "Abante", 3(1).

Maquieira C.P., Espinosa C.E., Vieito J.P. (2011), *Corporate Performance and Ownership Structure: Empirical Evidence for Chile*, "Quarterly Journal of Finance & Accounting", 75–96.

Marchewka M. (2013), *Struktura organów władania korporacyjnego a efektywność przedsiębiorstwa*, „Zarządzanie i Finanse", 2(6), 331-344.

McClelland P.L., Barker V.L., Oh W.Y. (2012), *CEO career horizon and tenure: Future performance implications under different contingencies*, "Journal of Business Research", 65(9), 1387–1393.

Shleifer A., Vishny R.W. (2002), *The grabbing hand: Government pathologies and their cures*, Harvard University Press.

Uddin M. H. (2016), *Effect of government share ownership on corporate risk taking: Case of the United Arab Emirates*, "Research in International Business and Finance", 36, 322–339.

Urbanek P. (2010), *Rotacje zarządów polskich spółek publicznych w warunkach kryzysu gospodarczego*, „Gospodarka Narodowa", nr 1-2, 19–34.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **67–77**

Joanna Sułkowska | jsulkowska15@wp.pl
University of Social Sciences

Health Management – Definition and Description of the Concept

Abstract: The paper presents a theoretical model of health management. It begins with an attempt to answer the question of whether or not to use a different management concept, to a large number of previously developed definitions of organization and management. The article proposes its own model of health management system based on the concept of the organization. The concept is a starting point to conduct empirical research methods of health management.
Key words: management, health management, public management

'Doctors who look after the sick should necessarily understand what a man is, what life is and what health is, and how the harmony of the elements support life'
Leonardo da Vinci

Introduction

The article is a preliminary attempt to describe a theoretical model of health management. Its beginning is an attempt to find a place for the concept of health management in the world of numerous, describing other areas, definitions of organization and management. This attempt involves a broad review of models of health management present in the world literature. Theories of health management in the Polish bibliography are relatively rare, which gives scope for their wider discussion. The rest of this article proposes preliminary analysis of health management model based on the concept of system organization. This is a starting point for conducting empirical research using methods of health management.

The final part of the considerations presents an evaluation of potential research projects and methods of studying health management.

The health management is a new understanding of a conception and method of management in an important social field. The article focuses on proposing definitions of health management which may be the starting point of research concerning the issues of management and health care.

Health Management in the Light of Other Management Concepts

In the literature of organization and management a plurality of definitions can be found that describe different areas. The most classic descriptions of the methods of management focus on organizations, businesses. Later, there appeared new perspectives on management concerning various subjects. The focus of research has become a man in the organization. Nowadays, one can find descriptions of management not only organizations, but also of culture, change, value, and even of oneself [Sulkowski 2012]. It seems, therefore, that considerations on the need to define and develop the theory of health management should also be developed.

There are many arguments in favour of the development of the concept of "health management" and the need to disseminate it in Poland. The first to be considered should be the fact that management provides many methods of effective organizing that can be successfully applied in managing the most important area of human life and of whole social groups, namely health. These concepts, when applied in relation to health, provide a multi-level perspective for understanding and studying this area in the context which is not only strictly medical. In Poland, where disciplines of public health are widely represented, it will be a look from the point of view of the organization, but also of an individual. "Health management" is a term present in the English literature of the subject and develops as a full management concept.

It should be noted that the attempt to define and develop the theory of health management must embrace the ambiguity of the term, which is interdisciplinary. Perspectives representing many fields of science: medicine, management science, public health are combined here. The multiplicity of ways of understanding "health management" brings about the need to describe it in literature as well as the need for a clear definition. To do that, a broad review of the definitions of key terms "health" and "management" has been conducted.

Definition of Health in the Literature of the Subject

"Physical and mental state of a man are closely related"
Avicenna

Since the beginning of the development of medicine there are attempts to define the most important value i.e. human health. In Mesopotamia, the disease was seen as a punishment from the god Marduk, in ancient Egypt priests were reading books of the god Toot to heal and in India's time of Brahmanism, medics Charaka, Sushruta and Vagbhata used verses from the book of life "Ayurveda" [Brzeziński 2000, pp. 29–34]. The author of one of the first definitions of health was a pupil of Aristotle, Claudius Galenus, a Roman physician of Greek origin (129–199 AD) who described it as a state of perfect balance and harmony, and no pain [Schott 2002, p. 27]. Among the huge number, the most important, accepted by the medical community around the world, is the definition of the World Health Organization from 1948 which says that it is a state of complete balance and physical, mental and social well-being [Domaradzki 2013]. An important element of health is self-realization, adaptability, the ability to identify goals and satisfaction of the aspirations of life plans [Piątkowski 2002, pp. 23–28]. According to the abovementioned definition, health is treated as a resource for life, not a goal of life [Aggleton 2013, p. 2].

Human health is conditioned by a number of elements called determinants. The concept of health fields was published in 1974 by Mac Lalonde, Canadian Minister of Health, in the report, "A New Perspective on the Health of Canadians" and confirmed by the four-year research program organized in Firmingham in Massachusetts (USA). According to this theory, a style of his life, which consists of fitness, physical activity, ability to cope with stress, rational nutrition, the use of stimulants (nicotine, alcohol, drugs), sexual behaviour, has 53% impact on human health. The next group (21%) is the influence of the physical environment, that is water, clean air and our surrounding, that is which is school or workplace environment. 16% of our physical condition is inherited from our ancestors. These are genetic factors predisposing to the disease. 10% of this impact is medical care, which is not irrelevant in the era of constant discussion about healthcare in our country [Wysocki, Miller 2003, pp. 505–512].

Nowadays, the definition describing health can be supplemented by the willingness to lead productive economic and social life, and sometimes even the spiritual dimension of human functioning. Z. Juczyński [pp. 95–97, 1999] advocates that health and illness are not located on two opposite sides, because functioning in the society can balance disease, and psychosocial problems, despite the absence of disease, may in turn impair welfare.

Meaning of Management

"The one who does his orders first manages the best."
Demosthenes

The term "management" is ambiguous and can refer to management, organizing, governing, making managerial decisions, coordinating human activities and the use of resources to achieve organizational goals [Sulkowski 2013].

Among the many common ways of defining this term classical definitions proposed by F. W. Taylor, and later by H. Fayol, should be emphasized. According to Taylor [1996, p.36] management is the detailed knowledge of the expectations directed to the people, and then ensuring the efficient execution of tasks entrusted to them, in the best and cheapest way. On the other hand Fayol [1947] focuses on the goal, which the company is supposed to achieve using maximum capabilities and resources available to the organization. T. Pszczołowski [1978, p. 228] also draws attention to the nature of the management, pointing to the interpenetration of various resources of the enterprise.

Today, management is also understood as a set of activities covering their area of planning, decision making, organizing work and leadership. These activities are directed to the organization's resources and are carried out in accordance with the intention of achieving the desired objectives [Griffin 2005, p. 6].

Table 1. Examples of management definitions

Author	Definition
P.F.Drucker	Taking action to achieve the objectives.
L.Gościński	The entire process of managing is a multi-step decision-making process..
Z. Izdebski and J. Tudrej	Organizing economic and financial system to ensure the fulfilment of the objective of the company by directing its whole, making economic decisions, manipulating the company resources and its links with the environment.

J. Zieleniewski	Management takes place when the power over people is due to the properties of things which are the necessary tools and work items for them or to the authorization received from the owner of these things.
A. Koźmiński and K. Obłój	The essence of management is to ensure a functional balance in organization.
I. Majewska-Opiełka	Management is understood as controlling a company or an institution with a specific purpose. The management process consists of four elements: organization, planning, controlling and activating.
J. Kurnal	A particular type of management based on organizational authority resulting from the right of the ownership of tangible measures. Management is directing formalized activities of organizations, instead of driving informal activities in organizations.
L.R. Brummet, C.W. Pyle and E..G. Flamholtz	The process of acquisition and improvement, maintenance and use of a mixture of resources needed to achieve the goals of the organization, the resources are people and material and financial resources at the disposal of the organization.
W. H. Newman	Management is giving direction, directing and controlling the efforts of the group to achieve any purpose.
H. Koontz and C. O'Donnel	Art including the achievement of objectives through people and with people in the form of organized groups and creating the environment in which people can act as individuals and at the same time cooperate in achieving the collective objectives.
A. Czermiński	Deciding of the assets of the company and the determination of its economic objective.
H. Steinmann and G. Schreyogg.	Two approaches to the concept of „management": institutional and functional. „Institutional" - conceiving management as a group of people entrusted with the organization the authority to issue orders, „functional" - referring to the activities that are guiding the work process, i.e. all actions necessary to implement the tasks of the organization. Management is „(...) complex of managerial tasks that have to be done during the benefits in systems based on the division of labour (...), regardless of department, management level or business. Although the situations are different, and the problems and work to make are of completely different kind, there is, however, a general directory managerial tasks."
A. Ehrlich and B. Gliński	Managerial activity consisting in setting goals and causing their implementation in organizations reporting to manager on the basis of ownership or the right to use the means of production.
R. Rutka	The essence of management, like any other form of control, is action to achieve the objectives through people and with people. So, there is no management without controlling.

Source: author's own study on the basis of: P.F. Drucker, *Praktyka zarządzania*, **Akademia Ekonomiczna w Krakowie, 1998; Gościński J.,** *Zarys teorii sterowania ekonomicznego*, **PWE, Warszawa 1977; Z. Izdebski, J. Tudrej,** *Kierownicy przedsiębiorstw kapitalistycznych*, **Warszawa 1968, p. 23; J. Zieleniewski,** *Organizacja zespołów ludzkich*, **PWN, Warszawa 1965, p.39; A.K. Koźmiński, K. Obłój,** *Zarys teorii równowagi organizacyjnej*, **Warszawa 1989, pp. 194-196; Brummet L.R., W.C. Pyle, E.G. Flamholtz,** *Rachunek zasobów ludzkich w przemyśle* **[in:] E.W. Scott, L.L. Cummings,** *Zachowanie człowieka w organizacji* **, vol. 2. Warszawa 1983; J. Kurnal,** *Teoria organizacji i zarządzania*, **PWN, Warszawa, 1979; G. Shreyogg, H. Steinmann,** *Management*, **Grundlagen der Unternehmensfuhrung, Wydawnicza Politechniki Wrocławskiej, Poznań, 1995.**

The definition proposed by T. Pszczołowski seems to be appropriate as one of possible starting points for exploration of foundations for creating the concept of health management. Based on this way of defining management a modified definition of health management can be proposed. It would, then be a deliberate activity of organizing, allocation of resources and management tools in line with established objectives to maintain or access to health welfare. The task of management is to formulate objectives for the action, planning, procurement and deployment of resources needed and to control realization of the objectives whose goal is to serve human health.

Health Management Model

Many ways of understanding health management can be found in the world literature. The most popular is the link between health management and the scientific discipline of public health management [Hunter, Berman, pp. 345–349]. Such an understanding of the problem relates to the macro-scale social solutions, i.e. those that are adopted at the national level [Khaleghian, Peyvand, Das Gupta 2005, pp. 1083–1099]. The management of health care can be understood as a blueprint for the organization of medical services carried out by both public and private organizations in Poland under the Act on medical services of April 15, 2011.

In the literature in the field of public health one can also find studies on the management of one's own health, that is such organization of one's way of life, which promotes physical and mental health. An example might be studies of managing one's lifestyle leading to reducing negative effects of chronic diseases [Loring 1999, pp.5–14].

There are also studies on the applications of management methods in such aspects as: strategy, accounting and human resource management in relation to the medical organizations that focus on health management [Walshe, Kieran, Rundall 2001, p. 429]. Such studies can also be found in Poland, but the authors do not use the term health management, but rather use different terminology such as: management of medical services [Frączkiewicz-Wronka 2009, Krot 2008, Sulkowski, Sulkowski, 2011; Seliga, Sulkowski, Sulkowski 2009].

Health management is analyzed from different points of view, but they usually refer to the two most important elements: the health care system and the costs of its operation [Berwick, Nolan, Whittington 2008, pp. 759–769].

It can be can be concluded on the basis of literature quoted earlier that the concept of health management can be understood in different ways. One can start from an individual approach, that is managing one's own health. This is a look from the micro perspective (individual). It can be managing one's own health or the health of the closest family, e.g. the children. Health management will mean intentional actions involving the allocation of resources and self-organization in order to maintain good health. These activities will include decisions about healthy lifestyle, use of proper diet, disease prevention, regular testing and other methods of planning and organizing conducive to health.

At the organizational level, we have to deal with the management of the health of organization's employees, which can be defined as located at the secondary level between the individual and the system management. The systematic application of health-related programs directed to employees of the organization is an example of health management at the mezzo-level.

System health management through the development of health care at the national level refers to a macro-perspective. Purposeful organization of resources and management methods is associated with the desire to develop the level of health care on the scale of the entire population.

Table 2. Essence of "health management"

Interpretation level	Scale	Definition
Individual	Micromanagement of health	Organizing one's own life or the lives of other individuals conducive to health and wellbeing.
Organizational	Mezzomanagement of health	Creating a healthy system for the members of the organization.
Public, system	Macromanagement of health	Organizing of public health system on a national or regional level conducive to health and wellbeing.

Source: author's own study.

With regard to health management two positions can be noted concerning public services, which remain in the opposition. One of them is based on "the concept of new public management" and focuses on promoting business approach to health management [Zwetsloot, Pot 2004, pp. 115–124]. The latter, on the other hand, treats health management as the main duty of the state and public services are treated as distant from business models (governance) [Kickbusch, Gleicher 2012, Osborne 2006, pp. 377–387].

Health Management Studies

Among the many possible approaches to studies of health management two research strategies can be proposed. This may be an attempt to carry out in-depth qualitative research, which will provide the description of the essence of health management in the organization. It could be case studies, which will be created on the basis of a number of possible sources of data such as interviews, observation, analysis, documentation, and more. The comparison between these cases will enable the extraction of the key similarities and differences between different types of health management. The other strategy would be to study the statistical research based on quantitative methods, including surveys. With the use of this type of research tools, not only the identification but also comparison of health management in various hospitals would be possible. It seems also possible to combine both of these strategies to achieve more reliable research results.

Summary

It seems that the proposed way of understanding the term “health management” can be a valuable and practical management concept that can be developed in the research. This is one of the ways of understanding of health management problems, used by health science and management science. Planning and control of the implementation of the objectives of health management allows the use methods in tested relation to the organization studies in a new area. To observe three levels: individual (micro), organizational (mezzo) and system (macro) is interesting in health management: Micromanagement of health refers to actions focusing on the level of individuals. Mezzomanagement of health focuses on the organizational level, and macromanagement is associated system solutions that are of interest to the scientific discipline of public health.

Bibliography

Aggleton P. (2013), *Health, Social Now*, Routledge.

Berwick D.M., Nolan T.W., Whittington J. (2008), *The triple aim: care, health, and cost*, Health Affairs 27.3.

Brummet L.R., W.C. Pyle, Flamholtz E.G. (1983), *Rachunek zasobów ludzkich w przemyśle* [in:] E.W. Scott, L.L. Cummings, *Zachowanie człowieka w organizacji*, vol. 2. Warszawa.

Brzeziński T. (2000),*Historia medycyny*, red. T. Brzeziński, Wydawnictwo Lekarskie PZWL, Warszawa.

Domaradzki J. (2013), *O definicjach zdrowia i choroby*, „Folia Medica Lodzensis", 40/1.

Drucker P.F. (1998), *Praktyka zarządzania*, Akademia Ekonomiczna w Krakowie.

Fayol H. (1947), *Administracja przemysłowa i ogólna*, Wydawnictwo Instytutu Naukowego Organizacji i Kierownictwa, przekł. J.A. Teslar, Poznań.

Frączkiewicz-Wronka A. (2009), *Zarządzanie publiczne w teorii i praktyce ochrony zdrowia*, Wolters Kluwer.

Gościński J. (1977), *Zarys teorii sterowania ekonomicznego*, PWE, Warszawa.

Griffin R. W. (2005), *Podstawy zarządzania organizacjami*, PWN, Warszawa.

Hunter D.J., Berman P.C. (1997), *Public health management*, The European Journal of Public Health 7.3.

Izdebski Z., Tudrej J. (1966), *Kierownicy przedsiębiorstw kapitalistycznych*, Warszawa.

Juszczyński Z. (1999), *Szlachetne zdrowie, niech każdy się dowie*, Wychowanie Fizyczne i Zdrowotne", 3.

Khaleghian P., Das Gupta M. (2005), *Public management and the essential public health functions*, "World Development", 33.7.

Kickbusch I., Gleicher D. (2012), *Governance for health in the 21st century*, World Health Organization.

Koźmiński A.K., Obłój K. (1989), *Zarys teorii równowagi organizacyjnej*, Warszawa 1989

Krot K. (2008), *Jakość i marketing usług medycznych*, Wolters Kluwer.

Kurnal J. (1979), *Teoria organizacji i zarządzania*, PWN, Warszawa.

Lorig K.R. et al. (1999), *Evidence suggesting that a chronic disease self-management program can improve health status while reducing hospitalization: a randomized trial*, "Medical care", 37.1.

Osborne S.P. (2006), *The New Public Governance?*, 1, pp. 377–387.

Piątkowski W. (2002), *Choroba jako zjawisko socjologiczne* [in:] *Zdrowie i choroba. Wybrane problemy historii medycyny*, red. J. Barański, W. Pitkowski, Atut, Wrocław.

Pszczołowski T. (1978), *Mała encyklopedia prakseologii i teorii organizacji*, Ossolineum, Wrocław - Warszawa - Kraków – Gdańsk.

Schott H. (2002), *Kronika medycyny*, Grupa Wydawnicza Bertelsmann Media, Warszawa.

Seliga R., Sułkowski Ł.M., Sułkowska J. (2009), *Bariery rozwoju marketingu partnerskiego w sektorze usług medycznych* [in:] *Współpraca w rozwoju współczesnych organizacji*, (pod red.) Anna Adamik, Stefan Lachiewicz, Wydawnictwo Politechniki Łódzkiej, Łódź.

Shreyogg G., Steinmann H. (1995), *Management. Grundlagen der Unternehmensfuhrung*, Wydawnicza Politechniki Wrocławskiej, Poznań.

Sułkowski Ł. (2012), *Epistemologia i metodologia zarządzenia*, PWE, Warszawa.

Sułkowski Ł.M., Sułkowska J. (2011), *Modele zarządzania zasobami ludzkimi w organizacjach medycznych*, Prace Naukowe Uniwersytetu Ekonomicznego, t.226, Wrocław.

Sułkowski Ł. (2013), *Epistemology of Managament*, Peter Lang International, Frankfurt-Berlin-Bern-Vien-Oxford-New York-London-Warsaw.

Sulkowski Ł., Sułkowska J. (2013), *Concept and Types of Organizational Cultures of Hospitals*, IGI Global, "Cross-Cultural Training and Teamwork in Healthcare", 112.

Taylor F.W. (1903), *Shop Management, Harper and Row*, New York [in:] Griffin R.W. (1996), *Podstawy zarządzania organizacjami*, Warszawa.

Walshe K., Rundall T.G. (2001), *Evidence-based management: from theory to practice in health care*, "The Milbank Quarterly", 79.3.

Wysocki M., Miller M. (2003), *Paradygmat Lalonde'a, Światowa Organizacja Zdrowia i nowe zdrowie publiczne*, „Przegląd Epidemiologiczny", pp. 505–512.

Zieleniewski J. (1965), *Organizacja zespołów ludzkich*, PWN, Warszawa.

Zwetsloot G., Pot F. (2004), *The business value of health management*, "Journal of Business Ethics", 55.2.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **79–92**

Władysław Szymański | szymanscy@onet.pl
University of Social Sciences

The Impact of Instability and Uncertainty on Decision-making Procedures

Abstract: The article presents the analysis of radical changes in the supply and demand relations, hence also among the prices on global markets of the capital: commodities and monetary. Author aims to prove the impact of uncertainty on the decision-making procedures. They are based on the promise that every situation involves certain unpredictability and ambiguity, while scenario methods and elasticity constitute a tool of strategic methods and are used for the purpose of planning in the context of uncertainty. The article presents how the action adapted by the researchers may lead to formulation of a blurred recommendation or either draw irrelevant conclusions.
Keywords: instability, uncertainty, decision, changes, procedure, discontinuous.

Among important features of the contemporary world there is an increase in the asymmetry between rapidly progressing changes and the ability to realize these changes as well as the corresponding capability of adapting to them. This increases the challenge that human intelligence has to face. Intelligence is in fact nothing else than an ability to understand the reality and launch appropriate responses to new tasks and living conditions. Contemporary times mean not only an enormous range of changes, but also marked increase in the structure of changes, those which are unfavourable for the human as well as the world.

We live in times of enormous systemic transformations, both structural and geopolitical. The world rapidly moves from the era of a gradual, evolutionary change to that of a rapid and unpredictable one. We say goodbye to the age of continuous changes and surprisingly realize that we must learn to live and work in the times of discontinuity and high unpredictability. In this situation, we face the challenge of flexibility and adaptability to rapid changes.

Cumulative changes hit inherently the conservative nature of a human who has always undergone the process of accommodating to certain conditions and earlier prevailing gradual and predictable changes. The accumulation of qualitative changes is a big challenge to a man who is constantly forced to make turns in thinking and acting. Some say figuratively that the 'tectonic plates of the earth' have moved. The type of plates of change can be the following: the Internet revolution of digitization, globalization, the collapse of communism, the growth of ecological barriers, the separation of finance from the real economy, the rapid aging of populations in developed countries, the dynamics of development in third-world countries as well as the global crisis.

Thus, the environment in which one operates is becoming increasingly complex, volatile and unpredictable. Zygmunt Bauman [2001, p. 161] calls this qualitatively new situation 'a liquid world'. He believes that 'while the constancy has devalued, the transience is rapidly gaining in value'. This is the situation so far unknown, that its consequences cannot even be imagined, let alone predicted its long-term effects. Some philosophers believe that it is a well-known psychoanalyst and French philosopher Jacques Lacan [2014] who gave the idea of 'liquefied reality' and has prepared in social sciences the ground for modern 'quicksands' in all spheres of social life.

Andrzej Leder – a philosopher and author of a famous book "Prześniona rewolucja" claims destabilization will interfere with yet quiet worlds. He writes that 'as a human race we are very united. Much closer to one another, almost grown into one another. Much more than we are able to imagine or our language can express. At the same time, we remain in the state of extreme imbalance. We live in a very thick reality where one is dependent on another, and yet a more and more unstable one' [2014]. Rapid changes hit the human in various ways, creating their uncertainty. The American sociologist Richard Sennett writes that 'the new capitalism is characterized by the fact that lasting relationships give way to quick and smooth transactions where people are not needed on permanent basis but to be engaged on a task to task basis. As a result of the information revolution, the requests flow immediately and directly to all levels, thus there is no time to interpret and adapt them to specific conditions as previously, but the need develops to respond somehow mechanically, which limits the subjectivity of employees at the same time' [Sennett 2010]. Zygmunt Bauman believes that volatility and instability are guilty of exposing the human to great uncertainty. He thinks that modern transformations contributed to producing specific trash of 'people waste or people discard', as part-time employees lose their creditworthiness and future plans as well as points of support and the belief they exercise control over their lives [Bauman 2004, p. 25].

Uncertainty and risk are largely derived from a conscious or subconscious feeling that the human society will pay increasing costs of postponing the transition to management based on rational dealing with the main existential rarity which is the natural capital. For some time, I have preached the idea that gradually we enter the era of a sustained trend of destabilization. What decides on the matter is the multiplicity of factors of destabilization and high probability of increase in number of these factors over time. This thesis may seem risky, especially when thinking about the sustainability of the trend of destabilization. For many imbalances and unsolved problems may be effectively resolved over time. However, one problem, which is dealing with the limitations of nature, and thus the natural capital, due to its complexity and increase does not allow optimism [Szymanski 2011, p. 12]. Nourier Roubini, the frequently quoted today American economist, predicts that conditions are shaping in front of us the era of 'great instability' [Roubini 2011, p. 335].

An existing balance in many areas has been breached, which just contributes to spreading of the uncertainty. Many assumptions about the current world order become meaningless. The old world order indeed falls into dismantlement and many obstacles stand in the way of replacing it with the new one. We live in a provisional system. On the one hand, the states as a result of the free flow of capital across borders lose their current capacity for coordination, yet, the new transnational coordination does not arise. The mechanism of incomplete globalization (excluding political) essentially weakens imperious abilities of states in the economy. Giving power to capital, it destroys the basic function of states, which was forcing a healthy compromise between the interests of parties to the economic-social competition. Between employers and employees, between the interests of capital and those of ecology, between the acute and long-term interest, finally between profit and safety. The state surrenders to capital, not to allow it to sail away to other markets, and therefore remains much less capable of obtaining such a compromise; and this has become a strong source of rising instability and uncertainty.

Zygmunt Bauman stresses repeatedly that in the past the state (the government) used to have both policy and power, currently remains the policy solely while the power has sailed away to capital. People are not able to comprehend why so suddenly and for most unexpectedly, the world has moved from the era of optimism to the one of anxiety. Sudden changes and their accumulation mean rapid changes of the assumptions and a number of theories based on those assumptions, it is therefore a great challenge for scientists and journalists to not describe the world that no longer exists. The future already appears as a resultant of various situations and not fully recognized mechanisms as well as policies and activities of over 7 billion people. Strands resulting from the interdependencies are difficult to predict. It is then useful to develop some bundles of scenarios and the likelihood of their occurrence.

The discontinuity of changes and uncertainty and the requirement of flexibility

Peter Drucker was the first who wrote more than thirty years ago that the issue is farewell to the era of continuity and gradual nature of changes. He also posed it sharply 20 years ago, when he wrote that the only constant thing in the economy is a change [1994]. When Drucker wrote about entering the era of discontinuity, globalization was in an entirely pre-existing phase, the Soviet Union and the so-called second world countries existed and the power of China was only to approach. The internet was known to few academics and it was widely believed in the effectiveness of financial markets and the stability of capitalism. Currently, the depth and quality of changes in relation to the time when Drucker wrote about the discontinuity is a sharp increase in the intensity of changes and the turbulence in the economic environment which he indicated has evolved into recurrent tornadoes.

Rapid changes mean rapid aging of ideas, experiences, and some part of know-how, as change conditions that were the basis for their adoption. The main problem which arises is the increase in asymmetry between the speed of decision-making adapted to changing conditions by capital, various companies as well as democratic and authoritarian states. Quick decisions are made by the capital market that can send hundreds of billions of dollars from one earth's hemisphere to the other with just a single click of a computer mouse. The ability to make decisions in response to changing conditions in enterprises varies and this remains vital as to their capability of adapting to the market, as well as their success or elimination. At macro level, countries theoretically more significantly dependent on capital markets should follow their responses. However, it turns out difficult and brings over a lot of perturbations. Particularly, the decision-making asymmetry of both democratic and authoritarian capitalism seems to be an issue. Extensive procedures for the decision-making mechanisms of democracy clearly do not cope in the world of violent and unpredictable changes. A good example can be the comparison among the construction of motorways in authoritarian China and democratic India. China in the years 1992–2003 built 40 thousand kilometres of motorways. While India tried to build 5850 kilometres of the motorway connecting Bombay, Delhi, Calcutta and Madras, it encountered a series of obstacles. The initiator of building construction, General Khanduri said later - 'I envy our powerful rival. We pay for democracy, we are not allowed to simply resettle people, it needs persuasion and negotiation as well as calculating compensation, paying for processes and appeals brought forward and take into account environmental issues as well as religious ones; and they quickly resettle people and enter with bulldozers' [Bui 2006].

In the subject literature too little attention is devoted to the extent in which the successes of China in the era of rapid changes are determined by short decision-making procedures. However, it is already written that one of the key challenges these days is that the current model of capitalism does not fit with the current one of a democracy. This requires a renewed agreement on both sides of this equation. Without cutting red tape and shortening democratic decision-making procedures it will not be possible.

Variability, rapid aging of pieces of information, experiences and previous strategies place great requirements for the decision-making procedures so that the authorities could make suitably quick returns in thinking and acting. In order to make that happen, the authority must be surrounded by an efficient system of gathering information as well as highly knowledgeable and imaginative people, and at the same time create appropriately flexible decision-making procedures. In the situation of rapidly aging experiences, pieces of information and staple strategies lagging behind the change means duration of the decisions for which the conditions underlying their adoption have gone. Hence, when conditions change this duration often transforms decisions from the support factor to that of worsening the situation.

The government which under the conditions of rapidly increasing volatility and complexity cannot support the decision-making system which therefore leads to a greater flexibility and shorten the decision-making procedures, and does not allow real experts their preparation, transforms from an institution of support to a blocking one. In conditions of high volatility while preparation of important decisions takes place, everywhere where uncertainty as to the possible conditions is present, the scenario analysis should take place. Scenarios are used to test future strategies to improve them so that they are more suitable for different variants of the future that may arise. The scenario method assumes that in every situation there is undeterminable to reduce uncertainty and ambiguity [Van der Heijden 2005]. At present, uncertainty and ambiguity are increasing rapidly, which only enhances the need to use the scenario method.

Burdensome bureaucratic procedures and not following the changes mean sentencing to making the decisions for which the conditions underlying their adoption have already gone. In this situation, the role of sensitivity analysis at all decision-making levels increases significantly, and therefore the analysis of aging of the earlier made decision as well as the analysis of undermining their sense – due to the fact that predicted conditions under which they were made have not been proven or significantly changed in practice. A good deal of uncertainty about the wealth of information and a large variability of the conditions require, in fact, a permanent sensitivity analysis of the most important decisions not only in the economy. The revolutionary process of change is an overthrow of the existing order, but also the code of conduct; it is a rebellion against existing methods of action. Those who undertake such changes, dissociate from the past and become destroyers of the old. Not surprisingly, they have to overcome the resistance of psychological, cultural and political nature, as without that it is difficult to reduce the conservatism of behaviours which stems from old experiments detached from the requirements of modern times.

Uncertainty and economics

The transition from gradual, evolutionary and expected changes to violent and unpredictable ones means a breakaway from the belief in a linear development. In the modern world we have to think non-linearly, as the world remains non-linear itself and it is impossible to create a linear theory for a non-linear process. In social sciences, particularly in economics one frequently created many models adapted to the development of a linear nature. Variability and non-evolution strike numerous model analyses, since many of them are based on the idea of a linear reality that almost does not exist any longer. The requirement to take into account constant changes undermines the stability of tenets in many models. In the case of volatility and non-evolution, and thus in the conditions where stabilising the tenets is difficult, the role of an optimizing account decreases.

In the reality with rapidly changing conditions and aging experiences, age also the tenets adopted in social sciences, especially in economics. In social sciences – unlike in mathematics and logic in reaching conclusions logical reasoning is important, but not the logic with the tenets that one presupposes arbitrarily, but with those consistent with the reality. The criterion of truth applies not only to logical reasoning, but to the objectives complying with the reality too.

As economic world moves to violent and non-evolutionary changes, many tenets taken in the economy rapidly grow old, and therefore both conclusions and formulated patterns must remain subject to verification. Non-evolution and high volatility cause the decrease in effectiveness of the primary method used in the economy which is the method of abstraction - a thought-focused skipping less important factors, so as to reach the heart of the matter. This explains the need to a greater support in the economy with a holistic method, thus the analysis of phenomena in the entirety of relationships and dependencies. Holism goes hand in hand with the interdisciplinary manner of studies. The world of sudden and unexpected changes cannot be effectively measured without the interdisciplinary analysis tools, as many changes concern the border areas of different scientific disciplines.

In the economy a rich tradition has the discussion between the universality and historicity of correctness or economic rights. At present, when qualitative changes cumulate, the views of the historical school in economics should definitely be taken into consideration (Max Weber, Werner Sombart, Gustav Smoler) [Lange 1961, pp. 218–230]. Historical school more than 100 years ago firmly criticised the a-historicity and understanding economic rights by the economy. In the conditions of discontinuity of changes, the arguments for the historicity and against the timelessness of the accuracy are incomparably stronger.

Non-linearity of changes in the real world undermines an excessive optimism of those who see the progress of the economics in mathematical tools. Such an approach puts the emphasis on formal rather than empirical evidence and an exterior elegance and not the adequacy of scientific conclusions. Added to this, some economists believe that the reality must somehow adapt to models created by them. Then the economy becomes gradually from economic life and so becomes 'an art for its own sake' [Karbowski 2011]. Increase in the amount of mathematics is counted. According to Adam Glapiński [2012] the presence of algebra in the articles of the two leading economic journals 'The American Economic Review' and 'The Economic Journal' between 1930 and 1980 increased from below 10% up to 75%.

One of the important consequences stemming from the requirement to switch from thinking about the world of linear changes to the non-linear one, so the discontinuity, is the range of formerly created solutions which can be defined as solutions for good weather. The aforementioned can be defined as solutions that work when the situation is stable, and therefore no events greatly disturbing situations are present. However, many examples of inefficiency and failure of solutions can be cited just because they assumed sustainability, and therefore the linearity of favourable conditions important to the functioning of a solution. This is confirmed by the former Fed chief Ben Bernanke unfortunately *ex post* after the market collapse in 2008. He stated that macroeconomic models were designed solely for non-crisis periods. Significant is also the statement of the Nobel Prize winner Robert Lukas in 2003 who in his opening speech as a president of the American Economic Society categorically stated that the central problem of the crisis prevention economics was solved [Foster, Mc Chesney 2014, pp. 21–22].

For some time, an important role in the economy played the analysis of information asymmetry. In 2001, J. Stiglitz, M. Spence and G. Akerlof received the Nobel prize for this research. They proved that the prevalent situation is the information asymmetry of the parties to economic transactions on the subject of a transaction. Progressive complexity and variability of information enhances currently the conclusions for practice resulting from this theory. R. Frydman, however, is right promoting the imperfect knowledge economics, who states that in the era of complex and variable information and a knowledge-based economy we have to deal with the economics of imperfect and uncertain knowledge. In such a situation true becomes imperfect while certainty false. According to Frydman, the economics alongside other social sciences is characterized by a lack of confidence. Who then is looking for a universal certainty is naturally doomed to failure [Kargul 2012].

The Company Against the Requirement of Elasticity

A natural requirement for the company remains adaptation to the market. But currently it is a different market than before. For the market flexibly takes into account rapid, irregular changes, and thus it is turbulent. Sudden changes cause the competitive advantage of a company to rapidly weaken and disappear. It is implied from the fact that companies are increasingly encountering a hyper-competition, i.e. a situation where offers and technologies revealing on the market require rapid returns.

We live in the times when violence and unpredictability find businesses unprepared and responding late. It reveals the asymmetry between the market reaction which flexibly takes into account changes and a delayed and inadequate response of companies. To reduce the above asymmetry, the company must learn how to function while not indiscriminately using an earlier favourite method which was to extrapolate the experiences from the past on the present and future. Such an extrapolation is ineffective at a time when experiences, pieces of information and conditions are rapidly changing and aging. Equally ineffective remains the anticipation method, which means predicting future conditions when changes are not only fast, but surprising. Frequently it turns out that those who are gazing at past successes and trusting long experience go on worse because their successes and experiences are completely at May to present changing conditions. Kotler and Caslione [2009, p. 32] believe that the companies can navigate or get carried away. They try to keep on the surface and survive - ignoring turbulences or resisting them. They can also predict the activity of turbulences and use their power for a personal gain.

In 1921, a prominent American economist Frank Knight described risk as a measurable uncertainty. Understood in this manner the risk can be insured much easily. An immeasurable risk, according to him, is a real uncertainty. Hence known is his definition of profit as a payment for the risk which cannot be insured. At present one broader approaches the uncertainty, taking into account not only measurable and immeasurable uncertainty; particularly important it is the dual view over the risk, and thus a good and bad risk. Good risk is an opportunity for the company and therefore, managers should use it rather than avoid it. It should however be remembered that, given the risk of becoming not only the company but also its competitors. In this situation, coping with the risk and its conscious use is an important factor in winning the competition. Bad risk, on the other hand, is a threat and managers should take measures in order to prevent it. Such a dual view of risk is important because under conditions of high uncertainty it can protect businesses against opportunism and passivity, which become common threats.

Facing conditions of discontinuity and unpredictability the company faces the challenge of flexibility and capacity for rapid changes. It can as well be stated that in order to survive the company in present conditions must be flexible, and in order to win must be extremely flexible. When it is weakening it rapidly loses the utility of extrapolation of past experiences and it is difficult to count on an accurate anticipation of the future, therefore flexibility remains on the competitive battle of companies. And thus the quest to minimize the asymmetry between a very flexible market and the ability of the company to remain flexible.

In order to remain flexible and be able to easily change, one has to have the ability to destroy the old, for only then the room for the new can be created. At present, much more important than previously becomes the old Schumpeter's statement about the role of the balance between creation and destruction and continuity and change. Keynes also argued that the real problem of companies does not lay in the new ideas, but in abandoning the old ones [Foster, Kaplan 2003, p. 33].

In modern conditions the demand of flexibility and adaptability to changes and destruction of the old forces to seek means to reduce fixed costs and decrease frozen capital as well as use an economic arbitrage arising from the differences in the conditions offered by the global market. To take advantage of the global market conditions, and at the same time shift to others the fixed costs as well as freezing capital and the costs of destroying the old, the ideal solution remains use sub-suppliers and subcontractors located on global market. It might allow to gain the opportunities and resources for manoeuvring activities and funding the research to develop various prototypes. The company may then remain flexible, as it is neither burdened with the fixed costs and costs of destroying the old nor blocked by the previous decisions and old investments. Its high profitability can make for the expenditure on intellectual capital and other elements of intangible capital. Thus, it can reinforce the high position.

The company which strives to skilfully adapt to any modern challenges attempts to remain – speaking pictorially – a company with a small roof and opened gates, and thus it focuses on developed relationships with suppliers and subcontractors. It looks forward to an effect of a well-timed delivery, thus adapts to current needs, which eliminates the need to incur the costs of maintaining inventory. At the same time, it breaks with the mentality of a sole proprietor, as tries to use production resources owned by suppliers and subcontractors, in order not to prevent the possibility of best adapting to customer needs by remaining loaded with their own means of production. The use of foreign production resources at the same time reduces own costs of destroying the old, i.e. the costs of implementing technologies and product changes.

It follows from the above remarks that the company is the more flexible, the closer it cooperates out the production by hiring suppliers and subcontractors. Putting on co-operators it has an open way to reach for foreign means of production, and therefore a way to reduce the cost of destroying the old. Releasing from the domination of their own means production limits the concern about the use of own production capacity. It then needed not to create a chain beginning from the requirements of a factory but those of a customer. It is the most effective way to adapt to a flexible market because its requirement is to align to the interests of buyers. It can therefore be said that this out-cooperation of production which can be called a contract outsourcing (not to be confused with the capital outsourcing) remains currently the way to facilitate adjustment to major challenges of the present, and therefore volatility and market instability [Szymanski 2012]. The development of contract outsourcing means building up the company on a contract and it then becomes a specific bundle of contracts basing its production capacity on the capital of cooperative partners. A company-coordinator adapts better than other participants to the requirements of a contemporary market, not only because it is more flexible and makes a better use of varied conditions of a global market, but also because it can focus greater attention on innovation activity. An initiator and coordinator of the suppliers and subcontractors network must, however, demonstrate an information and organisational advantage necessary to identify the final demand of the market, ideally a global one as well as the appropriate selection of subcontractors.

It should also be emphasized that profitability of cooperating out is a logical consequence of the analysis of transaction costs in the formula concocted by a Nobel laureate Ronald Couse – the analysis of the external orders (the orders) in relation to the costs of similar activities within the company [Szymanski 2012]. For years it was thought that predominant were the situations where the costs of organizing in-company activity are lower than market transactions. Thus, there existed a tendency to concentration, i.e. wider development of the departments and organizational units within the company. Nowadays, even a cursory observation of economic reality confirms the trend change. Instead of concentration, the companies outsource an increasing number of operations by moving them outwards. The following affected changing the relation between the cost ratio: the information revolution, cheap deals of the global market, the progress of containerization and logistics and many other phenomena.

The position of companies impacts various consequences of the struggle for flexibility. Network coordinators increase their flexibility to a large extent by shifting to suppliers and subcontractors fixed costs and the cost of destroying the old. Subcontractors must submit to the regime of 'a right-in-time delivery' which requires many reserves and stocks. Leading companies as well as network coordinators benefit also from the advantage of a monopsony-type client who uses the position as it operates on the market of easily replaceable suppliers and subcontractors. Increase in flexibility for some involves others paying higher fixed costs and increased freezing of capital as well as lower flexibility and cost effectiveness.

Uncertainty and Decision-making Paralysis and the Crisis

Literature has long written about the role of trust in the market economy and that without a minimum level of trust it falls into serious perturbations. But only the recent crisis has highlighted what the scale of the problem can be. Crisis can be defined differently, but the most important is what might happen to the uncertainty of private decision-makers. For when households and private companies lose confidence in basic mechanisms as well as condition of real assets and solvency of business partners, it affects any consumption and investment decisions. And these decisions prevent the demand, without which the capitalist economy cannot grow. Simply put, it can be stated that the production potential has not diminished even by an iota. The economy can produce significantly more, but it will not, if people's trust in the efficiency and stability of the economy does not increase. The economy cannot take the dynamism when billions of people argue their cautious approach to consumer and investment expenditure is caused by the existing instability and uncertainty. One can argue that the crisis exists, for people think it exists and adjust the decisions in the economy to their awareness. Confidence in the economy can be lost and it remains very difficult to rebuild it. Currently, an additional factor lowering the confidence is an exorbitant detachment of finances from the real economy. It therefore caused the potential of possible toxic assets to increase, which degrades at present the confidence in the economy.

A mature economy inherently encounters difficulties in adjusting to the size of investment capabilities that capitalists want to accumulate. This was a sphere of significant interest of an eminent Polish economist Michal Kalecki. He dealt with the situation in which the surplus generated by the economy outweigh the possibilities of their profitable investment by capitalists, which leads to slow growth and stagnation, as unused capacity powers rise. Kalecki saw opportunities in specific development factors. These factors included the state expenditure, breakthrough innovations and the expansion of financial services. Specific growth factors were the tools enabling lifting the economy, whenever an internal logic of accumulation failed [Kalecki 1980, p. 355]. Referring to his thought, it can be said that we are dealing now with the weave of adverse economic developments. Globalization has reduced the share of wages in GDP and increased the profits. The increase in instability and insecurity seriously increased the risk of private investments. Therefore, the surplus generated by the economy more than ever needs the proper amount of certain and profitable private investments, which lack at the moment. Indebted beyond measure states are not able to adequately replace them with their expenditure. Past decades mean far-reaching use of private loans as well as large household indebtedness and states, thus it is difficult to count on the financial expansion. This combination of factors does not bode well for the post-crisis expansion.

Bibliography

Bauman Z. (2001), *O pożytku z wątpliwości. Rozmowy z Zygmuntem Baumanem prowadzone przez K. Testera*, Sic Warszawa.

Bauman Z. (2004), *Życie na przemiał*, Wyd. Literackie Kraków.

Bui D. (2006), *Szlak świętych krów*, Forum 4.09.

Drucker P. (1994), *The Age of Discontinuity*, New Brunswick, Transaction.

Foster J. B., Chesney Mc (2014), *Kryzys bez końca*, Książka i Prasa, Warszawa.

Foster R., Kaplan S. (2003), *Twórcza destrukcja*, Galaktyka, Łódź.

Glapiński A. (2012), *Meandry historii ekonomii*, Oficyna Wydawnicza SGH.

Kalecki M. (1980), *Dzieła*, t. 2, PWN, Warszawa.

Karbowski A. (2011), *Sądy postulatywne w ekonomii głównego nurtu*, „Kwartalnik Nauk o Przedsiębiorstwie SGH", nr 4.

Kargul A. (2012), *Ekonomia, jako nauka w świetle światowych przemian społeczno-gospodarczych*, Kwartalnik Nauk o Przedsiębiorstwie SGH nr 3.

Kotler P., Caslione J. (2009), *Chaos – zarządzanie i marketing w erze turbulencji*, MT Biznes, Warszawa.

Lacan J. (2014), *Seminarium III Psychozy*, PWN, Warszawa.

Lange O. (1961), *Ekonomia polityczna*, PWN, Warszawa.

Leder A. (2014), *Świat się chwieje*, „Magazyn", Gazeta Wyborcza 6-7.12.14.

Roubini N., Mihm S. (2011), *Ekonomia Kryzysu*, Oficyna a Walters Kluwer business, Warszawa.

Sennett R. (2010), *Kultura nowego kapitalizmu*, Muza, Warszawa.

Szymański W. (2011), *Niepewność i niestabilność gospodarcza – gwałtowny wzrost i co dalej*, Difin, Warszawa.

Szymański W. (2011), *Zmiany kosztów transakcyjnych w dostosowaniu przedsiębiorstw do wyzwań współczesnej gospodarki* [in:] *Koszty Transakcyjne*, ed. Sobiecki R., Pietrewicz J. W., Oficyna Wydawnicza SGH, Warszawa.

Szymański W. (2012), *Niestabilność gospodarcza a szanse przedsiębiorstw* [in:] *Przedsiębiorstwo a narastająca niestabilność otoczenia*, red. Sobiecki R., Pietrewicz J.W., Oficyna Wydawnicza SGH Warszawa.

Van der Heijden (2005), *Scenarios: The art of strategic conversation*, New York.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **93–107**

Joanna Wiśniewska-Mikosik | jwismik@gmail.com
University of Social Sciences

Methodological Determinants of the Organizational Culture Research Process

Abstract: The subject of this article is to analyze the determinants of organizational culture resulting from the methodology of research. It includes division of quantitative and qualitative methods and data collection techniques. The aim of the discussion is to draw attention to the importance and consequences of the choices by the researchers. The phenomenon of the multiplicity of paradigms of organizational culture, in turn leads to a huge variety of ways of defining it and interpret the concept of culture. The multiplicity of models and typology of cultures generates further difficulties when attempting to clearly distinguish the culture of other concepts, often incorrectly treated as synonyms as even the identity of the organization. You should carefully define the research problem and the setting of objectives and selection of effective research methods. The choice of method entails the use of specific techniques of data collection and determines the methods of measurement.
Key words: organizational culture, methodology of research, research methods, paradigms of organizational culture.

Introduction

The issue of studying organizational culture, despite its numerous difficulties of cognitive and practical character in this process, has enjoyed great popularity among researchers for a long time. An analysis of available studies provokes in-depth reflection on the research methodology that is most frequently chosen.

The subject of this article is to analyse the determinants of studying organizational culture resulting from the methodology of studies. A division into quantitative and qualitative methods as well as data collection techniques were taken into account. Disadvantages and advantages of individual methods were presented. An attempt was also made to indicate the directions of their use.

The aim of these deliberations is to draw attention to the importance and consequences of choices made by researchers. In regard to the multiplicity of studies conducted, it seems that studies based on rational reasons, supported by correctly selected tools that allow to measure material in a reliable and precise way are an important contribution to the development of this field of study. The aim set in that way indicates that this study is dedicated mainly to people who are planning to start a process of studying organizational culture for scientific purposes, but also to practitioners interested in culture studies. What makes studies effective is conducting the whole procedure reliably, according to the methodological rules of scientific studies, taking into account the character of the studied subject, which is organizational culture.

1. The Core of Organizational Culture and the Procedure Studying It

Some researchers think that defining culture is a useless activity, and in many cases even harmful [Kuper 2005, p. 86]. A consequence of this opinion is that many researchers are unwilling to unify this term. Reference was made to sources related to social and cultural anthropology in which the first scientific definition of culture had been made [Tylor 1896, p. 15]; its representatives have been studying culture for more than a hundred years. In the initial discussion a broader discourse and quotes from rich works of studies on organizational culture were omitted to take a look at the general concept of culture and describe how it is defined and used in various academic aspects. In this article you will not find any references to Edgar Shein, Geert Hofstede, Kim S. Cameron, Robert E. Quinn or many other classics. A reference point for the discussion is the definition of culture, in particular the criticism it faced in cultural anthropology. Today anthropologists seem to have given up attempts to create a universal definition of culture to develop other categories for a culture-oriented description. When studying contemporary literature on the subject, a postulate can be observed saying to stop defining culture in organization studies [Said 2005, p. 15]. In regard to the discussion started by representatives of post-colonial criticism [Said 2005, p. 15], it is appropriate to say that the term "culture" defined as an analytical tool creates more problems than gives benefits. That is why some researchers who go further into management studies and take some anthropologic criteria also call for stopping to define organizational culture in a precise way [Kuper

2005, p. 15]. Various strategies are used, including: 1) to review many definitions to prove that there is no agreement on the definition of culture; 2) to identify a list of elements common for all definitions; 3) to use a popular quote by Clifford Geertz as its definition: “Believing, with Max Weber, that man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs” [Geertz 2003, p. 57]. In his cross-sectional and undoubtedly critical work on culture, Adam Kuper says: “There are fundamental epistemological issues that will not be solved by walking on tiptoe around the term *culture* or improving definitions” [Kuper 2005, p. 20]. The question is: “Why?”. Traditionally, the definitions of culture emphasise consensus; what becomes or is perceived as common for the group: values, norms, beliefs, etc. In most studies on organizations, the understanding and universalisation of the term “culture” are based on such foundations.

However, the multiplicity and complexity of social phenomena cause that researchers keep looking for efficient methods to measure and analyse them, despite the increasing criticism of such actions. Together with changes occurring in societies and organizations that societies have, methods for studying phenomena also evolve, which in turn gives hope that the postulates quoted above will not be taken as a determinant of the contemporary perception of culture, at least organizational culture.

2. Factors determining methodology for studying organizational culture

By the end of the 20th century qualitative methods prevailed. However, in recent years the popularity and universality of qualitative methods has significantly increased. These methods are based on completely different assumptions. In this work a comparison of results obtained by both these methods was made, which, as it seems, allows to perform a broader and more detailed comparative analysis of these two methods. This, in turn, may be extremely useful for the process of studying organizational culture.

Organizational culture is a very multidimensional and complex phenomenon. It also occurs in a broader context as one of the organizational elements. It cannot be considered separately from other elements [Wiśniewska-Mikosik 2013, p. 180]. Jointly, such elements create a consistent system which is mutually dependent.

As a consequence of multidimensional relations with other subsystems such as human resources, the strategy, structure but also the environment, the analysis of organizational culture is more difficult. Many elements and results of its influence are invisible and frequently even unconscious. As already mentioned, studying culture is not simple or one-dimensional, and results are not often obvious. The fact that there are many paradigms of organizational culture may pose an additional difficulty. On the one hand, some researchers refuse to formulate a definition, as already mentioned at the beginning. On the other hand, many researchers try to do so. As a result, more than 160 definitions appear in literature [Kroeber, Klokholm 1952] and they affect our view on this issue to a less or greater extent.

Burrell and Morgan suggested four paradigms for social sciences:

- functionalist,
- interpretative,
- radical humanistic and
- structuralistic,
- which are also used in the cultural current [Burell, Morgan 2005, p. 80].

Smircich has also made an important contribution to the process of classification and unifying the paradigms of organizational culture. She gave categories to the key concepts lying at the basis of cultural studies [Smircich 1983, p. 339]. She also analysed the role of culture in organizational reality, which led to classifying culture as an independent, dependent variable or a separate entity. Determining and identifying precisely specific groups allowed, in turn, to categorise cultural studies.

For example, when staying in the field of functionalist paradigm, considering culture to be a dependent variable, you can study the process of organizational culture management, i.e. the relationships between organizational culture and the influence of this organization on the elements of the environment [Wiśniewska-Mikosik 2013, p. 205].

The aspect described above is only an example of possibilities which Smircich's classification provides [Smircich 1983, p. 345]. Other approaches, i.e. considering organizational culture to be an independent variable or an independent entity, also have supporters among researchers and, of course, many examples of their use.

The phenomenon of multiplicity of organizational culture paradigms leads, in turn, to a great diversity of the ways defining it as well as interpreting the term "culture" itself. This directly results from the process of operationalization of this phenomenon. The numerous definitions mentioned earlier have different form, depending on the concept through aspects of which they are perceived. This multiplicity of concepts and aspects leads to the "pluralism of definitions" [Sułkowski 2008, p. 10] types of organizational cultures and dimensions, which Sułkowski defines as a "jungle" [Sułkowski 2008, p. 10]. As a consequence of such multiplicity of reference points in research processes, the analysis of research results causes many problems of practical character and in terms of conducting elementary studies. In particular, comparing results obtained by different authors often turns out to be even impossible because such results are based on completely different criteria and grounds. Such comparisons are not necessarily doomed to failure. Quite the opposite, observations made during such research and the lack of existing, developed and possible to use tools require to look for new dimensions of definitions that are already common for the studied aspects. This heterogeneity of culture and organizational culture provokes to conduct more and more research programmes as well as use the current research work and continue valuable projects to develop coherent actions.

Despite such indisputable advantages of the development of the described field, it cannot be denied that studying organizational culture is a very complex process that often requires interdisciplinary skills to see the problem. The selection of methodology is a result of deeper choices made by the researcher which concern assumptions of ontological and epistemological character [Kostera 2007, p. 86].

3. Quantitative and qualitative methods for studying organizational culture

As already mentioned, in the process of studying social phenomena, which also concerns organizational culture, both quantitative and qualitative studies are used. Regardless of the research objective, a method must be chosen, taking into account disadvantages and advantages of each respective group.

Quantitative studies indicate a presence of some phenomena and allow to describe it in numbers. In this way we get a mathematical model (synthetic approach) of the phenomenon. This type of research is most frequently used for testing hypotheses and generalising results to the entire population. The objective of such research is to determine the cause-and-effect relationships and predict the future in a scientific manner. In this kind of research the influence of the researcher on the studied subjects is limited since at the preparatory stage the researcher determines some categories in advance, and the research is to lead to finding relationships among them and answering the question "How many?" [Kostera 2003, p. 95].

Qualitative studies aim at presenting the studied issues in a broader context. They are process-oriented. Those who choose this type of studies try to get to the core of the issue to answer the questions "Why? How? When? What?" [Kostera 2007, p. 89]. Such studies enable to understand people's attitudes and behaviour. They allow to get to the motives of their actions and the meaning they assign to such actions. The research objective in this case is to look for and try to understand phenomena that interpret them in the context of determined criteria. A consequence of the obtained results is an attempt to transfer such results and relate them to similar situations.

With qualitative studies, it is possible to study less known or completely new phenomena. They also allow to explore undiscovered aspects of phenomena that apparently we know well. This kind of research is inductive, this means that generalizations are gradually made based on the collected study results, often leading to new definitions [Nikodemska-Wołowik 1999, p. 106]. Qualitative studies do not include statistical inference. They do not need a representative sample. This is an unquestionable advantage of this method group. However, at the same time it is a source of some limitations, such study results cannot be generalized to a bigger population.

The table below includes examples of quantitative and qualitative research methods.

Table 1. Examples of quantitative and qualitative research methods

Qualitative research methods	**Quantitative research methods**
Case study	Laboratory experiments
Grounded theory	Simulations
Semiotics	Mathematical modelling
Hermeneutics	Statistical analyses and econometrics
Narration and metaphors	Questionnaires

Source: own work based on M. Myers, *Qualitative Research in Business & Management*, **Sage, London 2009, p. 8.**

Each of the groups of research methods presented above contains some probability of the overlooking of significant elements requiring a deeper analysis. However, it is worth emphasising that it is not the only threat which "awaits" for a researcher coping with organizational culture.

4. Organization - company as an environment for studying organizational culture

Organizational culture depends on several other, high dynamic factors. The organization character is a very important element. If the researcher's area of interest was limited only to the organization meeting the criteria of a company, then although the research area has been undoubtedly determined and described in detail, we are still dealing with many determinants affecting the research. Notably, organizational culture is undoubtedly dependent on the industry in which the company operates or the technologies it uses. The type of ownership in the company or conditions in the market such as the intensity of competition are also significant. For example, it has been observed that during recession they have more restrictive organizational cultures more frequently, while in the time of prosperity there is more freedom and ease. Also the company's history, age or range are important for organizational culture. Companies with long-time traditions usually have a tendency to ritualism and they often cherish conservative attitudes. Another element that has a big impact on the form of organizational culture is the prevailing management style in the company. As far as the autocratic style is concerned, it can be expected that organizational culture will be focused most of all on values such as discipline, loyalty and obedience. If the management style is democratic, then culture will be open and will value employee independence highly.

Another important element determining the model of organizational culture we are studying is the set of physical and mental features of its participants. Each of them makes their own contribution to the culture of the organization (company).

As already mentioned in previous deliberations, organizational culture is a multidimensional entity that may be analysed in different dimensions and at different levels. Basic cultural assumptions are the deepest and at the same time most durable and difficult level of organizational culture for exploring. They are a basis on which the whole structure of culture as well as the company's spirit lies upon. The basic assumptions include bases and beliefs which members of the organization accept and do not criticise in any way. Studies show that the core of organizational culture can be limited to seven basic features whose description already includes the area where they affect the company in which they operate:

- Innovation and a tendency to taking risks which in other words means the extent to which employees in the company are encouraged to implement innovations and take risks.
- Attention to detail which means the extent of expecting accuracy from employees in conducting tasks and attention given to details.
- Level of pressure on results which means the extent to which the management is focused on results or effects but not on the methods and processes used to achieve these results.
- Focus on people, i.e. the level of intensity with which the management's decisions take into account the results of the achieved aims for the organization's members.

- Level of team acceptance, i.e. the intensity of team acceptance compared to the acceptance of an individual.
- Level of aggressiveness, i.e. to what extent employees show aggressiveness and would rather compete with others than settle for their position.
- Stability importance means the extent to which the organization keeps the current state of affairs in its operation, giving up opportunities for development.

Each of the described features can have different intensity. An assessment of the organization based on these features gives a complex image of its culture. Also other features have impact on the form of our organizational culture. They indicate, in turn, what role organizational culture plays in the organization.

An element that in a significant way makes the organization distinctive in view of other ones is the adopted system of norms, values and beliefs developed based on tradition, shared by the organization's participants. This system is a significant reference point in the process of strategy development. It is also an integrating element that leads to a unification of actions taken by the participants of the organization.

Thus, if organizational culture is a determinant and a determining factor organising the rules of organization operation, then the organization, and in particular the company, is the environment where it exists.

Organizational culture is usually a reflection of the founders' vision as well as in some cases the founders' mission. It is them who establish initial cultural patterns. In companies of a smaller scale, both newly-established and simply small companies, the mentioned relationship is observed in the most obvious way. Thus, organizational culture is an outcome of interactions between the views and values significant for the founders and the things which the first employees will work out based on their own experiences.

In order to describe organizational culture, you can use different criteria and qualifications. Due to various criteria, at least several kinds of typologies can be distinguished. Kets de Vries and Miller indicate the following division of culture types:

- Paranoid culture that consists of distrust and fear and constant readiness to repelling attacks, coldness of relations.
- Constrained culture in which perfectionism and meticulousness in conducting every task prevail. Every action must be based on a specific pattern. Chaos is perceived as the biggest threat. All actions are subject to rules and procedures.
- Dramatic culture in which all actions in the organization are focused on a charismatic manager. The lack of discretionary power does not result from specific provisions and rules but from the individual dependence and uncritical acceptance of the manager's decisions and attitudes.

- Depressive culture, i.e. dominated by an attitude to refuse to take any new actions believing that they are not possible to carry out. An external initiative is expected, and actions are based on routine.
- Schizoid culture – its distinctive features are distance, loneliness and fear. Indifference is a dominant attitude. Aiming at career is set by two directions of actions [Żbikowski 2010, p. 11].

Organizational culture determines how its participants want and are able to work out jointly the directions and ways of organizational development. The integrating function of organizational culture plays a very important role in the internal environment of the company. As a matter of fact, all functions of organizational culture fulfilled inside the company give an opportunity for groups of employees to exist even if there are no official regulations or structures. Organizational culture organizes the organization enough.

The role of culture is also to determine the lines between the organization and its environment and distinguish it among other organizations.

The company – the organization is an environment where organizational culture operates. The external environment is not empty space and depends on many factors, both internal and external. Both organizations and individuals creating it are in a constant interaction with the environment. Thus, it turns out that there are many conditions and determinants affecting the great variety of research activities devoted to organizational culture and they are affected by dynamic changes.

4. Methodology of organizational culture assessment

The assessment of organizational culture is a process that requires a very differentiated and well thought approach. Every organization has a different set of distinctive features typical only for itself such as its business profile, structure, organizational objectives and desired and expected values. Thus, in order to select proper methods which enable, for example, to analyse the level of organizational culture or differences between the current culture and the culture expected, an individual approach to the organization is necessary.

In order to verify research questions formulated a priori in terms of organizational culture assessment, quantitative methods are used. They allow to obtain standardised results. Using this method requires to identify first the basic features of the organization studied, i.e. its structure or the general features of the population studied. Next, a research tool which corresponds to the assumptions previously made is developed. Taking into account the complexity of organizational culture assessment, the tools used for measuring it should be properly developed.

The use of quantitative methods in assessing organizational culture may vary greatly. Both PAPI, CATI and CAWI methods can be used in the research [Nikodemska-Wołowik 1999]. However, due to an expected increase in employee involvement in the research carried out, based on practise, the appropriateness of using methods directly involving employees is often recommended. It increases the sense of importance of the research.

A significant argument supporting the use of quantitative methods in studying organizational culture is a possibility to obtain information that will allow to get synthetic determinants showing the condition of the studied object. When such determinants have been developed, they reflect more or less the unchanged extent of organizational culture influence on the organization's employees. They also give an opportunity to conduct periodic measurements that having the form of specific tools can be conducted directly by the management, without engaging external resources such as professional diagnosticians or assessors.

The assessment of organizational culture can also be made with qualitative methods in the form of individual or group interviews. Such methods, used mainly to broaden information on a specific topic such as desired culture directions in the organization. They are also very useful when studying the management, this is a stage preceding the quantitative research. The participant observation method should be added to qualitative studies on organizational culture, it involves a kind of perceptual taking pictures and an analysis of employee behaviours within the studied area by the researcher.

The third aspect of research activities is an area based on descriptions (case study) of specific cases whose studies will allow to draw conclusions and transfer them onto the organization's ground, provided the situation of such an organization is analogous.

The functional approach to culture is a common feature of most works dedicated to organizational culture and drawing up results from studies. Culture is considered here to be another element of the organization, which in turn allows to compare it with other organizations as well as organizations from different countries in quite an easy way. Considering the issue in this current, a cultural description of the organization comes down to presenting descriptions of cases in which individual "elements" of culture are analysed such as its mission, rituals, and values. In the context of this current, culture is an object requiring to be identified [Zbiegień-Maciąg 2008, p. 76]. In this area of deliberations we come across many suggestions which present organizational culture with a certain measure of reflection and criticism [Czarniawska 2009,

p. 56]. These are interpretative approaches that do not forecast an opportunity to “identify” organizational culture but rather to understand it. The book mentioned earlier “Kultura organizacji. Badania etnograficzne polskich firm” edited by Monika Kostera provides this perspective of perceiving organizational culture [Kostera 2007, p. 23]. The authors of individual chapters in the quoted book focused on a presentation of cultures of individual organizations, they consider them to be separate entities that are impossible to unify. As the authors point out themselves, the task they took on was very difficult because of many approaches.

Trying to understand and assess the research problem as well as answer research questions and not to describe the organization’s culture, the researcher must be open to various theoretical inspirations. This leads to taking a step to modernise and achieve more pragmatic dimension of the new strategy of organizational culture research. However, the ability to take into account works of researchers from other fields seems also important. As a result, you get an opportunity to have a broader view than only the one within borders determined by the classic definitions of culture [Jemielniak 2009, Kostera, Obłój 2010].

When analysing the advantages and disadvantages of all the presented groups of research methods above, it should be noted that in the process of studying a business organization, both methods may be useful. They complete each other and their use depends on the subject of the research and the research objective [Kostera, Obłój 2010]. If we choose to conduct a study on a big sample and generalise its results to the entire population as our aim, then a quantitative study will be carried out. If the aim is an in-depth analysis of a specific topic, in particular a new one or one that cannot be weighed because of any reasons, a qualitative study will be certainly used. However, Kostera points out that these studies should not be used together [Kostera 2003, p. 76].

If it is necessary to use more methods, the principle of triangulation works well. The aim of it is to use many methods and sources in the study [Sułkowski 2002b, p. 95]. Triangulation is a very useful method for analysing a specific topic in different aspects, taking into account different points of view. Denzin distinguished four types of triangulation:

- data (different sources of data),
- researcher (many researchers),
- theoretical (different theories), and
- methodological (many methods) [Denzin 1978]. The basic benefit of triangulation, as it seems, is the possibility to verify the assessment of the studied phenomenon based on a specific method, using other method.

The triangulation method should be used to increase the reliability of cultural studies. It allows to obtain a broad context and view of the studied phenomenon. This method also provides high quality studies. It also limits the occurrence of measurement errors or their intensification which results from using only one method.

Conclusions

As the deliberations above seek to prove, studying organizational culture is an ambiguous and complex process. This results from many issues whose source lies in the theory of cognition and heterogeneity in defining this term. Most contradictions result from the fact that the paradigms which govern organizational culture are not determined in a homogeneous manner as well as from the multiplicity of definitions. Also a multiplicity of models and culture typologies creates other difficulties when attempting to distinguish organizational culture from other terms, which are often incorrectly regarded to be its synonyms, for example, organizational identity. However, new research fields within organizational culture keep appearing, they undoubtedly deserve to be more developed. It seems that it is also worth observing the relationships that have not been described yet but are still being discovered between the elements already described. Despite the opinions, including also very sceptical ones, on the validity of conducting studies on organizational culture and the efficiency of methods used discussed in this article, in conclusion it is worth pointing out that in regard to the current rules and needs recognised so far, this direction seems to be essential.

In the context of deliberations in this article, the shape and form of studies on organizational culture must be pointed out. Thus, the research problem and objectives must be specified precisely. A proper selection of efficient research methods is particularly important. The scope of available instruments used for studying culture is broad and covers both quantitative and qualitative methods. The selection of a method means the necessity to use specific techniques of data collection and determine measurement methods for it. The available and published results of national studies on organizational culture show clearly that despite a clear increase in interest in this field among researchers recently, there is still a broad field to be explored. For example, as a result of assessing organizational culture, the mechanisms and causes of employee reluctance toward some actions taken by the management [Barwacz 2014] or the fields of accepted actions are identified.

In many organizations staff management and decisions related to it are preceded by a less or more advanced diagnosis of organizational culture. Undoubtedly, it allows to make more accurate decisions increasing the awareness of participation in the organization. Based on many companies which are successful, it can be concluded that by developing correct culture, companies increase their awareness, and this is an element whose value cannot be overestimated. However, at the same time in the context of the quoted critical comments, we, researchers, users of the described tools, but also the pragmatists who implement scientific research results, should be calling for a further development and exploration of studies on organizational culture.

Bibliography

Aniszewska G. (2007), *Kultura organizacyjna w zarządzaniu*, Warsaw: Polskie Wydawnictwo Ekonomiczne, Warsaw.

Barwacz K. (2014), *Diagnozowanie kultury organizacyjnej w procesie zarządzania wiedzą,* University of Economics in Cracow, Cracow.

Burrell G., Morgan G. (2005), *Sociological Paradigms and Organizational Analysis*, Ashgate Publishing Limited.

Czarniawska B. (2009), *A Theory of Organizing*. Edward Elgar Publishing, Northampton, Massachusetts.

Denzin N.K. (1978), *The research act: A theoretical introduction to sociological methods*, McGraw-Hill, New York.

Geertz C. (2003), *Zastane światło: antropologiczne refleksje na tematy filozoficzne*, Universitas, Cracow.

Jemielniak D. (2008), *Praca oparta na wiedzy: praca w przedsiębiorstwach wiedzy na przykładzie organizacji high-tech*, Wydawnictwa Akademickie i Profesjonalne, Warsaw.

Jemielniak D. (2009), *Time as symbolic currency in knowledge work,* "Information and Organization", 19(4), pp. 277–293.

Kostera M., Obłój K. (2010), *Archetypes of rivalry: Narrative responses of Polish radio station managers to perceived environmental change*, "Journal of Organizational Change Management", 23(5), pp. 564–577.

Kostera M. (ed.) (2007), *Kultura organizacji. Badania etnograficzne polskich firm,* Gdańskie Wydawnictwo Psychologiczne, Gdańsk.

Kostera M. (2003), *Antropologia organizacji. Metodologia badań terenowych*, Wydawnictwo Naukowe PWN, Warsaw.

Kuper A. (2005), *Kultura. Model antropologiczny*, Wydawnictwo Uniwersytetu Jagiellońskiego, Cracow.

Nikodemska-Wołowik A.M. (1999), *Jakościowe badania marketingowe*, PWE, Warsaw.

Said E.W. (2011) *Orientalism*, "Management and Business Administration. Central Europe", 1.

Schein E.H. (1991), *What Is Culture?* [in:] P.J. Frost, L.F. Moore, M.R. Louis et al, (ed.), *Reframing Organizational Culture*, Sage, pp. 243–25.

Smircich L. (1983), *Concepts of Culture and Organizational Analysis*, "Administrative Science Quarterly", 28(3), pp. 339–358.

Sułkowski Ł. (2002a), *Kulturowa zmienność organizacji*, Polskie Wydawnictwo Ekonomiczne, Warsaw.

Sułkowski Ł. (2002b), *Procesy kulturowe w organizacjach. Koncepcja, badania i typologia kultur organizacyjnych,* Wydawnictwo "Dom Organizatora", Toruń-Łódź.

Sułkowski Ł. (2008), *Czy warto zajmować się kulturą organizacyjną?* "Zarządzanie Zasobami Ludzkimi", Issue 6.

Tylor E.B. (1898), *Cywilizacja pierwotna: badania rozwoju mitologji, filozofji, wiary, mowy, sztuki i zwyczajów,* Wydawnictwo "Głosu", Warsaw.

Wiśniewska-Mikosik J. (2013), *Wpływ kultury organizacyjnej na relacje z otoczeniem małych przedsiębiorstw,* dissertation SAN, Łódź.

Zbiegień-Maciąg L. (2008), *Kultura w organizacji. Identyfikacja kultur znanych firm*, Wydawnictwo Naukowe PWN.

Part II

Selected Problems of Human Resource Management

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **111–130**

Łukasz Sułkowski | lukasz.sulkowski@uj.edu.pl
Jagiellonian University
Michał Zawadzki | michal.zawadzki@uj.edu.pl
Jagiellonian University

Corporate University: A Critical Approach[1]

Abstract: The ability of a university to educate students to be responsible and informed citizens in the future has been undercut by the market-inspired, neoliberal attempts to commercialize universities and to turn them into suppliers of proprietary knowledge. The paper focuses on a critique of the ongoing erosion of an important cultural function performed until very recently by the Western universities, which is democratization of social life through development of critical thinking, imagination, and through cultivation of social and humanistic sensibility. We attempt to diagnose the causes of erosion, the consequences of it and to design a possible future social function of a contemporary university as a counterbalancing agency and a testing ground for civic training. The paper opposes a commonly accepted belief that the university should be changed through the corporate market model and presents theoretical research with references to empirical data gathered by other authors.
Keywords: Universities, critical pedagogy, critical management education, learning, instrumental rationality, management

1. The paper funded by Narodowe Centrum Nauki No. UMO-2014/13/B/HS4/01581, entitled: “Kultura jakości w polskich uczelniach wyższych” [Quality Culture at Polish Universities].

Introduction

Reforming modern public universities in Europe reveals contradictions that directly affect their functioning. On the one hand, we have adherents of the corporate model of academia; they claim, generally speaking, that changes resulting from the Bologna Declaration as well as the growth of a mass education create the need for direct management of these organizations towards the market model of a business company. This model of the university, which is dominant in the mainstream and governmental perception of modern academia in Western societies, assumes a search for customers and catering to market needs. It calls for a necessity to compete on the 'accreditation market' and for the ranking lists. On the other hand, there is a growing number of critics who claim that changes in the environment of the university undermine the academic ethos and weaken the cultural mission of the university. They warn that a corporate model will intensify the decay of academia. As academics with a critical perspective at heart, worried about the condition of the modern university, we share this critical vision but we will analyse it in depth.

The main aim of this paper is to explore the connection between market driven reforms and erosion of the cultural mission of the public university. We focus on the following question: how neoliberal reforms affect the cultural mission of the university, which is dependent on the quality of educational processes, traditionally based on the discursive and deliberative communication between teachers and students in the classroom? In the first part of the paper, we show the consequences of reforming academia in a neoliberal market-based way: educational and market fundamentalism, performance panopticism and devaluation of critical reflectivity. In the second part, we put forward proposals for the restoration of the cultural mission of the university through actual experience of knowledge in the classroom.

Corporate University

The Bologna Declaration has become a key document defining changes in the system of higher education in Europe managed by national ministries of higher education [Bologna Working Group 2005; ENQUA 2009; OECD 2009]. These blueprints for government activities aim at implementing a clearly identified purpose associated with increasing employment opportunities and expected higher mobility of European citizens. Changes should also improve international competitiveness of European universities. Simultaneously, universities are facing a problem with mass access to higher education connected with an increasing demand of knowledge-intensive organizations for highly qualified staff.

In response to the requirements of the Bologna Strategy and a problem with mass access to higher education connected with an increasing demand of knowledge-intensive organizations for highly qualified staff, universities try to improve imitating the corporate model of a professional organization [McKelvey. Holmen 2009]. The preferred direction in the development of the modern Western university is an entrepreneurial organization, which could function as a well-managed and successful business company. Due to the need for budgetary restrictions of state expenditures on public services, universities turn to self-financing, which means popularization of the tuition-based model. In any case, the dominating trend is simultaneous development of partial or full payment of tuition fees [Teixeira, Johnstone, Rosa & Vossensteyn 2006]. Universities, faced with shrinking state funding, are also forced to seek alternative sources of financing, which Burton Clark calls the "third stream" (in addition to state donations and incomes from education services) [Clark 1998; Clark 2004]. They can be derived from economic activity involving development of intellectual property rights on implementations, collaboration with industry, innovations and generation of new business ventures (e.g. spin-offs) [Johnstone 1998; Teixeira, Jongbloed, Dill & Amaral 2004].

Universities have to become flexible organizations which adapt to the changing market demands and face new challenges while treating all stakeholders as attractive customers. Briefly speaking, the corporate model of the university assumes the following: sensitivity to customer needs, a flexible structure and becoming an efficient organization capable of competing by successfully responding to the changing market demands [Saperstein, Rouach 2002; Gjerding et al. 2006]. It forces universities to abandon the philosophy and principles of the 'ivory tower' and transform according to the rules governing a flexible service company which is managed by 'professional' managers – those who completed 'appropriate' business courses (e.g. MBA) [van Vught 1999; Shattock 2005; Tijsen 2006].

In line with market-driven reforms, management of universities is also undergoing substantial change. First of all, there is a growing number of universities which are not established by the state but founded by private and other non-governmental entities (churches, associations and other entities of the third sector). Besides, corporate and managerial solutions are applied more and more commonly in order to make management of the institution, the process of learning and research more efficient. As a result, the continental participatory model is being replaced by managerial solutions [McKelvey & Holmén 2009].

Enforced growth of effectiveness and efficiency of the university leads to a reduction in the autonomy of both the institution as a whole as well as the scientific and academic staff. Academic autonomy, embedded in the Humboldtian model, served the freedom of research and reduction of interference from authorities, professors' business and other stakeholders in research and academic activity. Contemporarily, manifestations of this autonomy are being gradually eliminated both due to the influence of external factors (government policies, marketization) and internal ones (implementation of incentive and control systems) [Kogan, Bauer, Bleiklie & Henkel 2006]. Mechanisms of external accreditation and certification as well as state supervision of universities are being developed. In most countries, the occupation of a professor loses the character of a nomination by the State and becomes merely employment relationship. What are the consequences of the managerial changes?

Educational and Market Fundamentalism

The basic assumptions of a corporate model of the university put it in the iron cage of educational and market fundamentalism [Alvesson 2013]. Educational fundamentalism is concerned with a (false) claim that higher education contributes to the development of the economic growth of societies in a natural way and at all times. According to this ideology, having a university degree increases the probability of getting a job and increasing an individual's self-satisfaction. In this perspective, graduation and getting a diploma guarantee that the holder is an educated person. The fallacy of this reasoning is especially visible if we take into consideration the current trends in the processes of university-level learning. This degrades the processes of education, reduced to a simulacrum, which deepens social frustration [McLaren 2002].

Disappearance of the culture of learning in the corporate model of the university is confirmed by research conducted by Richard Arum and Josipa Roksa [2011]. The authors studied 2,200 American college students testing their abilities with respect to critical thinking, analytical reasoning, problem solving skills and competencies in narrative writing. About 45 percent of the surveyed students failed to develop the above-mentioned competencies within the first 2 years of education – and 37 percent failed even after four years. The authors also point to a dramatically decreasing amount of time spent on individual studying and lack of motivation to learn. As far as teachers are concerned, the authors examine the problem of passing an exam by the students who are not involved enough. This dramatic pathology is also more and more visible in Europe [Mazza, Quattrone & Riccaboni 2013; Sugden, Valania & Wilson 2013].

The corporate model of the university is also tainted by market fundamentalism associated with the neo-liberal false belief that markets alone provide an appropriate model for reformation of universities, and act as a competent regulator of changes in the higher education sector [Alvesson 2013]. According to this ideology, the main role of the university is to prepare students for effective functioning on the labour market. This is tantamount to viewing universities as vocational schools while paying no regard to the fact that the market always acts in the short run, whereas the role of the university is to function in the long run and develop students' cultural competences allowing them to design and undertake civil action independent from changes and short-term demands of the markets and societies.

Performance Indicators: University as a Panopticon

As a next consequence of reformation of universities based on the market model we would like to emphasize the introduction and imitation of new managerial techniques, such as using performance indicators adapted from the *New Public Management* model, aimed at increasing the quality of higher education in a quantitative way [Czarniawska 2015]. The processes of learning and doing research are now measured with instrumental indicators at universities, which allows to compare and evaluate different factors and holds a promise of enhancing transparency, developing quality and creating more efficient organizations. Yet the results have been "naturalization" of accountability, emergence of an audit regime, and performance management that focuses on assessing learning and research outcomes in an instrumental way, favouring quantitative research assessment, standardized knowledge testing and performance-based teaching [Strathern 2000; Craig, Amernic & Tourish 2014].

From our point of view, the rationality of managing performance in the corporate university appears to be similar to that of the panopticon: it orders the whole system while ranking everyone within it [Foucault 1977]. Quality can be guaranteed, it is claimed, through careful monitoring and measurement of performance and productivity: every individual is made acutely aware that their conduct and performance is under constant scrutiny. As Cris Shore and Stephen Roberts put it [1995], far from improving performance and quality in teaching and research, managerial policy has been constructed more in accordance with a political agenda, the aim of which is – as in the panopticon prison – social control of people. The result of this is likely to have devastating consequences for intellectual freedom, education as well as academic identity at universities [Amit 2000].

What is absent from the performance management system is any clear definition of what constitutes 'quality' or 'excellence'. Officially, all institutions can achieve excellence measured against the objectives which they set for themselves. As a result, the system of performance management and audit is seemingly decentralised and institutions and individuals are empowered in the sense that they are invited to define their own yardsticks for excellence [Dakowska 2015]. However, this apparent freedom is counterbalanced by the existence of externally-imposed inspectorates and the publication of results in competitive and hierarchical league tables. Should this prove insufficient to guarantee maximum productivity, sanctions can be mobilised against individuals. These include the policy of linking performance with departmental funding and, beyond that, with individual salaries and promotion prospects.

Academics, like prisoners, are thus caught in a disciplinary system and actively reproduce its negative characteristics while feeling increasingly powerless against it [Tuchmann 2009]. While the theory of management might hold that this produces a beneficial effect (since the employee is goaded into constant self-improvement); in reality, particularly in the context of higher education, this situation might result in fear, destructive internal rivalries and fragmentation of solidarity [Jemielniak & Greenwood 2013]. What is more, instrumental assessment proposed in the market model of the university does not even attempt to measure long-term learning and research implications for the society – but reduces them to mere performance demands of strictly defined outputs [Pettersen 2015]. As Henk Bogt and Robert Scapens pointed out, "there is a danger that the new systems could inhibit creativity in teaching and limit contributions to the world outside the university" [Bogt & Scapens 2012: 451]. Paradoxically, such an instrumental framing of education and research becomes quite convenient for the cynical academics trying to survive in the "academic capitalism", characterized by the hegemony of "publish or perish" norm [Slaughter, Rhoades 2004] and a "Champions League Syndrome" [Collini 2012]. In consequence, as Zygmunt Bauman and Ricardo Mazzeo observe, universities are no longer supposed to educate and undertake research but merely organize the learning and research processes [Bauman, Mazzeo 2012].

Devaluation of Critical Thinking in the Management Classroom

Neoliberal reforms in higher education have resulted in disintegration of the traditional scientific community of researchers and students, which was based on the master-student relationship and had been characteristic for universities since as long ago as the Middle Ages. The contemporary model of education has lost the aspect of elite teaching, developing a culture-shaping group of intellectuals and moves towards a model of education for professionals with the growing trend of specialization [Sułkowski 2013]. It is visible especially with respect to management education which has been dominated by the positivist paradigm and pathology of non-critical communication in the classroom.

The quality of management education in our meritocratic societies is one of the most important factors which determine the quality of future manager's competences. Management education must facilitate continuous development of critical reflexivity in both students and teachers: the quality of communication between people who are involved in the educational process as well as the value of the content used in this process are crucial for the quality of cultural competence of manager and their level of critical thinking [Grey 2004; Czarniawska & Gagliardi, 2006; Dehler, 2009; Vidaillet & Vignon 2010]. The degree of critical reflexivity in management classroom determines ethical and cultural sensitivity in organizational practice: it is important for managers who are responsible for such important public good as the university to think in a critical way and communicate it clearly to the students and academic staff. Their role is connected with the ability to recognize the normative character and the structural complexity of academia, which is crucial for the development of democratization of the society.

Unfortunately, marketization of universities causes the orientation of the teaching staff characteristic of Huboldtian universities to change – contemporary management education in Western societies is dominated by the technical imperative connected with instrumental rationality [Thomas, Lee, Thomas & Wilson 2014]. The problem is that the transferred knowledge is outdated and based on the positivist and functionalist paradigm [Contu 2009]. More importantly, communication between teachers and students as well as communication with texts is frequently fictional and reduced to storing information in memory [Raelin 2009]. Instead of developing organizational imagination and ethical sensitivity, students merely learn how to calculate profits and losses [Mintzberg 2005; Khurana 2007]. They are preparing to treat other people in the organization as a necessary resource to achieve the most narrowly and technically articulated goals of economic development [Colby, Ehrlich, Sullivan & Dolle, 2011].

Using the terminology developed by Bruno Latour, one could say that corporatization of higher education brings down classrooms at universities and business schools to the level of 'black boxes' [Latour 1987] filled with discourses closed to criticism, where interpretations of the reality authoritatively imposed by the teacher are reproduced over and over. A similar observation, which seems more pronounced today than ever before, has been made by Russell Ackoff when he analysed the culture-related condition of business schools:

'Most schools are industrialized disseminators of information and knowledge. They have little to do with the generation or spread of understanding and wisdom. They use materials and methods that would be appropriate if students were black boxes whose output hopefully exactly matched what was put into them earlier' [Ackoff 1994, p. 200].

In consequence, we can identify the positivist and functionalist paradigm of formatting knowledge about management, in which the dominant means-ends orientation prevents students, academics and managers of a university as well as politicians engaged in reforming academia from questioning the very validity of specific goals [Zawadzki 2012; Parker 2014]. This is strongly connected with naturalization of instrumental rationality: it is obvious and natural that students study at the university in order to achieve vocational competencies and to become more attractive for employers – so the university has to provide practical courses for them, which are dependent on market demands; it is natural that academics should develop only practical and applied research results, which are highly valued by the market – so the role of the university is to be a mediator between academics and the market. If such a perspective is adopted, more profound ethical and political issues such as distribution of moral responsibility at the university or the relation between academia and the society or culture will either be considered negligible due to the need for implementation of the set objectives or masked through the use of internal instrumental assessments or rankings [Willmott 2003]. In such a case, all efforts to correct organizational deficiencies are reduced to elimination of the elements considered dysfunctional so that the dominant priorities and preference orders can still be retained.

Cultural Mission of the University: Proposition of Change

For the purpose of discussing our proposal for reformation of the modern corporate university, we will first of all consider the following question: what does it mean that the cultural mission of the university is associated with its identity as a counter institution? The cultural mission of the university is defined by Henry Giroux [2010] as an obligation to constantly critically reflect on the socio-cultural environment and intervene in the reality in order to initiate changes to it. According to the philosophy of radical pedagogy, which we have found very important for our reflection upon academia [Freire 2001; McLaren 2002; Giroux 2010], the university remains a unique place to prepare students both to understand and influence the larger social forces that shape our lives. It is a special fragment of the public sphere, where people should be able to combine hope and moral responsibility with the productivity of knowledge as a part of broader emancipatory discourse. Higher education must be considered a vital component of a mature public sphere (Bloom, 1987). Only then can it offer students the opportunity to involve themselves in the most acute problems of the society and acquire the knowledge, skills and ethical vocabulary necessary for modes of critical dialogue and forms of a broadened civic participation.

It is important to develop a proper educational context for students, so that they can come to terms with their own sense of power and train their public voice as individuals and as potential social agents [Collini 2012]. Universities should assist students-citizens by enabling them to examine and frame critically relevant questions. Students-citizens should be aware that what they learn in the classroom is part of a much broader and fundamental understanding of what it means to live in a global democracy [Nussbaum 2010]. That is why the main element which allows the university a possibility to generate democratic changes in the society is cultural competence; thus it is first and foremost knowledge acquired in a reflexive way by scientists, academics and students.

Students, researchers and academics need to learn how to be responsible for honing and disseminating their own ideas, take intellectual risks, develop a sense of respect for others who are different from them, and think critically in order to shape the conditions that influence the way they participate in a broader democratic culture. In other words, higher education is a moral and political enterprise that must struggle against all forms of dogmatism, commit itself to the most meaningful principles of democracy, exercise a rigorous practice of self-criticism and provide a vision of the future in which students, scientists and academics can function as informed, critical citizens capable of active participating, shaping and governing the world that takes seriously the relationship between education and democracy [Readings 1997].

Education as Paideia

The ability to think critically, which allows to intervene in the reality, results from the development of cultural competence based on symbolic capital. This kind of capital can only be accumulated as a result of passionate interaction with knowledge. Today, such interactions are disappearing under the influence of the short-term demands of the societies and markets. Surrender of universities to these demands turns them into closed systems incapable of critical intervention in the reality [Biesta 2013]. The current instrumental pressures – as we have tried to show earlier in this text – relieve the university from its traditional obligation to teach students how to think critically, how to make a connection between self-knowledge and broader social issues, how to take risks, how to develop a sense of social responsibility. Turning its back on public interest, the academy has largely opened its doors to serving private market interests and in doing so has compromised its role as a democratic public sphere [Furedi 2006]. This is very dangerous because the cultural role of the university is strongly linked with the condition of democracy in the society. Democracy cannot work, if citizens are not autonomous, self-reflective, critical and independent — these are qualities which people should acquire at the university, and which are indispensable for citizens and students, if they are going to make vital judgments and choice about participating in and shaping decisions that affect everyday life, institutional reforms and governmental policies.

From our point of view, introducing both internal (at the university) and external (in the society and culture) changes is connected with acquiring knowledge by students and academics, which is possible through critical dialogue with texts and authorities. Through the reflexive and critical communication people are able to develop cultural competences which are necessary to establish a civic attitude to acting in the society. But the process of critical interpretation in communicative action cannot be structured, if we want it to have a potential to bring about change; people must be autonomous in making interpretations in order to be able to develop communicative and critical skills [Rorty 1989].

Learning by experiencing requires deliberative communication in which different opinions and values face one another, and where care is taken to acknowledge each individual holding some position – by listening, deliberating, seeking arguments and evaluating others, while at the same time making a common effort to articulate values and norms which everyone could agree with [Habermas 1985]. Communication in educational processes must be based on the possibility to constructively use the power of argument. Such a possibility is connected with questioning authorities but also with due respect for them and for all other interlocutors as well. The key seems to be to cause the vision of an authority (teacher, author) as someone who is worth discussing with – but not necessarily imitating – to be embedded in the teaching process.

We have to go back to the true meaning of education as paideia: to recreate the true desire for knowledge and true interaction with knowledge, which can empower the human. Knowledge arises from profoundly salient personal experience with text and a systematic deliberative dialogue with other people – this is what makes up the contents of symbolic culture allowing insight into the complexity of the reality, the development of critical reflection, imagination and a sense of quality. Knowledge facilitates the development of symbolic capital and makes critical intervention in social reality possible. While the level of knowledge capital – and not the position occupied in social structures with their pecking orders – determines one's elitist status. Preparing people to be the cultural elite and not a social cluster of careerists and philistines –is the main task of the university. The quality of this task determines the level of democratization of the public sphere [Denhardt, Denhardt 2003].

Conclusions

The changes affecting modern university, which we have tried to describe in this paper, lead to erosion of the academic ethos of science and education and towards the practice-oriented "corporate" activities [Sułkowski 2013]. Table 1 presents the main characteristics of these changes:

Table 1. Changes in the model of traditional university and academic ethos

The university in the past	The university in the present	The university in the future
State funding	Diversified sources of financing	Self-financing
Public institution	Public universities dominate, a growing share of private universities	Private universities dominate
Education understood as public good	Education understood as public good and services	Education understood as services
Free-of-charge	Mixed model, some studies are tuition-funded	Studies are paid, fully or partially
The student is perceived as a member of academic community	The student is perceived as a key stakeholder	The student is perceived as a customer, buyer of educational services
Focus on scientific-academic staff	Focus on scientific-academic staff and students	Focus on students and other customers
Autonomy of the institution and scientific-academic staff	Limited autonomy of the institution and scientific-academic staff	Lack of autonomy of the institution and scientific-academic staff (corporate system)

"Professors' democracy" or participatory stakeholders model	Mixed democratic-managerial model	Founder-managerial model of management
Strong interrelation of scientific research and education	Splitting of research and academic paths	Specialization of research and academic activities
Elite model of education	Egalitarian and mass model of education	Common and permanent model of education
Social mission and vision	Social mission with market elements	Market mission and vision
No market, no competition (regional quasi-monopoly)	Market, limited competition	Free market and competition
National and culture-shaping institution	Transnational, culture-shaping institution	Global, profession-developing institution
Academic ethos of science	Erosion of the traditional academic ethos of science	Corporate science
Theory-oriented	Theory and practice oriented	Practice-oriented
Education for intellectuals, orientation at scientific education	Education for professionals, orientation at scientific and professional education	Education for experts, orientation at professional education
Universalist approach	Particularist approach	Pragmatic approach

Source: authors own study.

From our perspective, every social phenomenon should be screened for the possible cultural pathology. From the cultural perspective, the alleged social success associated with the rapid growth in the number of students and graduates of higher education institutions in Western countries is only an apparent success. An increasing number of people holding a diploma does not mean that we have an increasing number of educated people. On the contrary, it appears that today we have more and more certified philistines who did not even begin to breathe the atmosphere of a truly academic environment.

The problem is that such philistine attitudes are socially rewarding. Hence we could say that the most serious cultural deficits are unfortunately the last to be noticed and attract the least attention. While institutions which are responsible for diagnosing the labour and educational market have been announcing great leaps forward for years, the term 'knowledge society' used by them on these occasions, is – in our opinion – a neat rhetorical trick supporting the well-being of the officials, politicians and researchers in their quest for obtaining further funding for their not-too-critical diagnosis and research. Contrary to the statistics being provided, there is less and less real knowledge in our society. We cannot measure knowledge in terms of the number of students and graduates or against usefulness of the information which guarantees a good degree and a diploma. The ability to use information in practice in the professional field has little to do with true knowledge, cultural capital and solid educational background.

The cultural mission of the university is particularly important today, when critical thought is under assault, in Western, democratic societies as well. If we examine the social environment of universities, we can observe that democracy of critical citizens is being quickly replaced by a swarm of manipulated consumers. Moreover, disengaged and alienated citizens (no critical thinking) provide the cannon fodder for growing cynicism and encourage disinvestment in universities as public goods. Fewer intellectuals seem willing to defend those vital institutions and care for habits of mind that are primary to a substantive, vital democracy, especially the idea of the academy as a public good and an important component of a democratic public sphere.

If higher education is to be an essential sphere for educating citizens equipped to understand others (and with a self-consciousness about the limits of such understanding), to exercise their freedoms in concert with larger concerns over social justice, and to ask questions regarding the basic assumptions that maintain human dignity and govern democratic political life, first of all we have to renew the relationship between learning and the formation of engaged thoughtful citizens. That is why intellectuals must take sides, speak out, and engage in the hard work of debunking consumerism's assault on teaching and learning. They must orient their teaching toward social and cultural change. Teaching and learning constitute a border space that should enable students to confront ethically and politically the connecting tissue of experience and thought, theory and praxis, ideas and public life. Rather than merely confirm what students already know, any viable space of pedagogy must unsettle common sense with the power of sustained theoretical analysis. We have to introduce a kind of critical dialogical education which will be focused on posing and addressing problems rather than giving answers. As Paulo Freire shows [2001] critical dialogue is a crucial part of the process of becoming more fully human, because it allows participants to develop a deeper awareness of themselves as unfinished beings.

The university has to be an elitist institution. But it should not be based on elitism measured by the position in the social structure. The elitism of intellectual merit is based on exclusivity arising from high levels of symbolic capital. These, in turn, allow to achieve a high level of critical reflection. Elitism of this meritocratic type allows to argue for and mobilize resistance to the obvious social dangers that often – as for instance consumerism based on economic rationality – hide undetected cultural pathologies and threaten the sustainability of our societies. The level of democratization of the public sphere in Western societies depends on the quality of liberal elitism of this meritocratic type at the university.

In Giroux's opinion, which we agree with, while higher education is only one side of ongoing social struggles and negotiations, it is one of the primary institutional and political spheres where democracy should be shaped, democratic relations experienced and anti-democratic forms of power identified and critically engaged [Giroux 2010; Nussbaum 2010]. It is also one of the few spheres left, where young people should be able to think critically about the knowledge they gain, and where they get a chance to become familiar with the values that might help them reject the reduction of a citizen's duties to an obligation to go shopping – to consumerism.

References

Ackoff R.L. (1994), *Democratic Corporation: A Radical Prescription for Recreating Corporate America and Rediscovering Success*, New York and Oxford, UK: Oxford University Press.

Alvesson M. (2013), *The Triumph of Emptiness: Consumption, Higher Education and Work Organization*, Oxford: Oxford University Press.

Amit V. (2000), *The University as Panopticon: Moral Claims and Attacks on Academic Freedom* [in:] Strathern M. (ed.), *Audit Cultures. Anthropological Studies in Accountability, Ethics and the Academy*, London-New York-Routledge, pp. 215–235.

Arum R., Roksa J. (2011), *Academically Adrift: Limited Learning on College Campuses*, Chicago: University of Chicago Press.

Bauman Z., Mazzeo R. (2012), *On Education: Conversations With Riccardo Mazzeo*, Cambridge, UK: Polity Press.

Biesta G. (2013), *Balancing the Core Activities of Universities: For a University That Teaches* [in:] Sugden R., Valania M. and Wilson J. (eds.), *Leadership and Cooperation in Academia, Reflecting on the Roles and Responsibilities of University Faculty and Management*, Cheltenham: Edward Elgar, pp. 32–42.

Bloom A. (1987), *The Closing of the American Mind. How Higher Education Has Failed Democracy and Impoverished the Souls of Today's Students*, New York: Simon and Schuster.

Bogt H.T.J., Scapens R.W. (2012), *Performance Management in Universities: Effects of the Transition to More Quantitative Measurement Systems*, "European Accounting Review", 21 (3), pp. 451–497.

Bologna Working Group on Qualifications Frameworks (2005), A Framework for the Qualifications of the European Higher Education Area (Copenhagen).

Clark B. (1998), *Creating Entrepreneurial Universities: Organizational Pathways of Transformation (Issues in Higher Education),* Wagon Lane, Bingley: Emerald Group Publishing Limited, Howard House.

Clark B. (2004), *Sustaining Change in Universities*, Maidenhead: Open University Press.

Colby A., Ehrlich T., Sullivan W.M., Dolle J.R. (2011), *Rethinking Undergraduate Business Education. Liberal Learning For the Profession*, San Francisco, CA: Jossey-Bass.

Collini S. (2012), *What Are Universities For?*, London: Penguin Books.

Craig R., Amernic J., Tourish D. (2014), *Perverse Audit Culture and Accountability of the Modern Public University*, "Financial Accountability & Management", 30(1), pp. 1–24.

Contu A. (2009), *Critical Management Education* [in:] Alvesson M., Bridgman T., Willmott, H. (eds.), *The Oxford Handbook of Critical Management Studies*, Oxford: Oxford University Press, pp. 536–550.

Czarniawska B. (2015), University Fashions. On Ideas Whose Time Has Come [in:] Gibbs P., Ylijoki O.-H., Guzman-Valenzuela C., Barnett R. (eds.), *Universities in the Flux of Time. An Exploration of Time and Temporality in University Life,* London-New York: Routledge.

Czarniawska B., Gagliardi P. (eds.) (2006), *Management Education and Humanities*, Cheltenham, Northampton: Edward Elgar.

Dakowska D. (2015), *Between Competition Imperative and Europeanisation: the Case of Higher Education Reform in Poland*, "Higher Education", 69, pp. 129-141.

Dehler G.E. (2009), *Prospects and Possibilities of Critical Management Education: Critical Beings and a Pedagogy of Critical Action*, "Management Learning", 40(1), pp. 31–49.

Denhardt J.V., Denhardt R.B. (2003), *The New Public Service. Serving, Not Steering*, New York: M. E. Sharpe, Armonk.

ENQUA (European Association for Quality Assurance in Higher Education) 2009, Standards and Guidelines for Quality Assurance in European Higher Education Area (Helsinki, 3rd ed.).

Freire P. (2001), *Pedagogy of Freedom: Ethics, Democracy, and Civic Courage*, Lanham: Rowman & Littlefield Publishers.

Furedi F. (2006), *Where Have All the Intellectuals Gone?: Confronting 21st Century Philistinism*, London: Continuum Press.

Giroux H. (2010), *Higher Education: Reclaiming the University as a Democratic Public Sphere* [in:] Major M. (ed.), *Where Do We Go From Here?: Politics and The Renewal of The Radical Imagination*, Boulder: Lexington Books, pp. 71–83.

Gjerding N., Wilderom C.P.M., Cameron S.P.B., Taylor A., Scheunert K.-J. (2006), *Twenty Practices of an Entrepreneurial University*, "Higher Education Management and Policy", 18(3), pp. 83–108.

Grey C. (2004), *Reinventing Business Schools: The Contribution of Critical Management Education*, "Academy of Management Learning and Education", 3(2), pp. 178–186.

Habermas J. (1985), *The Theory of Communicative Action*, Vol. 1 and Vol. 2. Boston: Beacon Press.

Jemielniak D., Greenwood D.J. (2013), *Wake Up or Perish: Neo-Liberalism, the Social Sciences, and Salvaging the Public University*, Cultural Studies-Critical Methodologies, 20(2), pp. 1–11.

Johnstone D.B. (1998), *The Financing and Management of Higher Education: A Status Report on Worldwide Reforms*, Report – UNESCO World Conference on Higher Education, Paris, 5-9 October, 1998.

Khurana R. (2007), *From Higher Aims to Hired Hands. The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession*, Princeton and Oxford: Princeton University Press.

Kogan M., Bauer M., Bleiklie I., Henkel M. (eds.) (2006), *Transforming Higher Education: a Comparative Study (2nd Edition)*, Dordrecht: Springer.

Latour B. (1987), *Science in Action*, Bristol, UK: Open University Press.

Mazza C., Quattrone P., Riccaboni A. (eds.) (2008), *European Universities in Transition. Issues, Models and Cases*, Cheltenham: Edward Elgar.

McKelvey M., Holmén M. (eds.) (2009), *Learning to Compete in European Universities. From Social Institution to Knowledge Business*, Cheltenham, UK-Northampton, MA: Edward Elgar.

McLaren P. (2002), *Critical Pedagogy and Predatory Culture. Oppositional Politics in a Postmodern Era*, London-New York, Routledge.

Mintzberg H. (2005), *Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*, San Francisco: Berrett-Koehler Publishers.

Nussbaum M.C. (2010), *Not For Profit. Why Democracy Needs the Humanities*, Princeton: Princeton University Press.

OECD (2009), *Roadmap for the OECD Assessment of Higher Education Learning Outcomes Feasibility Study* (2nd version).

Parker M. (2014), *University, Ltd: Changing a Business School,* "Organization", 21(2), pp. 281–292.

Pettersen I.J. (2015), *From Metrics to Knowledge? Quality Assessment in Higher Education*, "Financial Accountability & Management", 31(1), pp. 23–40.

Raelin J.A. (2009), *The Practice Turn-Away: Forty Years of Spoon Feeding in Management Education*, "Management Learning", 40(4), pp. 401–410.

Readings B. (1997), *The University in Ruins*, Harvard: Harvard University Press.

Rorty R. (1989), *Contingency, Irony and Solidarity*, Cambridge: Cambridge University Press.

Saperstein J., Rouach D. (2002), *Creating Regional Wealth in the Innovation Economy: Models, Perspectives, and Best Practices*, Financial Limes Prentice Hall, e-book.

Shattock M. (2005), *European Universities for Entrepreneurship: Their Role in the Europe of Knowledge. The Theoretical Context*, "Higher Education Management and Policy", 17(3), pp. 13–26.

Shore C., Roberts S. (1995), *Higher Education and the Panopticon Paradigm: Quality Assessment as Disciplinary Technology*, "Higher Education Review", 27(3), pp. 8–17.

Slaughter S., Rhoades G. (2004), *Academic Capitalism and the New Economy. Markets, State and Higher Education*, Baltimore: John Hopkins University Press.

Strathern M. (ed.) (2000), *Audit Cultures. Anthropological Studies in Accountability*, Ethics and the Academy, London-New York-Routledge.

Sugden R., Valania M., Wilson J. (eds.) (2013), *Leadership and Cooperation in Academia. Reflecting on the Roles and Responsibilities of University Faculty and Management*, Cheltenham: Edward Elgar.

Sułkowski Ł. (2013), *Kultura jakości w zarządzaniu, czyli pomiędzy tożsamością a kulturą organizacyjną* [Quality Culture in Management – Between an Identity and Organizational Culture], „Przedsiębiorczość i Zarządzanie. Zarządzanie – nowe perspektywy", 14 (8, part 2), pp. 25–37.

Teixeira P., Jongbloed B., Dill D., Amaral A. (eds.) (2004), *Markets in Higher Education. Rhetoric or Reality?*, Dordrecht: Kluwer Academic Publishers.

Teixeira P., Johnstone D.B., Rosa M.J., Vossensteyn H. (eds.) (2006), *Cost-sharing and Accessibility in Higher Education: A Fairer Deal?*, Dordrecht: Springer.

Thomas H., Lee M., Thomas L., Wilson A. (2014), *Securing the Future of Management Education. Competitive Destruction or Constructive Innovation?*, Howard House-Wagon Lane-Bingley: Emerald.

Tijssen R.J.W. (2006), *Universities and Industrially Relevant Science: Towards Measurement Models and Indicators of Entrepreneurial Orientation*, "Research Policy", 35(10), pp. 1569–1585.

Tuchman G., Wannabe U. (2009), *Inside the Corporate University*, Chicago and London: The University of Chicago Press.

Van Vught F. (1999), *Innovative Universities*, "Tertiary Education and Management", 5(4), pp.349–350.

Vidaillet B., Vignon C. (2010), *Bringing Back the Subject Into Management Education*, "Management Learning", 41(2), pp. 221–241.

Willmott H. (2003), *Commercialising Higher Education in The UK: The State, Industry and Peer Review*, "Studies in Higher Education", 28(2), pp. 129–141.

Zawadzki M. (2012), *The Role and Place of the Critical Management Studies*, "Zarządzanie Kulturą [Culture Management]", 5, pp. 39–46.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **131–147**

Halina Sobocka-Szczapa | j.h.szczapa@interia.pl
University of Social Sciences

Knowledge Management System and Management Styles

Abstract: Knowledge management, being a process that in contemporary organizations plays a central role in shaping their competitiveness, should also become one of the most important subsystems of their functioning. Increasingly important, therefore, it becomes a system approach. This approach implies the need to recognize the knowledge management system as an integral part of a comprehensive management. It is important may also be taken into account in the analysis of workforce management style, favored by the manager. Therefore, the aim of this paper is to analyze the impact of different management styles employee teams on knowledge management system. It appears that in many cases the correlation is of importance for increasing the effectiveness of the organization's knowledge management system. This hypothesis care was verified in the course of analysis. In considering descriptive method was used, based on associations, uses the considerations set out in the literature.
Key words: management styles, knowledge management system, the areas of knowledge management system, sub knowledge management systems, knowledge management relationships with management styles.

Introduction

Knowledge management is a process which plays key role in shaping competitiveness of the modern organisations, thus it should also become one of the most important subsystems of their operation. Therefore, a systemic approach to knowledge management has been increasingly important in the research studies. Such approach allows for the determination of aspects relating to the reference point –

namely knowledge – as well as managerial functions provided with regard to this reference point. It implies the need to recognize the knowledge management system as an integral part of a comprehensive management methodology implemented in the organisation in order to achieve a market success. In this context it is important to take into account the management style preferred by a manager. The following tasks performed by the manager [Cwalina, Sobek 2000, p. 35]:

- setting goals and tasks to teams of employees,
- solving problems related to people's functioning in the organisation,
- stimulating the development and continuous improvement of employees' potential,
- initiating and coordinating the teamwork,

may influence significantly the way how employees' expectations with regard to organisation's educational policy might be taken into account, as well as how they may contribute to enhancing the coherence of these expectations with the goals of the organisation. Thus, the style of human resources management may be important from the point of view of considering procedural nature of HR management within the knowledge management system[1]. Linking the two dimensions of knowledge management can be an important source of shaping the company's effectiveness, which influences not only the selection of strategic plans of the organization, but also facilitating and stimulating the valid process of knowledge management.

Taking into account the above considerations, the goal of the paper is to analyse the impact of different management styles of the employee teams on the knowledge management system. It seems that in many cases the relationship between these two elements is significant as for increasing the effectiveness of the organisation's knowledge management system. This effectiveness is however determined often by the level of acceptance of the system by the employees. This hypothesis was verified in the course of analysis presented in the paper. Descriptive method was used, based on associations, the considerations set out in the literature.

Knowledge management system

The knowledge management system is defined in the literature in many ways. Firstly – it can be characterised in terms of the areas it covers. These areas include: management of intellectual activity of employees, management of knowledge resources, and information support to knowledge management [Wawak, Woźniak 2010, p. 34].

1. Knowledge management as a process was widely described by H. Sobocka-Szczapa [2014].

The **first area** involves the process of adapting the employees' skills to the needs of the organisation and existing job positions. In this case knowledge management consists of identifying the educational needs of the employees and provision relevant solutions. Therefore it is a highly formalised process, which is determined by procedures typical to any organisation. The stages of such a procedure would include: identification of the company's needs, planning of the learning process, and exploring the financing possibilities along with an evaluation of the ability to rise external funding and/or co-financing education process. Management of intellectual activities of employees is associated with the concept of a learning organisation, widely described in the literature – an organisation that has a need to improve by learning[2]. The elements which are characteristic to such an organisation concern not only the emphasis on the processes of investing through employees' education and training. They also manifest themselves in the universality of such approach towards all members of the organisation, expansion of opportunities to knowledge sharing, combining work and learning, planning the learning process with the use of modern technologies, as well as actively responding to the needs of the environment and the communities within the organisation [Materials 2002].

The **second area**, which is knowledge management, is associated primarily with the functions of knowledge management. These include: the identification, collection, analysis and sharing of knowledge [Wawak, Woźniak 2010, p. 34]. These functions can be extended to organising, classifying, categorising and adapting knowledge – those may be a part of analysis function, but they can also constitute a separate function. Similarly, it should refer to the learning function, which is about application of knowledge in the organisation. It seems, however, that the function of creating new knowledge, which consists in drawing conclusions from the knowledge gained from others and derived from personal experience, featured in the literature, is undoubtedly the essential complement of the four aforementioned functions [Encyklopedia http://mfiles.pl/pl/index.php/Funkcje_zarz%C4%85dzania_wiedz%C4%85, accessed on 7.11.2015.]. It should also be noted that the division of functions into cyclical (planning, organising, controlling the generation of knowledge) and permanent types (cooperation with people, collecting funds and physical resources, working with information, decision-making, coordination) is of a great importance [Skrzypek https://www.ur.edu.pl/file/50185/28.pdf, accessed on 7.11.2015].

2. It is one of learning organisation definition, proposed by J.A. Fazlagić [2005, no 3 (10) http://www.e-mentor.edu.pl/artykul/index/numer/10/id/167, access 7.11.2015]. Other features characteristic to learning organisations were described by, among others, P. Senge [2003, p. 19] and B. Mikuła [2001, p. 30].

This division is crucial from the point of view of types of knowledge (tacit, explicit) and the need to diversify ways of obtaining them. It also affects the need for flexibility in the knowledge management, which may be important for the choice of the method of knowledge management.

Finally, the **third area** relates to a wide spectrum of information technologies, which enable more efficient generation, acquisition, processing and dissemination of knowledge. For this purpose the organisation may use databases, applications, systems of storage and classification of documents available in open access. It is also possible to acquire specialised software tailored to the needs of the knowledge management.

Secondly, it is emphasised, that the management system consists of the following subsystems, allowing for the implementation of functions and tasks in the field of knowledge management [Kłak 2010, p. 142]:

- database subsystem that help managers and employees to share information and knowledge, and create their sets,
- organisational language subsystem that allows employees to understand the state of affairs during verbal and non-verbal communication; this enables codification of employees' knowledge into meaningful data, and decoding information from databases,
- networking subsystem that allows for the assimilation of information and knowledge at the formal and informal level of businesses activities; this applies to both knowledge and information from the outside and from internal sources,
- transfer subsystem that enables to transfer knowledge between employees and supports creation of new knowledge.

E. Skrzypek provided another approach to the components of a knowledge management system. His concept is based on the existence of complex inter-relationships within a knowledge management system, which determines implementation of knowledge management strategy, and as a consequence – achieving organisation's strategic goals. Therefore E. Skrzypek mentions only two subsystems that create the knowledge management system [Skrzypek 2002, p. 683]. The first one is the strategic system, that includes strategy of the organisation, knowledge management strategy, human capital, organisational culture, technology and measurement system developed in the organisation. The other subsystem, called "operational" by the author, takes into account the following aspects: process (creation, codification and transfer of knowledge), personal (knowledge management manager) and structural (learning, intelligent, virtual, fractal organisation). Regardless of the method used for defining the knowledge management system, it has to fulfil many tasks and functions[3], that allow the operation of this system in a comprehensive manner. At the same time, to achieve the effect of the proper operation of the knowledge management system adequate to the organisation's expectations, it is necessary to meet a whole range of conditions. These include above all openness to acquiring knowledge outside the organisation, creating favourable conditions for the knowledge transfer and considering knowledge as assets of the organisation[4]. The importance of the social aspects of knowledge shall be emphasised while analysing knowledge management systems in the organisation. Employees and relationships between them play the main role in the process of generating knowledge within the organisation. When knowledge management system is being implemented, it is important to make sure that employees feel a sense of belonging and loyalty to the company and acquire the ability to learn. Moreover, the process of employees' professional development should be adequately organised and be of continuous nature. It is also necessary to establish teamwork orientation, with particular emphasis on customer orientation, which should contribute to a climate of organisational creativity, foster innovations and enable experimentation and learning-by-doing processes. These goals of the knowledge management system that is to be implemented, shall also determine the high level of motivation of employees, focused on development and innovation. It is also worth to emphasise that universal access to information is always a prerequisite to such actions [Mikuła, Pietruszka-Ortyl, Potocki 2002, pp. 96–97]. The above-mentioned expectations towards a knowledge management system, introduced in the organisation, should help to consider it as a subsystem, which integrates and supports the operation of other subsystems such as information, communication, quality management and controlling subsystem.

Now, we will focus on the styles of management which may be found in organisations.

---

3. S. Łobejko drew attention to the following issues [Łobejko 2005, p. 45]:
- selection of information that flows to companies via information technologies (gathering information resources, codification of information, searching information with the use of appropriate tools),
- prevention of the loss of knowledge when key employees leave the company (creation of databases, codification of knowledge),
- support to continuous improvement of key skills (permanent acquisition of knowledge that is helpful in elimination of previous mistakes),
- increase the efficiency of managing the process of acquiring new knowledge by employees and strive for proper use of knowledge at work,
- facilitating knowledge sharing by employees,
- improvement of the process of launching new products and creating new markets,
- reduction of development cycle time of a new product – from idea to its implementation,
- increasing the innovativeness of companies.

4. A. Ludwiczyński also elaborated on this issue [Ludwiczyński 2003, p. 389].

Styles of employees' management

The literature distinguishes three basic styles of team management: autocratic, democratic and liberal.

The basic assumption of the **autocratic** style is that the employee's attitude to work, on average, is unstable, which in many cases lead to evasion of responsibility and the desire to minimise the work effort. In such a situation, managers should be strict and demanding, because only such behaviour can ensure the completion of tasks by the employees. The manager himself defines objectives and actions needed to achieve these objectives and arbitrarily decides on the division of task. Managers' organizational behaviour comes down to giving orders and instructions, while evaluation of subordinates is of arbitrary, and often negative nature (punishment is used more often than reward) [Mika 2011, pp. 98–99]. Although use of an autocratic style leads to high efficiency of employees, it rarely improves the quality and innovativeness of such work. Employees perform their duties efficiently only when they under direct supervision. It should also be noted that this management style often triggers aggressive behaviour towards other teams or co-workers (e.g. searching for "scapegoats" who would take responsibility for the failures or penalties). Aggression may also be accompanied by apathy manifesting in the lack of interest in work and initiatives aimed at improving the situation. This management style means employees' humbleness and subordination to the manager. Therefore, the job satisfaction of people who are managed in an autocratic manner is very small, and employees often experience frustrations, as they do not have the capacity to meet their own needs. Autocratic management style gives the best results in emergency situations or in cases where we are dealing with time pressure or when employees do not have the relevant skills and fear to take decisions on their own [Bazerman, Neale 2001, p. 79].

Democratic style of personnel management assumes that the employee is eager to achieve goals which are perceived as her or his own. To reach these objectives such person uses skills to the maximum extent, as well as devotes a lot of energy. The person may also be creative and responsible. It is a consequence of the employees' participation in decision-making processes as for selecting the most appropriate way to achieve the objectives set by the manager. Manager's role is to encourage this type of behaviour and to point out alternative ways of solving problems, taking into account the possibility of acceptance of this proposals by the employees' team. It is assumed that in the democratic management style the division of tasks is delegated to the employees, and employees' performance evaluation is formulated on the basis of objective criteria. The role of the manager is limited virtually to participation in the group tasks [DuBrin 2007, p. 90]. Assumptions related to democratic style of management makes it conducive to better quality of work, although efficiency is lower than in case of autocratic system. It should be noted, however, that democratic style influences positively employees' motivation. The high consistency of the employees' team and building the relationship between employees and superiors upon the kindness and friendship, undoubtedly results in increased job satisfaction. It is therefore recognised that the use of democratic management style is relevant mainly in case of highly skilled workers who strive for high degree of independence.

Much greater dependency between pursuing the objectives set by the manager and individual decisions taken by employees takes place in **liberal** style of management. This style means that employees are granted almost complete independency as for the choice of career goals and ways to achieve them. The role of a manager is limited to providing information about the objectives and tasks, but only when employees ask for it. Manager is neither involved in decision-making process performed by the employees, nor in their work assignments. She/he does not assess or comment on team performance [DuBrin 2007, p. 95]. However, adoption of liberal management style usually leads to inefficient performance and low quality of work. In addition, this style often leads to the formation of an informal management structure, as well as the emergence of informal leader who may have a tendency to enforce obedience, that is characteristic to autocratic management style. Therefore, employees in most cases are reluctant to accept liberal type of leadership.

The abovementioned management styles are perceived as traditional ones. Whereas in modern approaches to this matter, two important dimensions of managerial behaviour, which can in practice affect the styles of team management, are emphasised. These are: interest in the production leading to implementation of task-related structure, and interest in people, meaning focus on employees [Stoner, Freeman, Gilbert 2008, p. 67]. Research studies conducted by R. Likert, R. Blake and J. Mouton contributed to distinguishing these factors which differentiate management styles.

According to R. Likert, we deal with the following management styles in the organisations: exploitative authoritative, benevolent authoritative, consultative and participatory. These are management styles which, in a very detailed way, consider differences in managers' behaviour depending on the following factors [Kożusznik 2005, p. 167]:

- employees' concern,
- relations: supervisor – subordinate,
- participation,
- motivation system,

• solidarity atmosphere.

Taking into account these criteria, the exploitative authoritative style is the one that is primarily task-oriented – it presents a management style that strongly influences the interest in the production. The benevolent authoritative style accepts, to a greater extent, employees' initiatives, it is nevertheless a management style still related to characteristics of production management. Two following management styles present much stronger focus on human resources, although in the case of a consultative style we observe rather average interest in personnel (Table 1). These styles can be identified with previously described: a democratic and - to a lesser extent – liberal styles.

Table 1. Management styles according to R. Likert

Style Characteristics	Exploitative authoritative	Benevolent authoritative	Consultative	Participatory
Employees' concern	none	paternal attitude	average concern	very high concern
Relations: supervisor-subordinate	total lack of trust	formal	fair	full, sincere trust
Participation	decision taken by manager	manager accepts decisions: suggestions, opinions	decisions are consulted	exchange of ideas, participation in decisions
Motivation system	fear, sanctions, occasional rewards	bonus system, weak fear of sanctions	rewards, occasional sanctions	rewards based on participation
Solidarity atmosphere	non-existing	weak	relatively strong	very strong

Source: B. Kożusznik, *Style kierowania. Uwarunkowania sytuacyjne i psychologiczne*, **Wyd. Uniwersytetu Śląskiego, Katowice 2005, p. 167.**

According to R. Blake and J. Mouton, because of these two abovementioned dimensions of team management, the following management styles can be distinguished: indifferent (or impoverished), dictatorial (or authority-compliance), accommodating (or country club), "organisation man", and team management style [Kożusznik 2005, pp. 171–174].

Within **indifferent** style, a manager has little concern for production or subordinates. His behaviour is focused on performing the tasks and achieving the goals with minimal effort, which generates conflicts between the need to achieve the objectives and consideration of people's needs. These conflicts cannot be solved in a proper manner, which contributes both to the formation of frustration (the inability to implement tasks), and to isolation (inability to interact with people). Manager perceives his subordinates as people who are lazy, incompetent and who avoid responsibility. Simultaneously, the manager himself tries to reduce his responsibilities and takes action only when is forced to do so. He is also reluctant to make the assessment of subordinates.

Dictatorial style is manifested in high concern for production and low interest in people. This style corresponds to an autocratic management style. In this approach, people are seen as being not very responsible and unwilling to work. As a result, manager has to force them to undertake actions, but subordinates are not involved in planning and setting goals. Decisions in these areas belong exclusively to the manager, who expects from his subordinates that they will keep up with him. A strong focus on tasks leads to the situation in which people almost do not matter – what matters only is their usefulness to complete these tasks. People are judged sharply – a critic of one employee is often used as a benchmark to indicate the proper behaviour to the other employees. This style is effective in planning, implementation and controlling of tasks.

The **accommodating** style, in which average-level concern for production and subordinates is observed, is focused on providing a balance between human needs and tasks that need to be performed (usually there is little conflict between them). The basis of a team management in this style is a belief in the possibility of manipulating people, as well as in the effectiveness of clear guidelines. In this management style, a balance between the necessary scope of performance monitoring and people's needs, as well as human relations play important role – however, this weakens the management efficiency. Similar problem is related to underestimation of the role of employees' assessment, which reduces proper responses in case when employees neglect their duties.

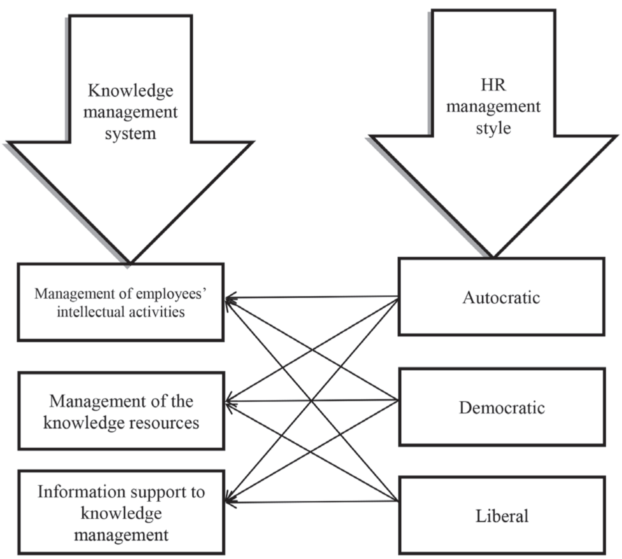
The essence of "**organisation man**" style is low concern for production, and large interest in subordinates. Focus on people and their needs leads to paying much attention to friendly relationships, which simultaneously reduces the number of conflict situations. People are perceived as rather not too much keen on working, and thus demanding "protection" from the supervisor, which results in lack of subordinates' participation in planning and decision-making processes. Manager is focused more on supporting the employees and providing a good spirit in the workplace, rather than on setting out lines of actions (avoiding unpleasant situations, manager – adviser/consultant). Therefore, there are no discussions about failures and mistakes within the team, because it would interfere with the spirit of harmonious cooperation.

A **team management** style takes into account high concern for both production and subordinates in the management processes. This style assumes that people are willing and able to work productively, which leads to the engagement adequate to their capabilities, and ensuring the satisfaction from work. Each employee can participate in the process of planning tasks, in which she or he will be engaged – the manager acts a member of the team. The consequence of this approach is the preference for collaborative assessment and regular monitoring of completed tasks. The only drawback of this management style is giving to people a large degree of autonomy, what may be disadvantageous in case of a team that is not self-reliant.

Relations Between Knowledge Management System and Management Styles

To verify the relationship between the knowledge management system implemented in the organisation and the human resources management styles, the analysis has been focused on three basic areas of knowledge management system and the three main styles of HR management (Fig. 1).

Figure 1. Relations between areas of knowledge management system and human resources management styles



Source: own elaboration.

Management of Employees' Intellectual Activities

In the area of **management of employee's intellectual activities**, from the point of view of an autocratic management style, stimulating employees' educational activity is primarily related to the issuing of commands and making decisions by the manager. In this case, the direct master-disciple type of relationship may be in force, which in turn leads to the use of knowledge in a manner determined arbitrarily. The manager should have knowledge about both the company's needs (types of work places) and the types of competencies possessed by the employees, which can be a difficult task, especially in large teams. Moreover, within this management style, we usually have to do with top-down approach to determining the structure of training activities. This can cause employees' dissatisfaction, if their educational needs are not taken into account. Even when the organisation prepares training plan, it is a mandatory plan, which not necessarily is in line with employees' expectations. Therefore, when the organisation uses this style of management, the propensity of employees to acquire knowledge is very limited (is also applies to other sources of knowledge). Employees are not interested in developing their skills because they do not identify their goals with the objectives of the company, and do not participate decision-making processes. This employees' reluctance contributes also to non-creative approach to knowledge, which limits innovative actions. The reluctance is also enhanced by the issues related to the financing of education, if the part of cost of training may be transferred obligatory to the employee. Moreover, there is a lack of cooperation in the area of the use of knowledge. Therefore, it seems that the autocratic management style does not create a basis for the proper and effective management of employees' intellectual activities. In general, even though this management style works in certain conditions, from the point of view of knowledge management system it does not allow for taking advantage of all its qualities for enhancing the company's competitiveness.

Democratic management style can lead to different employees' behaviour. Management of employees' intellectual activities is carried out on the basis of the exchange of views, or reciprocity and cooperation. Employees participate in decision-making processes, encompassing the choice of type of training. However, company's needs are the most important, as the main goal is to maintain at least the current level of organisation's competitiveness or even increase this level by better matching employees' skills to the workplaces and types of performed tasks. In the knowledge management system, which is dominated by democratic management style, employees identify their goals with the company's objectives, and hence – their individual goals are subordinate to the company's goals. Therefore, co-financing training by the employees and other burdens connected with participating in training are perceived as not significant, because training is considered to be an objective necessity. Such management of intellectual activity is beneficial to the company, as well as to the employees. It should also be noted that employee's approach to using knowledge is more creative, and enhancing company innovativeness. Higher motivation of the employees translates into greater efficiency of the organisation.

The liberal style used for managing employees' intellectual activities actually contributes to raising the importance of consultations with regard to training schemes, and takes into account the opinions and needs of the employees to a greater extent. Nevertheless, this style can reduce the effectiveness of the measures implemented within the knowledge management system. It is the consequence of granting too much discretion to the employees, which may lead to the situation, in which the expectations of workers, that are not linked to the company's objectives, will be accepted in the training process. Forcing taking certain decisions by managers or informal leaders may also take place. It should also be noted that in the case of the liberal management style, the use of certain procedures, stemming from the essence of knowledge management system (e.g. developing a training plan, determining funding options), may be impossible to put in action – needs of individual employees may vary and thus prevent reaching the consensus. Therefore, this style of management may have insignificant impact on the effectiveness of management of employees' intellectual activity, and thus decrease the ability of the knowledge management system to improve company's competitiveness.

Management of the Knowledge Resources

Management of the knowledge resources, held by the organisation, depends to a lesser extent on the human resources management style used within the company. It may be presumed that manager plays significant role in all management styles, whose task is to provide sources of information, possessed by the company. Diversification may be related only to forms of information sharing, as well as the propensity of the employees to conduct their own research. In the autocratic style issuing commands will be of key importance, while in the other two styles we shall see joint exploration and cooperation of team members. However, it should also be noted that the use of the knowledge stored in an organisation can take different forms, depending on the management style. The autocratic style requires controlling actions of individual employees. In case of a democratic style, employees themselves are willing to acquire knowledge, approaching this process in a creative way by expanding the knowledge or by using innovative solutions. Seemingly, this possibility exists also in the case of a liberal management style, though the effectiveness of such approach will generally be lower, due to the diversity of employees' goals. Beside, propensity to undertake exploratory actions that enable utilisation of innovative solutions will be weaker.

Information support to the knowledge management

Different management styles may play similar role, as in case of management of knowledge resources, for information support to the knowledge management, which is the last out of three elements/areas of the knowledge management system. The autocratic style will result in forcing employees to use ICT to acquire knowledge. In the democratic style, the employees themselves will be willing to seek information and to shape their skills, while in liberal style - even though these opportunities are similar as in the case of a democratic style - employees can search for and use information that is not always suitable for raising the stock of skills useful in the company. However, two issues related to information support to the knowledge management, that may be relevant to the organisation's knowledge management system, should be mentioned.

These are digital divide and the ability to cooperate subordinated to education in the form of e-learning. Those issues, which are a consequence of the rapid development of ICT, often emerge in modern enterprises. Human resources management styles play important role in overcoming barriers related to these phenomena. It may be presumed that only a democratic style gives full opportunity to reduce computer illiteracy, and ensures the exchange of ideas, including these that enable distance learning (e.g. jobcoaching method) [Sobocka-Szczapa 2015, pp. 145–156]. Within autocratic style, employees are more reluctant to these practices, while within the framework of a liberal style the effects of such actions are unknown.

Conclusions

The process of building and implementing a knowledge management system is a difficult task and requires specific technical solutions and incurring considerable financial resources. An important condition that determines the success of implementation of such a system, is the full commitment of all the company's employees. The analysis presented in the paper showed, that this requirement is strictly dependent on the human resource management style used by managers. Implementation of democratic management style guarantees – from the point of view of the company – that knowledge management system will be efficient. Only this management style creates a basis for coexistence of the three components of knowledge management, namely: **people**, possessing and utilising knowledge, **processes,** in which people create, acquire and store knowledge, and **information**, which include data transformed into knowledge useful for the organisation. It is worth to emphasise, that democratic management style enables – as the only one – taking into account the social context of organisation and organisational culture in building a knowledge management system. This context, influencing the shape of the relationships within the enterprise, reduces the importance of the barriers that would hinder taking the right decisions in the knowledge management process, and thus allows for designing a knowledge management system consistent with the company's needs. This is really important, as in management sciences the instrumental approach dominates, which emphasises the need to shape organisational culture in a purposeful way [Sułkowski 2005], also linked to the promotion of knowledge management [Sobocka-Szczapa 2015a, pp. 121–128].

This kind of conclusions, that recognise the democratic human resources management style as the one that meets the requirements of efficient and effective knowledge management system in the organisation, were possible to identify mainly because of the nature of the answers to the questions that arise in the process of implementing of such a system, namely: with whom should we share knowledge, what should be shared and how this process of knowledge sharing shall work [Jakubowski 2002, pp. 97–99].

In general, modern companies being aware of the benefits related to having a knowledge management system[5] should also focus on studying human resources management styles. It is clear, even from a casual experience, that they are essential for the proper operation of the knowledge management system in the organisation. Knowledge management is not limited to implementation of new information technologies, but it requires a systemic approach and solutions that ensure the accumulation, analysis, and distribution of knowledge. Market success is achieved primarily by these organisations, which acquire and create new knowledge, disseminate it widely throughout the organisation, and are converting it into new technologies and products consequently, consciously and systematically. Among the elements, that create such a system, in which every relationship has a measurable attribute (size, intensity, strength) [Jashapara 2006, p. 166], also human resource management styles, as a determinant of internal consistency of the organisation, aimed both at increasing its competitiveness, as well as employees' satisfaction, should have their place.

5. S. Łobejko [2005, p. 45] and M. Morawski [2005, p. 72] commented on this issue.

References

Bazerman M.H., Neale M.A. (2001), *Negocjując racjonalnie*, Polskie Towarzystwo Psychologiczne, Olsztyn.

Cwalina W., Sobek J. (2000), *Psychologia organizacji i zarządzania – przywództwo, konflikty, negocjacje, motywacja do pracy, systemy zarządzania* [in:] D. Koradecka (ed.), *Nauka o pracy – bezpieczeństwo, higiena, ergonomia*; Tom 5: *Czynniki psychologiczne i społeczne*, Centralny Instytut Ochrony Pracy, Warszawa.

DuBrin A. J. (2007), *Praktyczna psychologia zarządzania*, PWN, Warszawa.

Jashapara A. (2006), *Zarządzanie wiedzą. Zintegrowane podejście*, PWE, Warszawa.

Kłak M. (2010), *Zarządzanie wiedzą we współczesnym przedsiębiorstwie*, Wydawnictwo Wyższej Szkoły Ekonomii i Prawa im. prof. Edwarda Lipińskiego w Kielcach, Kielce.

Kożusznik B. (2005), *Style kierowania. Uwarunkowania sytuacyjne i psychologiczne*, Wyd. Uniwersytetu Śląskiego, Katowice.

Ludwiczyński A. (2003), *Rola doradztwa w budowaniu systemów zarządzania wiedzą w przedsiębiorstwie* [in:] B. Wawrzyniak (ed.) *Zarządzanie wiedzą w przedsiębiorstwie*, Wyd. Wyższej Szkoły Przedsiębiorczości i Zarządzania im. Leona Koźmińskiego, Warszawa.

Łobejko S. (2005), *Systemy informacyjne w zarządzaniu wiedzą i innowacją w przedsiębiorstwie*, Szkoła Główna Handlowa, Warszawa.

Mika S. (2011), *Psychologia społeczna*, PWN, Warszawa.

Mikuła B. (2001), *Elementy nowoczesnego zarządzania. W kierunku organizacji inteligentnych*, Antykwa, Kraków.

Mikuła B., Pietruszka-Ortyl A., Potocki A. (2002), *Zarządzanie przedsiębiorstwem XXI wieku*, Difin, Warszawa.

Morawski M. (2005), *Ilościowe zarządzanie wiedzą podejście zachodnie* [in:] K. Perechuda (ed.) *Zarządzanie wiedzą w przedsiębiorstwie*, PWN, Warszawa.

Senge P. (2003), *Piąta dyscyplina. Teoria i praktyka organizacji uczących się*, Oficyna Ekonomiczna, Kraków.

Skrzypek E. (2002), *Miejsce zarządzania informacją i wiedzą w strategii przedsiębiorstwa*, [in:] A. Stabryła (ed.), *Zarządzanie firmą w społeczeństwie informacyjnym*, Materiały Konferencyjne, Szczawnica – Kraków.

Sobocka-Szczapa H. (2014), *Zarządzanie pracownikami wiedzy w procesach Lifelong Learning*, SAN, Łódź.

Sobocka-Szczapa H. (2015), *Jobcoaching – a Method of Age Management in an Organisation* [in:] Ł. Sułkowski, H. Sobocka-Szczapa (ed.) *Company Management during Globalization Processes*, Entrepreneurship and Management, vol. XVI, is. 2, Łódź – Warszawa.

Sobocka-Szczapa H. (2015a), *Kultura organizacyjna a zarządzanie wiedzą* [in:] B. Mikuła (ed.), *Współczesne tendencje w zachowaniach organizacyjnych*, Uniwersytet Ekonomiczny w Krakowie, Kraków.

Stoner J. A. F., Freeman R.E., Gilbert D.R. (2008), *Kierowanie*, PWN, Warszawa.

Sułkowski Ł. (2005), *Epistemologia w naukach o zarządzaniu*, PWE, Warszawa.

Wawak S., Woźniak K. (2010), *Analiza i projektowanie wybranych referencyjnych systemów zarządzania* [in:] A. Stabryła (ed.), *Analiza i projektowanie systemów zarządzania przedsiębiorstwem*, Mfiles.pl, Kraków.

Internet Sources

Encyklopedia Zarządzania, http://mfiles.pl/pl/index.php/Funkcje_zarz%C4%85dzania_wiedz%C4%85, accessed on 7.11.2015.

Fazlagić J. A. (2005), *Polska szkoła jako organizacja ucząca się*, E-mentor 2005 no 3 (10) http://www.e-mentor.edu.pl/artykul/index/numer/10/id/167, access 7.11.2015 r.

Jakubowski T. (2002), *Zarządzanie wiedzą w firmach konsultingowych*, Gazeta IT, no 7, November 2002, electronic version: http://www.gazeta-it.pl/archiwum/ git07/zarzadzanie_wiedza_kons.html. – accessed 3.12.2015.

Materials (2002) from 14th CEIES seminar *Measuring lifelong learning*, Italy, 25-26 June 2001, Luxembourg: Office for Official Publications of the European Communities, 2002, http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/KS-PB-02-002/EN/KS-PB-02-002-EN.PDF, accessed on 7.11.2015.

Skrzypek A., *Zarządzanie wiedzą w organizacjach zorientowanych projakościowo w społeczeństwie informacyjnym – aspekty teoretyczne i praktyczne*, https://www.ur.edu.pl/file/50185/28.pdf, accessed on 7.11.2015.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **149–163**

Danuta Janczewska | janczewska@republika.pl
University of Social Sciences

Logistics Activities in Diffusion of Knowledge in the SMEs Sector

Abstract: Problems of knowledge transfer from science space into an industrial space is now in the middle of interest of European Union concerning the Knowledge Based Economy (KBE), especially connected with Horizon 2020 programme. In Poland there are special politics of support of Innovative Economy. The main activity addressed to SMEs sector and its goal is support of development of entrepreneurship in small and medium enterprises. There are not so many sources of literature about knowledge diffusion in Polish SMEs. The first reports were presented by PARP and Confederation Lewiatan[1]. Literature confirms that there are a lot of barriers for implementation of a modern development of innovative processes and transfer of technologies. One is the lack of cooperation between science space and industrial space [Santarek 2008]. Another one is an insufficient diffusion of knowledge from outside of SME and inside. Discussion of those phenomena is main goal of article on example of SMEs from confectionery branch. Two hypothesis are formulated:
I. In SMEs sector some barriers of knowledge diffusion between science space and industrial space were indicated
II. Factors supporting the knowledge diffusion inside SMEs, improving the competitiveness of SMEs could be indicated.

1. PARP researched the Polish sector of SMEs in 200-year time, and presented annual reports of SMEs development from many points of view. See K. Sosnowska and S. Łobejko (2006), *Małe i średnie polskie przedsiębiorstwa w warunkach konkurencji. Pozytywy i trudności w rozwoju,* Wydawnictwo PARP, Warszawa and M. Starczewska-Krzysztoszek (2007), *Konkurencyjność sektora MSP-Raport z badań*, Warszawa, www.pkkplewiatan, date of access 10.06.2015.

Results of research in confectionery branch in Poland based on observation, an expert meeting and case study methods are presented. The model of knowledge diffusion in SMEs in confectionery branch is also presented.
Key words: knowledge management, knowledge diffusion, SMEs, competitiveness

Position of SMEs in Polish Economy

In Poland the researches of SMEs are dated from several years, and there is not enough statistic data necessary to compare and discuss the topic in long-time perspective. SMEs enterprises are the subject of researches in Poland at the turn of the century 20th and 21th, and there is a lack of earlier information about statistic and others. There are not so many researches on factors of competitiveness and potential of competition. The same researches as in European countries and USA are carried with the development of economy [Sułkowski, Marjański 2006]. Polish researches of SMEs present the opinion that environmental changes and structural changes in sector drive the new competitive positions of SMMEs, especially by the technological changes and globalization [Kokocińska 2012, p.18]. There is a lack of ICT factors[2] in Poland. The key competences in Polish SMEs (according to Prahald and Hamel) were presented by Piątkowski [Piątkowski 2012]. Some notes about research of influence of management of competitiveness of SMEs in several sector were presented by Janczewska [Janczewska 2012]. There are the starting researches about competitiveness of SMEs sector in Poland [Juchniewicz 2009]. The Strategy of Europe to 2020[3] assumes the strengthening of SMEs by realization of development of sector and growth of employment. The participation of microenterprises in SMEs sector informed that microfirms are the largest group and for this reason should be included in Strategy of Europe 2020. The European researches give the overall view of SMEs in 27 countries, and it is possible to prepare the national profile and characteristic, and show the difference in individual countries.

---

2. Information and Communication Technology – factors described by OECD. There are 15 factors, as for example: access to Internet, cable TV, numbers of mobile telephones, and influence of investment of ICT into one employee.
3. The new programme: Horizon 2020 proposed 80 billion € for research and innovative funding

Table 1. Statistic data – comparison of employee numbers in SMEs in Poland and EU-27

Size of enterprises	Level of employee		
	Poland		UE-27
	Numbers of employee	Participation (%)	Participation (%)
Micro	3530558	38,1%	29,8%
Small	957115	10,9%	20,4%
Medium	1611947	18,4%	16,8%
Total SMMEs	5899620	67,5%	67,0%
Big	2846524	32,5%	33,0%
Total	8746154	100%	100%

Source: according to SBA Polska 2010/2011, za http://et-europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/poland.een.pdf, p 20.11.2012.

In SMEs there are over 3,5 million employee and it is 67,5% of all employee in Poland. This level is equal to level in EU (67%) and about 40% in microenterprises. The table show that the biggest difference is between employee in microenterprises, because in Poland it is 38,1% and it is more than in EU (the average level is 29,8%). The difference is about 10%. Quite opposite view is in type of small enterprises. In Poland this level is about 10,9%, less than in EU – 20,4 %. Also the researches in Africa region [Gasa 2012] confirms that the recognition of competitiveness factors is helpful in preparing the strategy in SMEs. American SMEs researches [Ernst 2004] described the competitive drivers as innovation and innovative capacity in SMEs. The important effects gave the usage of IT in American SMEs [Morales, Qureshi 2010 and Hairuddin 2012]. Instruments of marketing important in SMMEs as the competitiveness factors were researched [Lukasova, Bajdak 2009]. The individual effects of competitiveness for SMEs in Dominikana, in logistics, are presented by C. Kirby, N. Brosa [Kirby, Brosa 2011]. The relationship between characteristics of owner of microenterprise is an important factor in development of SMEs.

Knowledge management in SMEs

According to Schumpeter's theory, innovations are the results of scientific research, leading to the transformation of knowledge into material form. Schumpeter identified innovation primarily with the introduction of new products to the production or improving the existing ones, the introduction of new or improved production methods [Schumpeter 1960, p. 322]. He expanded the concept of innovation to other activities of enterprises, such as the opening of a new market, application of a new method of sale or purchase, the use of new raw materials or semi-finished products, the introduction of a new organization of production. It should be emphasized that Schumpeter's theories assumed that the main innovators are large enterprises – hence called "innovators" while he included SME companies to the group of "imitators". Schumpeter's views are not currently justified in economic practice [Stawasz 1999, p. 50] and, according to contemporary researchers small and medium-sized enterprises are more responsive to signals from the environment and changing needs of customers. They can therefore act more flexibly, innovate faster and shorten the time of their implementation and commercialization [Nowacki, Staniewski 2010, p. 16].

Likewise, research in the domain of knowledge management seems fragmented and expression "managing knowledge" appears for the first time in a context of artificial intelligence at the end of 1980s. One of the most significant evolutions in the business environment over the past decade is the dawn of the new economy. The velocity and dynamic nature of markets has created a competitive incentive among many companies to leverage their knowledge assets as a means of creating value and achieving a competitive edge. The focus on knowledge management (KM) is a critical area also for small and medium sized enterprises (SMEs). In particular, the management of knowledge assets may provide small firms with new tools for survival, growth and maintaining a sustainable competitive advantage.

Interdisciplinary management of knowledge approach to management of a SMEs business can become an interesting approach from the entrepreneurs' perspective, and thus the added effect of the application of this method is to improve the development skills. Interdisciplinary perception of phenomena and processes in the company contributes to the growth of knowledge about the processes in the company and allows a broader look at the changes in the environment. Companies were traditionally organized according to two main areas: Production and Marketing, considering the rest as auxiliary or support functions [Gimenez, Ventura 2003, p. 20]. The foundation of the activity of SMEs sector businesses is a much lower level of material resources than it is in large enterprises, thus building the intangible resources by improving logistics and marketing skills often means investing in enhancing the competitiveness of SME companies. The similar situation exists in knowledge area, for a reason the smaller possibilities of SMEs to access to knowledge. The consequence of the lack of enough knowledge resources by SMEs is the desire to make broad innovation in all areas of the company, in the spirit of the maximum satisfaction of the needs of buyers.

Knowledge management is explained together with innovative process. The introduction of the extended definition of innovation according to the *Oslo Manual* [*Oslo Manual*, 2005] gives the opportunity to make changes of the statistical data in relation to SMEs enterprises, introducing innovations based on improvements and changes of products and processes of imitative character. Contemporary typology of innovation distinguishes the new division of innovation, according to specific criteria from the *Oslo Manual*; these are innovations related to: product, process, organization, marketing [OECD 2010, p. 5]. In the 2008 edition of statistical surveys of innovation the Central Statistical Office introduced. Along the existing data on technological innovation (product and process), also non-technological innovations (marketing and organizational). Non-technological innovations, until recently, were not considered as important as product and process innovations. In recent years, they have been included in the research of innovation of businesses and they are gaining in importance in the companies themselves. The association of non-technological innovation with strategic decisions, such as decisions on technology investments e.g. the purchase of technology or new machinery or equipment, has also been noted. Marketing innovations are related to the implementation of a new marketing method that involves significant changes in the design/construction of a product or in packaging, distribution, promotion or pricing strategy [*Oslo Manual* 2005, p. 49]. The objective of the implementation is to better meet the needs of customers, open new markets and new product positioning in the market to increase sales. Organisational innovations mean the implementation of a new organizational method in the firm's business practices, workplace organization or relations with the environment. They are implemented in order to e.g. achieve better results by reducing administrative costs or transaction costs, raising the level of job satisfaction, access to assets that are not traded (such as non-codified external knowledge) or reducing the cost of supplies.

The most important logistics processes in SMEs enterprise include the following activities: the supply of products and materials, parts, components and assemblies, forecasting demand and purchasing policy, the flow of information, marketing processes, management and control of resources, distribution - order processing, transport organization, handling of complaints, storage, waste management, financial management. Quite new area of logistics is diffusion of knowledge process as a phenomena of KBE.

These processes of knowledge diffusion are of much more modest size and scope than in large companies, nevertheless for the owner of a micro-business they are extremely important from the point of view of their preparation, course and effects. The similar conclusion was presented on the base of Italian SMEs Evangelista [Evangelista and others 2010, p. 33]. Therefore, contemporary companies are building management methods to integrate many aspects of the business, based on knowledge. The main direction of knowledge in SMEs can be defined as:

- organizational and management knowledge,
- technological and technical knowledge,
- marketing knowledge.

Organizational knowledge concerned all information about structure of enterprise, activities and processes in it, tasks and duties of managers. Management knowledge concentrated on methods of management of processes and possibilities of their development and improvement. It is already a well-known issue of marketing mix, currently the concept of marketing and logistics management and logistics-mix instruments, combining logistics with lean-management and reengineering are discussed. Each of these concepts requires an individual approach and adjusting management methods to the characteristics of the business.

The superior feature that characterizes the contemporary SMEs business is to provide value to customers. Customer requirements are becoming more and more diverse, as the awareness of the importance of quality is constantly increasing, and expectations of customers are inevitably growing. In particular, it is a necessity of orientation to time and quality management, and the formation of a growing number of interrelations. Improvement of management of processes can be explained on the basis of the theory of the "right bundle of values [Dytwald 1997, pp. 49–54].

Although introducing knowledge management systems into SME is a particular challenge because of the limited resources of these kinds of companies, the literature review on KM reveals that the most part of research in this field is focused on large companies [Handzic 2006, p. 1] M. Handzic and H. Hasan identified two major challenges for KM:

- Achieving an objective picture of the field, based on formal and sound research, which integrates diverse perspectives of researchers and practitioners; and
- Bridging the gap between theory and practice, thereby providing well-established KM
- strategies, tools and procedures for managers.

In fact, the understanding of the organizational theory and practice considerations of KM has mainly been derived from large company experiences. Consequently, the potential of KM seems not fully exploited by small firms and this is reflected in a literature void where little research contributions on this topic have been published. In addition, research on KM in SMEs highlights some relevant different features. According to the review carried out by Thorpe et al [2005], research on KM in the SMEs context may be broken down into three distinct fields:

1) the knowledgeable SME manager or entrepreneur,

2) the knowledge systems and routines embedded within the context of the firm and their immediate networks,

3) the institutional and policy framework that is intended to support knowledge production within SMEs.

Measure of diffusion of knowledge is difficult, especially in SMEs. In Poland studies of knowledge of small businesses are conducted by the Central Statistical Office and the results are published in "Innovative activities of enterprises" and "Science and Technology" publications. The studies of the CSO do not show a cross-section of the whole sector because they do not distinguish micro-enterprises[4], providing statistical data for companies employing at least 10 people [Juchniewicz, Grzybowska 2010, p. 34]. Only since 2009, a survey on innovation have also been directed to microbusinesses. The CSO research results indicate low innovativeness of enterprises in Poland. The report of the European Commission also shows that the level of Summary Innovation Index in Poland is less than the average in all the countries of the European Union. Poland was included in the catching-up countries. According to European researchers this level of innovation in Poland is due to the country's low expenditures on R&D [European Innovation Scoreboard 2006]. However, the financial support is not sufficient to create professional R&D departments in those companies or use the services of institutions, such as universities, scientific and research centres, consulting companies and specialists – experts.

According to L. Białoń and D. Janczewska, examination and assessment of the factors allow the creation of innovative ideas in order to their realization, implementation and commercialization which is the fundamental problem while developing a strategy of innovation [Białoń, Janczewska 2009]. Indeed, the preparation of such a diagnosis in the SMEs company can be difficult, due to insufficient

4. This situation may be due to methodology, different from the applied in EU countries.

knowledge about the essence of innovation and innovation process[5]. In one owner's company, as well as in its competitor's business important is the characteristics of the sources of innovation and methods of forecasting future events in order to formulate steps of innovation strategy.

Authors' Study of SMEs in Confectionery Sector

Confectionery branch in Poland includes more than 1000 companies, of which only 10 belong to the group of large enterprises, while the others can be classified as micro, small and medium-enterprises. The study was conducted in 30 SMEs enterprises from the confectionery industry, of which 20% account for micro-enterprises, 50% – small firms and 30% of medium-sized companies. Companies were located in the following state voivodships: Kuyavian-Pomeranian, Lodz, Mazovian, and Lesser-Poland.

The aim of researches was description of connecting the marketing instruments and logistic methods in management of enterprise. There was formulated hypothesis that in SMEs is necessary to integrate both of areas to reach the better observation of the market and recognize the expectation of clients.

The author's own research conducted among SMEs enterprises in the confectionery industry showed a growing interest in diffusion of knowledge for reason to reach the development by non-technological innovation of SMEs enterprises. In the surveyed SMEs enterprises from the confectionery industry there have been manifestations of marketing and logistics management based on a combination of marketing activities with logistics system of the company. The analysis of the logistics aspect of the formulation of diffusion of knowledge in SMEs companies led to the identification of process steps for its implementation.

These steps can be presented as follows:

Step I. Gathering the necessary marketing knowledge to determine the market position of the company and its resources as well as the knowledge about the environment.

Step II. Accumulation of knowledge about processes in company: logistics

5. During discussions in the SME businesses of confectionery sector, the owners claimed that innovations do not exist in their companies, treating the concept of „innovation' as a new product or a breakthrough invention. After the analysis of changes implemented in their businesses there have been identified a number of innovations: product, marketing and ecological innovations in the area of confectionery production. Also, numerous organizational changes were implemented as well as independently designed innovative systems of information flow.

knowledge including definition of logistics processes in SMEs and creating a system of communication with buyers.

Step III. Formulating needs of knowledge in marketing and logistics – by matching the company's resources to customers' expectations.

Step IV. Developing marketing and logistics strategy through the choice of methods and means of achieving an integrated strategy – based on the marketing and logistics analysis as well as the definition of supplementary activities in the area of marketing and logistics.

Step V. Monitoring the implementation of a new knowledge into marketing and logistics process of SME business management through the selection and periodic assessment of the performance indicators of the same process.

Understanding the relationship between the SMEs enterprise and diffusion of knowledge allows the identification of barriers in achieving SMEs success in the market and matching logistics strategies and innovation to market needs as results of absorption of knowledge. The main barrier is lack of financial resources, and difficulties into the cooperation with science space. Case study in confectionary enterprise confirmed both hypothesis and allowed to propose some model procedures of logistics support of diffusion of knowledge.

One of the aspects of diffusion of knowledge in marketing space shows the determinants of innovative activity by gathering information on the types of innovation already implemented in the relevant market and the effects of innovation brought about after its implementation – both tangible and intangible (hard effects – soft effects). Logistics support of diffusion process of knowledge in researched company (case study) is shown in Table 2.

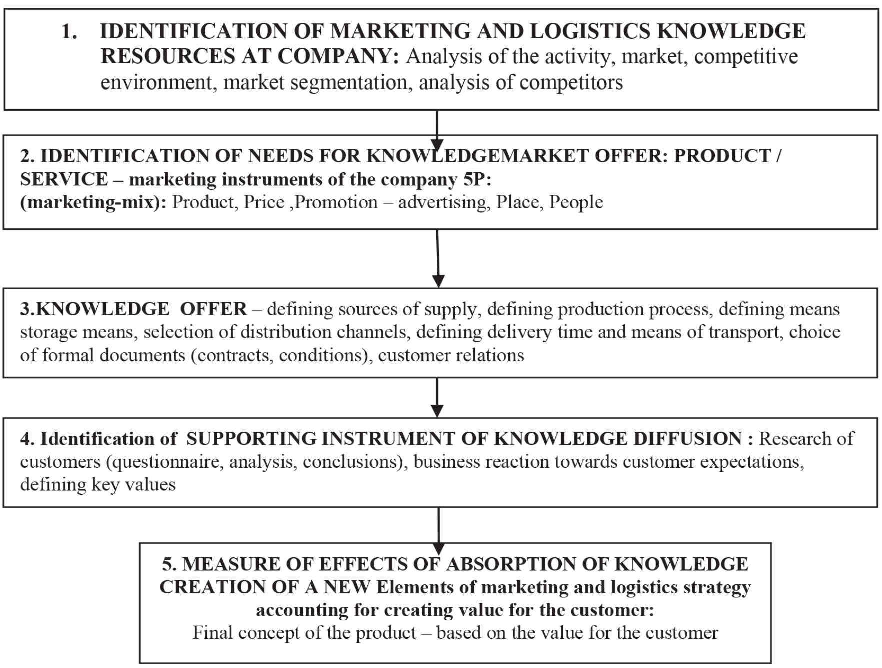
Table 2. Logistics support of knowledge diffusion in SMEs

Basic logistics processes	Characteristic features of a SME enterprise	Logistics support of the diffusion of knowledge process	Instruments of support
Supplies and management of materials	Processes run intermittently, free – dependent on the level of financial resources. Contracts for raw pastry relate to smaller quantities.	Starting the process and its course are dependent on market research and customer expectations.	Knowledge about channel of supply – channel: Internet, meetings with supplier
Production logistics / logistics of services	Confectionery manufacturing processes implemented using manual labour, lack of automation, often lack of the implementation of quality management systems. Process infrastructure adjusted to the financial capacity of the entrepreneur.	Adjusting the volume of production and its type to market expectations and offer of competitive companies.	Contacts with clients, meeting with competitors, net cooperation
Transport	The company focused on minimizing costs, transport processes carried out by its own means of transport.	Marketing analysis and customer segmentation to optimize transport routes and the correct choice of means of transport and prices	A new transportation channel of information; internet, GPS,
Storage	Warehouse processes carried out by hand, minimal use of machinery and equipment, including computers.	Quantitative parameters of the flow of goods in the warehouse are adjusted to the needs of the market. Marketing analyses determine the size of demand	Knowledge about a new methods of storage, prognosis methods, IT technologies
Management of resources	Control and replenishment is carried out using traditional methods, computers are used occasionally, lack of specialized programs to help manage inventory.	Changes in the level of inventories arising from the needs of the market and customer structure	Knowledge from study, experience, new technologies of prognosis of management of magazine
Waste management	Environmental management is not implemented in the systematic way, the activities in the context of reverse logistics are implemented sporadically; lack of interest in waste management.	The study of environment enables marketing planning, taking into account the applicable environmental regulations.	Knowledge about a new methods of environment, prognosis methods, IT technologies

Source: Author's own study on the basis of D. Janczewska (2012), *Zarządzanie działaniami marketingowymi w mikroprzedsiębiorstwach* **[w:]** *Ekonomiczno-prawne aspekty prowadzenia działalności gospodarczej w Polsce*, **[red.:] A. Cheda, Wyd. Fundacja Ius Medicinae, Warszawa, pp. 128–129.**

The subject of the diagnosis were: knowledge about a new marketing and logistics needs of companies [Janczewska 2011, p. 155], support of management of the company, and its framework of innovation management in particular. The success of the implementation of innovative management practices based on knowledge diffusion is the effect of the climate for innovation in the company and incentive system for the employees – participants of the innovation process, the competence of managers and employees as well as the way in which the company conducts marketing innovation. Based on the examination of management of logistics and marketing processes in the surveyed confectionery enterprises the following model of action has been proposed, which has been used, among other things in the contract with a large retail chain – as shown in Fig. 1.

Fig.1. Procedure of diffusion of knowledge and logistics support of diffusion process based on creating value for the customer



Source: author's own study.

It should also be remembered that the important role in diffusion of knowledge (and perhaps even decisive for the success of implementation of innovations) – has the person of the entrepreneur. These and other elements of management must also be diagnosed under the conditions of innovation. The typology of innovation alone can contribute to the selection of the best innovative activity for the SME company.

Bibliography

Białoń L., Janczewska D.(2009), *Uwarunkowania strategii innowacji w organizacjach*, „Postępy Techniki Przetwórstwa Spożywczego", Nr 1, Tom 19/34, pp. 116–122, Wyd. Wyższa Szkoła Menedżerska, Warszawa.

Arkusz Informacyjny SBA Polska 2010/2011, http://et-europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/poland.een.pdf, access 20.11.2012.

Bartle Ph. (2010), *Micro Enterprise Marketing*, http://cec.vcn.bc.ca/cmp/modules/mic-mrk.htm - dostęp 10.07.2013.

Dytwald J. , *Współczesne koncepcje zarządzania korporacjami,* WSPiZ, Warszawa 1997, pp. 49–54.

European Innovation Scoreboard *Comparative Analysis Innovation Performance* (2006), http://www.proinno-europe.eu/doc/EIS (31.10.2012).

Evangelista P., Esposito1 E., Lauro V., Raffa1 M. (2010), The *Adoption of Knowledge Management Systems in Small Firms Electronic*, "Journal of Knowledge Management", Volume 8 Issue 1, (33–42).

Ernst U.F. (2004), *Hidden Sources of Growth. Looking at Microenterprises Through th Competitiveness Lens: A Review of Evidence,* Accelerated Microenterprise Advancement Project-AMAP, USAID, USA.

Gasa Z.B. (2012), *Measuring the competitiveness of small, medium and microenterprises contractors,* Metropolitan University.

Gimenez C., Ventura E. (2003), *Logistics-production, logistics-marketing and external integration: their impact on performance,* Greliet; Universitat Pompeu Fabra, Spain.

Handzic M. (2006), *Knowledge Management in SMEs, Practical guidelines*, CACCI Journal, Vol. 1, Reprinted from Asia-Pacific Tech Monitor, Jan.-Feb. 2004, pp. 21–34.

Hairuddin H., Noor N.L., Kassim E.S. (2012), *Developing Therapy-Based IT Adoption Model for Microenterprises,* IBIMA Publishing Journal of Innovation Management in Small & Medium Enterprises Vol. 2012, Article ID 271072, Centre for Applied Management Studies, Faculty of Business Management, Universiti Teknologi,MARA, Selangor, Malaysia.

http://www.ibimapublishing.com/journals/JIMSME/jimsme.html - date of access 20.03.2013.

Janczewska D. (2012), *Zarządzanie marketingowo-logistyczne jako element konkurencyjności przedsiębiorstwa z grupy MSP (The Marketing&Logistic Management as Competitiveness Element)*, "Zarządzanie Innowacyjne w Gospodarce i Biznesie", Nr 1 (10), Wydawnictwo AHE, Łódź, pp. 49–62.

Janczewska D. (2012 b), *Zarządzanie działaniami marketingowymi w mikroprzedsiębiorstwach,* [in:] *Ekonomiczno-prawne aspekty prowadzenia działalności gospodarczej w Polsce* [ed.:] A. Cheda, Wyd. Fundacja Ius Medicinae, Warszawa.

Janczewska D. (2011), *Działania logistyczne wspierające transfer wiedzy ze sfery B+R do sektora MSP(The Logistic Activities Supporting of knowledge transfer from R&D into SMEs)*, „Przedsiębiorczość i Zarządzanie", XII, 13, SWSPiZ w Łodzi, Łódź.

Juchniewicz M. (2009), *Konkurencyjność przedsiębiorstw – ujęcie mezoekonomiczne (Competitiveness of businesses- shot mesoeconomic*), Uniwersytet Mazursko-Warmiński, Olsztyn.

Kirby C., Brosa N. (2011), *Logistics as a Competitiveness Factor for Small and Medium Enterprises in Latin America and the Caribbean*, Inter-American Development Bank Capital Markets and Financial Institutions Division DISCUSSION PAPER No. IDB-DP-191, Santo Domingo, Dominican Republic. http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=36592936 – date of access 10.08.2013

Kokocińska M. (2012), *Małe i średnie przedsiębiorstwa w gospodarkach europejskich, Metody badawcze, Dekompozycja sektorowa, Profile krajów (Small and Medium Enterprises in European Economies)* Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, Poznań.

Lukasova R., Bajdak A. (2009), *Relationship Marketing in Micro an Small Enterprises and Local Authorities- International Comparison*, Prace Naukowe Akademia Ekonomiczna w Katowicach, 324.

Morales L., Qureshi S. (2010), *Investigating the Effects of IT Adoption between Micro- Enterprises from Ethnic Community in the United States*, University of Nebraska, Third Annual Workshop, Saint Louis, USA, December 12.

Nowacki R., Staniewski M.W. (2010), *Podejście innowacyjne w zarządzaniu przedsiębiorstwem,* Difin, Warszawa.

Oslo Manual 2005, OECD Paris, 2008 Ministerstwo Nauki i Szkolnictwa Wyższego, Departament Strategii i Rozwoju Nauki, Warszawa.

OECD (2010), *The OECD Innovation Strategy. Getting a head start on tomorrow*, Paris.

Piątkowski M. (2012), *Factors Strenghtening the Competitive Position of SME Sector Enterprises. An Poland Example*, Procedia-Social and Behavioral Sciences 58 (2012) 269-278, www.sciencedirect.com – date of access 15.07.2013.

Santarek K. (red) (2008), *Transfer technologii z uczelni do biznesu*, Wyd. PARP, Warszawa.

SBA Polska 2010/2011, http://et-europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/poland.een.pdf, 20.11.2012.

Schumpeter J. (1960) *Teoria rozwoju gospodarczego,* PWN, Warszawa.

Sułkowski Ł., Marjański A. (2006) *Determinanty przedsiębiorczości w biznesach rodzinnych – badania empiryczne (Determinants of Entrepreneurship in family Business*) [in:] *Przedsiębiorczość i innowacyjność. Wyzwania współczesności*, ed. A. Kaleta, K. Moszkowicz, L. Woźniak, Prace Naukowe Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, Wrocław.

Stawasz E. (1999), *Innowacje a mała firma*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **165–178**

Stanisław Smyk | s.smyk@wp.pl
University of Social Sciences

Humanistic Competences of Logistic Manager

Abstract: Economic challenges of the twenty-first century induce to seek solutions enabling to achieve the adaptability of both organizations and individuals that manage them to function in an extremely volatile environment. One element of this environment is the system of education at the university level, including the logistics. In view of the author's scientific interests the content of the article refers to the humanistic competences of logistic managers, as graduates of bachelor degree, as well as to major determinants of their development.
As defined main dependences led the author to undertake research related to the pursuit of solving the following scientific problems:
What humanistic competences of logistic managers will help to meet the challenges of the twenty-first century logistic practice?
What is the dimension of the content of humanistic education in the field of logistics on bachelor studies?

- The article presents the results of the research contained in four parts:
- Humanist perspective of education – the essence of the concept;
- Qualifications and humanistic competences of logistic managers;
- Dimension of content of the humanistic education in the field of logistics on bachelor studies;
- Directions of improving the content selection of the humanistic education of logistic managers.
- A specific value, according to the author, appears in the final conclusions and postulates presented in the conclusion of the article.

Key words: logistic competences; humanistic management.

Introduction

Contemporary diversity of trends of the organization and management theory in Poland is due partly to the assignment of this discipline to the social and humanistic sciences. In the case of social science, researchers focus mainly on quantitative aspects of management, in the humanistic sciences dominates the qualitative research approach which results not only in the difference of used research methods, but also the nature of scientific recommendations addressed to a wide range of economic practitioners – managers, including the logistic managers.

Humanistic perspective of logistic managers education means the pursuit of such a creating vocational attitudes of graduates majoring in logistics that there will be clearly visible the holistic recognition of logistic processes management which requires combining quantitative approach with a humanistic approach during the implementation of management functions in the area of logistics.

The aim of the study was to determine the essence of humanistic competences of logistic manager and the main determinants of their creating at the bachelor studies, in the field of logistics. Analysis and synthesis, case study and reasoning by analogy and deductive reasoning were the main elements of the methodology of scientific research.

Author hopes that the survey results are another important steps in the development the theory and practice of creating the humanistic competences of logistic managers, as well as readers will feel inspired to use the results in research-teaching and economic practice.

Humanistic Perspective of Education – the Essence of the Concept

Humanistic perspective of educating logistic managers results from the essence of the expected qualifications and vocational competences and humanistic management. The humanities of management can provide new personal patterns, different from the previously dominating patterns of technocrat, entrepreneur. According to J. Hendry„(...) in particular they (managers) need identity that gives them the strength and energy for the management: to make conclusive judgments, to reconcile conflicting interests, to build communities based on trust and to lead them" [Hendry 2006, p. 278]. Humanistic management in its essence includes a set of actions necessary to do management functions, taking into account not only the universal theory of management, but also the recommendations resulting from the essence of the human sciences. The idea of humanistic management tends to seek out different research methods mainly qualitative, that allow you to see not only the complexity of the socio-economic reality, but also the complexity of the man-manager personality. This idea is well reflected by R. Batko's thought, who stated: „Humanistic management is a holistic science, that by putting a man in the center, looks for answers to research questions related to him purposeful activity, (...) it wants to capture the relationships between the various factors and give an answer as much as possible comprehensive, multi-faceted, more and more often touching unmeasurable issues, and even issues that undergo the research extremely difficult, such as intuition and spirituality. On the other hand, today's economic crises, the lack of a clear vision of development and the collapse of a number of approved economic theories makes that to understand the world, the qualitative and ethnographic methods are more often used while noticing the frailty of quantitative methods" [Batko 2012].

In didactic practice of a high school, the frame content of education in human sciences can determine the direction of a humanistic education, as long as they will be reflected in the programs of education. Unfortunately, there are several obstacles associated with this. One of them is the pursuit of "purity" of the field of study, which means the need to include provisions on the range of knowledge, skills and competences of the specific area of science. Therefore, logistic implemented during not-engineering studies is placed in the field of social sciences most commonly.

Another obstacle in the implementation of humanistic contents of education is the need for a clear description of learning outcomes and methods of their measurement. Unfortunately, this type of learning content creates serious difficulties associated with a clear description of learning outcomes, as well as with the selection of reliable methods for measuring them. There is a kind of paradox, namely the pursuit of measurement (quantitative) and expressing something that is a very qualitative using quantitative measures. We are aware of the existence of psychological methods allowing to describe a mental state of man (his personality), but specialist teachers such thorough preparation does not have, and this results in avoidance of humanistic contents of education in educational programs in the field of logistics.

It is reasonable to say that humanistic approach focuses on the long-term effects, very difficult to clearly assess. In the case of economic approach dominates a focus on short-term effects of activity, in this case didactic, which is easier to study and to determine the state of knowledge, skills and competences. Unfortunately, the formal requirements arising from the nature of implementing solutions characteristic for the Bologna Strategy make it necessary not only to clearly determine learning outcomes, but also to measure them and to set the rating according to the level of knowledge, skills and competences [Smyk 2014, pp. 77–81].

Learning outcomes are an expression of a practical approach to the use of the properties of the given field of science in the processes of learning a particular field of study. In the space of contemporary high school teaching they function in the form of the Descriptions of learning outcomes in the area of education in the sciences (humanities, social, technical, science). Hence it can be said that the humanistic perspective of education results precisely from the essence of this description in the humanities. These are descriptions universal to use in the various fields of studies, in which we want to achieve interdisciplinary learning outcomes. Logistics is an interdisciplinary area of science and economic practice which actually should force education programs creators to look at the selection of the content of education from the perspective of the humanities.

Qualifications and humanistic competences of logistic managers

Humanistic perspective of education requires to perceive the essence of the humanistic competences and fragments of training content and didactic processes that allow to achieve them, and which are the element of professional qualifications required to perform duties at a given position. Qualifications usually mean education, preparation needed to pursue the profession, some activities, talents, being suitable for something [Sobol 1997, p. 374]. It can be stated that professional qualifications are a system of practical mental skills mastered by a person or by a group of persons [Nowacki 1994, p. 10]. They are formed on the basis of systems of theoretical and practical knowledge, adapted to solve effectively different but clearly defined classes of professional tasks. It should be noted that predispositions of people trying to get it help (or hinder) the acquisition of qualifications.

Professional qualification in didactic practice usually express the position of teachers associated with the silhouette of a graduate [Kędzierska 1994, pp. 5–86]. It can be stated that the formal diversity of logistic qualifications in Poland results from the scope of professional preparation at the high school and college level, making sure to distinguish between levels of qualifications specific to graduates of first and second degree. Consecutive levels of qualifications are related to professional development and further education, which should lead to professional mastery achievement (completing postgraduate studies, third cycle studies).

Professional qualifications are necessary to determine the person's professional competences, understood as a range of proxies and powers of action and judgment.

Competent employee is authorized to make decisions related to his profession, and necessary condition is to have a certain level of professional qualifications.

Competences are the ability for a particular action, depending on acquired skills and conviction about the possibilities of using them. It can be also stated that the competences are specific dispositions to properly fulfill some role, to solve problems, to analyze previously unknown situation, so they are an expression of recognition of the individual as able to fulfill tasks or to perform professional functions and other functions arising from the social division of labor and roles in society [Puślecki 1992, pp. 33–34].

Competent person is a person functionally adapted to fulfill the roles and tasks, and capable of further vocational training resulting from the changes taking place in the profession and the employee. This approach results from the adoption of the right attitude to the professional reality, which corresponds to the value system of a competent individual.

Competences can also be characterized by getting closer to their properties, such as: belonging to a particular entity (competences of logistic managers); giving their social range (what they refer to, to whom they are revealed); determining the conditions of their acquisition (which institution of higher education shall be completed); the possibility of moving to other areas of the individual's activity and the creation of new competencies (generativeness and transferability).

Standards of professional competences can be identified in the literature, such as: praxeological (the ability to plan, organize, manage people, control and evaluation); communicational (language effectiveness, the ability to use discursive techniques); cooperation (the effectiveness of pro-social behaviors, the ability to resolve conflicts); informative (the ability to use different sources of information); moral (the ability to reflect on their own work).

Therefore, it can be stated that the professional competences relate to a particular profession and allow to perform professional tasks in certain conditions, appointed time and at the appropriate level. Moreover, they should be measurable, so there must be possibility for their unambiguous identification and observation of the effects of changes in the work environment under the influence of the actions of the competent persons (also incompetent ones).

One of the fundamental problems concerning the range of qualifications and professional competences of the logistic manager is the need and necessity of operationalization of learning outcomes specified in the documents relating to the implementation of the Bologna strategy, and defined as European and National Qualifications Framework (EQF, NQF). Obligatorily standing records relating to the effects of education on the logistics are so general that on their basis it is difficult to determine the set of knowledge and skills as a basis for practice of profession. Published research on the knowledge and skills of graduates majoring in logistics are rudimentary and bear some of the marks of science. Even if individual institutions conduct research of this type, the results are not widely available. Practically there is no unambiguously defined range of knowledge and skills, which should result from the scope of learning outcomes defined in the education programs for the logistics. This creates a risk of lack of consistency in professional competences achieved at the same level of studies completed at various universities. If we take into account the existence of so-called "engineering and bachelor path", then we can conclude that the graduates of the logistics can have a very diversified range of competences (up to the lack of expected professional competences inclusive), which probably is not a phenomenon awaited by their future employers.

The research results *Antal International* [http://www.antal.com/content/poland-42489.htm, 13.11.2013] present a picture of expectations associated with this. The surveyed experts and logistic managers concluded that a knowledge of the English language should be a standard. Also, there is a necessity of practical use at least one optimization system and possession of the appropriate certificates [Smyk 2014, p. 75].

Interesting approach to the competence of logisticians presents J. Samsel, who quotes a summary of logistics professions released by the Council of Logistics Management (CLM). We can find a detailed description of the professional competences of the logistic manager among the 18 professions – specialties. Among the key skills there were distinguished following skills: organizing and combining functions of logistics in the range of warehousing, distribution, forecasting and planning, logistic operations and flow of physical goods, through the construction of an efficient system of information flow and communication at every level of management; coordinating the participation of a third party (collaborators, customers and partners) in logistic processes (from the range of contract logistics); building and creation the best conditions for communication and relationships between logistic staff in the implementation of daily logistic operational plans. As key skills from other fields were listed: leadership skills, skills for building and management of the work of teams, creativity, assertiveness, negotiation skills; knowledge of techniques and methods to improve the quality; the ability to cost measure and analysis; knowledge of computer technologies [Samsel 2013]. Undoubtedly, highlighted skills are humanistic skills, so important in the performance of logistic manager duties.

There is also a possibility of identifying the range of competences of the logistic manager based on currently published job offers. In one of them its scope of responsibilities was described as follows: „(...) the design, implementation and management of logistic operations in the country and throughout Europe, management of a large human team in a company with often multi-branch structure, organization division / department for the logistics, recruitment of team, establishing procedures, implementation of ISO standards, negotiating contracts with subcontractors, creating a network of cooperating companies, creating quality requirements for new processes or services, active exchange of information with other departments, cooperation with authorities, assistance in the implementation and supervision of the modules of computer systems which support management, actual controlling the financial result and supervising the implementation of budget, preparing reports and quality presentation for the Management Board's needs" [http://gazetapraca.pl/gazetapraca/1,74896,477925.html, 30.10.2013]. Taking such defined tasks is associated with having, among others, the following competences: „(...) knowledge and practical use of modern methods of analysis of quality in the logistics activity, very good knowledge of English language, the ability to project management, leadership skills, ability to manage a team of people , responsibility and conscientiousness, ability to work in large, often international teams" [http://gazetapraca.pl/gazetapraca/1,74896,477925.html, 30.10.2013]. We see that it is possible to distinguish the levels of professional competences adequately to diversification of logistics education levels. Thus, it is reasonable to state that there is a need to unambiguously determine the competences of logistic manager - the graduate of the first degree studies.

Dimension of content of the humanistic education in the field of logistics on bachelor studies

Learning outcomes describe the qualifications of graduates of the first and second degree studies with general and practical profile. Polish universities that educate logistic managers in not-engineering fields are focused in most cases on the selection of education content at the general profile. In the case where the core of the educational program are social sciences, the learning outcomes should be described as eleven categories of knowledge, eleven categories of skills and seven categories of competences [*Rozporządzenie Ministra Nauki i Szkolnictwa Wyższego* 2011, pp. 14730–14736]. The method of recognizing learning outcomes indicates a high degree of generality, therefore there is a need for their refinement by specific records in the educational program.

In the case of humanities for the general profile there were specified ten categories of knowledge, ten categories of skills and six categories of competences [*Rozporządzenie Ministra Nauki i Szkolnictwa Wyższego* 2011, pp. 14723–14729].

There are justified the concerns of teachers – designers of educational programs – on the possibility of thorough preparation of logistic manager for the profession, described by the so-defined learning outcomes. A complex didactic situation is being created, where the learning outcomes at I and II degree studies in social sciences must be unambiguously defined (the other learning outcomes are to be achieved at the I degree studies in comparison with the learning outcomes of the II degree studies), and as well in the field of humanistic education. Undoubtedly, it is necessary to make the selection of humanistic education effects, to give them the status of the effects of first and second order, important from the professional preparation logistic manager's point of view of. This is an extremely difficult undertaking. There can be applied the so-called common-sense approach, which involves taking into account the constraints of time of studying and knowledge of the essence of the man-manager functioning. Unfortunately, it often results in the selection of learning outcomes in a mechanical way. The author's experience suggests that there are usually the following effects of humanistic education in the educational programs of logistic managers: **a student**

- knows and understands the basic methods of analysis and interpretation of the various products of culture appropriate for the individual traditions, theories or research schools (H1A_W07);
- is able to search, analyze, evaluate, select and use information using a variety of sources and methods (H1A_U01);
- knows how to acquire knowledge independently and develop research skills, following tutor's directions (H1A_U03);
- is able to recognize different types of cultural products and lead their critical analysis and interpretation using conventional methods, in order to determine their meanings, social impact, a place in the historical and cultural process (H1A_U05);
- has developed skills in interpersonal communication, can use specialized language and communicate accurately and coherently using a variety of channels and communication techniques with specialists in logistics, as well as other disciplines (H1A_U08);
- is aware of the level of his knowledge and skills, understands the need for continuous professional education and personal development, makes his own competences' self-assessment of and improves skills, sets the directions for his development and education (H1A_K01);
- is prepared to actively participate in groups, organizations and institutions carrying out logistic activities and is able to communicate with specialists in the field and others as a leader or team member (H1A_K02);

- correctly identifies and resolves dilemmas related to the profession (H1A_K04);
- participates in cultural life, using various media and its various forms (H1A_K06).

We can clearly see that this is the essential complement to the content of education to the needs of modern logistic manager. We can have doubts about whether the scope of such described humanistic education effects is sufficient. Limitations resulting from the duration of studies require the execution of the selection of humanistic education effects and their skillful incorporation into education content of the relevant items. Unfortunately, the aforementioned desire to "purity" of the field of study is the cause of not taking into account the humanistic layer of logistic managers education, which can be specified as a serious mistake at the stage for setting the general assumptions of the educational program of a given field of study.

Directions of improving the content selection of the humanistic education of logistic managers

There are a number of views indicating a need to reevaluate the meaning of quantitative approach, characteristic of the social sciences to the multidisciplinary approach in the educational process and economic practice. Such a view brings with it the danger of resignation from logistic managers preparing to use quantitative methods. In the author's opinion it would be a mistake. The nature of logistics orders to use as much as possible quantitative measurement methods and management tools which allow for the unambiguous identification and assessment of the effects of logistic processes, which are a consequence of the decisions taken. This is particularly important in the current operations, where the efficiency of logistic processes, of the quality level of logistic services play a primary role in building a competitive advantage of enterprises, and managers need to achieve a certain economic effect, significant from the point of view of the stakeholders of the company. However, today there are some premises for the need of use the multi-criteria concept of efficiency [Bielski 1996, pp. 112–123], in which attention is paid to „(...) the interactions between the organization and its environment, and trying to capture benefit of effects from both of these perspectives". This perception of efficiency tends to balance the interests stemming from the concept of sustainable development, the concept of organizations serving environment and idea of corporate social responsibility [Lewandowski 2011, p. 110].

Therefore, it is reasonable to question: What are the reasons for the implementation of humanistic educational content in a university with logistics course? The importance of this type of educational content is more clearly visible from the point of view manager who takes strategies logistic decisions, the effects of which we are able to assess after a period of time. The creators of educational programs capture some of the effects of humanistic education, but one gets the impression that there is some randomness in their selection. There is no perception of relation of content of humanistic education in college at first and second degree (there exists the need for complementarity – completion of these content). Probably the issues associated with the necessity of the perception of the role of man in logistic processes, but from the perspective of logistic strategy, it is important from the point of view of rational use of so-called human resources. Shaping a specific, permanent attitude to contemporary challenges arising even from the essence of sustainable development of enterprises or proecological and prosocial economic purposes is associated with the need to have a certain system of values and beliefs with the philosophical nature. These are the arguments for the need to recognize the need and necessity of including humanistic contents of education to higher education study programs on the logistics.

Identification of directions to improve the selection of humanistic educational contents of logistic managers may be the result of the case studies, as a method based on the experience of people involved in developing educational programs. Undoubtedly, the starting point may be expected by employers qualifications of the graduates majoring in logistics. In most cases, they are presented collections of professional competences resulting from quantitative recognition of logistics. It's hard to find the expectations arising directly from the essence of humanistic educational contents. Perhaps this is due to the essence of the modern stage of Polish society development, where on every step there are highlighted the advantages of an engineering preparation, the need for education in engineering. Thus, it is more difficult to convince decision makers of the need and necessity of humanistic educational content realization.

Contemporary economic crisis has highlighted a weakness of economic theories and tends to look for new solutions. In Polish conditions we see the social consequences of political transformation, where the so-called "predatory, nineteenth-century capitalism" has led to specific losses of society. The lack of sense of stability, confidence of tomorrow, "rat race" is difficult to include to the achievements in the development of Polish society. It can be clearly seen that it is a symptom of dehumanization of our social life, including managers operating at different levels of organizations management. Perhaps it is the effect of "cognitive crisis of management" [Sułkowski 2012, p. 89].

Adduced arguments state for that improvement of selection of humanistic educational contents of logistic managers should begin with a general awareness of the possible to achieve long-term effects, which influence people's attitudes who affect the other. The exposing by employers the humanistic preparing values of graduates should be widespread. It should be some interdisciplinary balance [Prawelska-Skrzypek, Lenartowicz 2013, pp. 55–56], in which putting humanistic education outcomes should favor in all categories: knowledge, skills and competences.

Undoubtedly, we should strive to operationalization of humanistic educational outcomes, particularly at the undergraduate level. This can raise a lot of concern, but where you can unambiguously determine the expected effect of teaching the quantitative criteria for didactic measurement should be entered. In theory of high school didactic there are many examples which show the validity of such solutions implementation.

However, the key issue should be restitution to prepare humanistic contemporary academic teachers. In the most modern universities with studies in logistics are economic or technical universities. Consequently, academic teachers, mostly, conduct research and raise a generation of young teachers in the spirit of cultivated fields and scientific disciplines. This creates a danger of dehumanization of younger academic generation, which is derived from the graduates of contemporary universities, which for economic reasons are often forced to resign from the humanistic contents. Although there is an obligation to conduct a general education at universities mandatory, but future academic teacher should have a more thorough preparation, especially when the humanities can be selected as an alternate (optional), which comes to abandonment of some of them.

Conclusion

The tasks of the contemporary logistic manager require mainly focus on education on the quantitative aspects, necessary to unambiguous identification of the logistic processes effects and assessment the effectiveness of implemented solutions. Nevertheless, logistic manager - a man affecting other people and striving to meet customer expectations in terms of quality of logistic services, should be equipped with the knowledge, skills and humanistic competences which facilitate understanding of his professional role in an increasingly complex socio-economic environment.

In the author's opinion the survey results allow to formulate the following general conclusions:

1) Competences are the ability for a particular action, dependent on the acquired skills and on beliefs about the possibilities of using them. They are specific dispositions to properly fulfill some role, to solve problems, to analyze previously unknown situations, so they are an expression of recognition of the individual as able to perform tasks or to perform professional functions and other arising from the social division of labor and roles in society.

2) Contemporary logistic manager should be able to apply a holistic approach to managing the logistic processes, which require a necessity of combining quantitative approach with a humanistic approach to the implementation of management functions in the area of logistics.

3) Implementing the idea of humanistic management in logistics requires the selection of the educational outcomes established in the field of education in the humanities and their distinction as to the studies degree.

4) The educational content on studies in the logistics field should include humanistic elements in all areas of education which can be achieved by selecting a category of knowledge, skills and humanistic competences.

5) The importance of the humanistic education contents can be clearly seen from the perspective of the logistics manager preparing to make long-term decisions.

6) Improving the selection of the humanistic education contents of the logistic managers we should begin with a general awareness of the potential to achieve the long-term effects, which influence the attitudes of people who affect the other. Exposing by the employers the values of humanistic preparation of graduates and highlighting the role of the interdisciplinary balance of the professional preparation of graduates majoring in logistics should be widespread.

7) Professional competences of logistic manager are determined by many factors, where main ones are: the reform of higher education in Poland; level of recognition of expectations for professional preparation of graduates majoring in logistics; the level of professionalism of academic teachers.

In the author's opinion the research problems have been solved and the goal of research achieved. The essence of competence humanities logistics manager was defined, the main determinants of their development in the educational process of higher education majoring in logistics were isolated and characterized, at the undergraduate level, and the conclusions suggest courses of action to be taken to enhance the competence of the humanities managers.

Bibliography

Batko R., *Czym jest dla mnie humanistyczne zarządzanie?,* http://kostera1523.republika.pl/spis.htm, 02.10.2014.

Bielski M. (1996), *Organizacje – istota, struktury, procesy,* Wyd. Uniwersytetu Łódzkiego, Łodź.

Hendry J. (2006), *Educating Managers for Post – bureaucracy: The Role of the Humanities,* „Management Learning", No. 37, from: Prowelska-Skrzypek G., Lenartowicz M., *Badanie organizacji i zarządzania na gruncie humanistyki,* „Problemy Zarządzania", vol.11, nr 4 (44) Wyd. Wydziału Zarządzania Uniwersytetu Warszawskiego.

http://gazetapraca.pl/gazetapraca/1,74896,477925.html, 30.10.2013

http://www.antal.com/content/poland-42489.htm, 13.11.2013.

Kędzierska J. (1994), *Dobór i układ treści kształcenia pedagogicznego nauczycieli* [in:] *Pedagogika III* (red.) Zimny Z.M., Wyd. Wyższej Szkoły Pedagogicznej w Częstochowie, Częstochowa.

Lewandowski M. (2011), *Sprawność zarządzania z perspektywy humanistycznej* [in:] „Współczesne Zarządzanie", 1, http://www.academia.edu/4288878/Sprawnosc_zarzadzania_z_perspektywy_humanistycznej, 15.12.2014.

Nowacki T.W. (1994), *Europejskie wyznaczniki wizji systemu kształcenia zawodowego w roku 2000* [in:] *Nauczyciel szkoły zawodowej w integrującej się Europie* (red.) Błażejewski H., Wyd. Uczelniane Wyższej Szkoły Pedagogicznej w Bydgoszczy, Bydgoszcz.

Prawelska-Skrzypek G., Lenartowicz M. (2013), *Badanie organizacji i zarządzania na gruncie humanistyki* [in:] „Problemy Zarządzania", vol. 11, nr 4 (44), Wyd. Wydziału Zarządzania Uniwersytetu Warszawskiego, http://pz.wz.uw.edu.pl/sites/default/files/artykuly/pz_4_2013_prawelska-skrzypek_lenartowicz.pdf, 15.12.2014.

Puślecki W. (1992), *Kompetencje innowacyjne nauczycieli – wymogi programowe i stan faktyczny* [in:] *Kształcenie dla innowacji pedagogicznych* (red.) Schulz R., Wyd. Uniwersytetu Mikołaja Kopernika w Toruniu, Toruń.

Rozporządzenie Ministra Nauki i Szkolnictwa Wyższego z dnia 2 listopada 2011 r. w sprawie Krajowych Ram Kwalifikacji dla Szkolnictwa Wyższego, Dziennik Ustaw Nr 253, Poz. 1520, http://isap.sejm.gov.pl/DetailsServlet?id=WDU20112531520, 15.12.2014.

Samsel J., *Logistyk, czyli sprawdź, kim naprawdę jesteś,* http://www.okulewicz.republika.pl/Logistyk.htm, 30.10.2013.

Smyk S., (2014), *Menedżer logistyki – kompetencje zawodowe i ich uwarunkowania* [in:] „Przedsiębiorczość i Zarządzanie", Tom XV, Zeszyt 5*, Profesjonalizm w logistyce. Kształcenie logistyków – doświadczenia i wnioski,* (red.) Z. Kurasiński, K. Szeląg, Wyd. Społecznej Akademii Nauk, Łódź.

Sobol E. (1997), *Mały słownik języka polskiego,* Wyd. Naukowe PWN, Warszawa.

Sułkowski Ł. (2012), *Epistemologia i metodologia zarządzania,* Wyd. PWE, Warszawa.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **179–188**

Joanna Moczydłowska | j.moczydlowska@edu.pb.pl
Bialystok University of Technology

The Reserve Staff as the Tool of Personnel Policy in Managers' Evaluation (on the Grounds of Results of Qualitative Research)

Abstract: Providing the reserve personnel for the organisation is the crucial element of planning human resources. The costs of recruiting, selection and implementation of new employees enlisted from the external job market are high, moreover cognition and understanding the new organisation require time. Therefore building the reserve staff is the standard in the most of professionally managed organisation, it is recurrently repeated activity which provides continuity of management and maintenance owned abilities. The aim of the article is systematization the knowledge about substance and ways of creating the reserve staff and also getting to know the managerial staff opinion about the effectiveness of this tool. To achieve this aim the analysis of the literature of the problem and the Focus Group Interview technique have been applied.
Key words: reserve staff, personnel policy, succession planning

Introduction

The complex and variable organisational reality encourages to searching effective tools of personnel policy which are compliant with organisation's strategic objectives. One of those tools which is being exposed in the literature of the problem from several years is creating the reserve staff. It is believed to be especially important in these organisations which appreciate employees' loyalty and seek to coming into long-lasting relations with them. Those organisations want to create the environment, in which an employee, owing to his talents and superior effects of his work, can reach higher and higher levels of professional career.

The aim of the article is systematization the knowledge about substance and ways of creating the reserve staff and also getting to know the managerial staff's opinion about the effectiveness of this tool. To achieve this aim the analysis of the literature of the problem and the Focus Group Interview technique have been applied. The author is aware of the issue that the qualitative research can not be in that case the source of generic conclusions and claims thus she considers them as cognitively interesting material for formulating specific research problems and creating the tools for quantitative research.

1. The Reserve Staff – Literature Review

The reserve staff (or the reserve personnel) is the pool of marked employees who are prepared to assume specific positions in organisation on the off chance that pressing need occurs. Building the team of the reserve staff is an important process which subscribes the processing professional plans and which supports employment design, including both foregoing employees' potential and the offers coming from the external job market. The system of the reserve staff is understood as totality of laws, rules and procedures which involve exteriorizing, preparing and extracting the reserve staff [Pawlak 2011, p. 364]. Professionally extracted reserve staff is the guarantee that the key positions on each level of organisation working will be manned with competent and involved employees. The thing is that it is specially important in the incidental and recessionary situation. The process of creating the reserve personnel normally covers picked seats of the executive level and specialised seats which require the employees with unique skills which are rare on the job market, therefore preparing the reserve staff in the first instance requires recognising the positions which have key importance for organisation working. The process of emerging the reserve staff leans upon the candidates' verification for the managerial and expert positions on the grounds of chosen criteria. It should be both professional criteria (the knowledge and professional skills) and observation of norms and rules which are promoted within the organisation's culture or criteria which involve soft skills, especially personality qualification [Atwood 2007, Rothwell 2010].

During implementing the program of succession planning in an organisation the following steps should be taken:

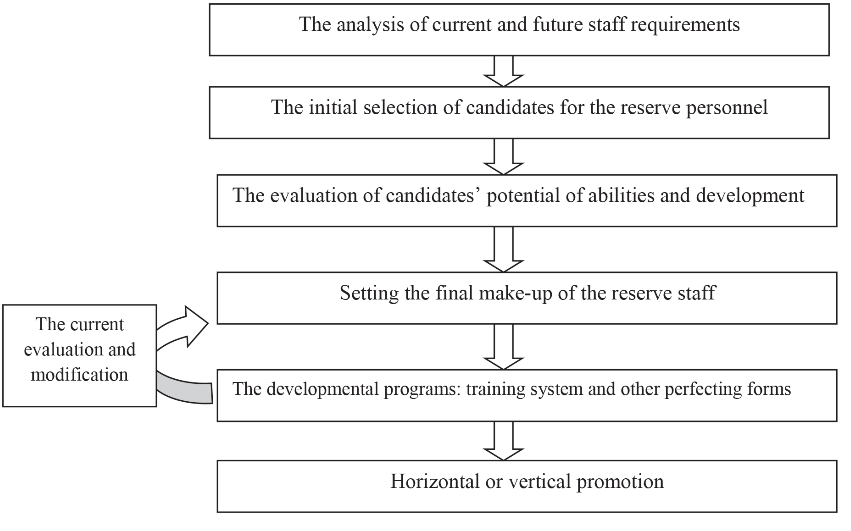
- emerging of crucial positions which are the basis of right organisation working
- the analysis of risks and threats associated with departure of persons who at present fulfil key-functions in an organisation, that is defining the probability of their

departure (in the process the age and health condition of the emerged persons, presented level of motivation and involvement in the organisation's running, demand for similar positions on the job market etc. should be taken on board)

- clear defining the criteria of choosing the potential heirs from among organisation's employees, especially in qualifications which will be demanded from them amid the long-term company's strategy
- the selection execution of potential heirs' process and devising the individual developmental programs at an angle of further perfection of key skills
- permanent monitoring of developmental progress and motivation level of employees who have been qualified to the talents pool [www.firma.egospodarka.pl].

While emerging of potential successors it should be remembered that they can not be the people who in fact at present have got sufficient abilities to assume higher position. It can lead to the situation when great employee departs due to prolonged process of expectancy for being upgraded and prematurely awaken expectations. The participation in the succession program should be an additional chance to develop for an employee – only then it will cover its motivational function. The diagram of the reserve personnel system is shown in the picture no. 1.

Picture no. 1. The diagram of the reserve staff



The source: self-elaboration.

Providing the reserve personnel for the organisation is the crucial element of planning human resources. The costs of recruiting, selection and implementation of new employees enlisted from the external job market are high, moreover cognition and understanding the new organisation require time. Therefore building the reserve staff is the standard in the most of professionally managed organisation, it is recurrently repeated activity which provides continuity of management and maintenance owned abilities [Oleksyn 2014]. Among the most important profits which arise from creating and having the reserve personnel there are enumerated:

- constant high level of job's effectiveness and services' quality coming from employees' high motivation
- the continuity of the employment which encourages to reaching commercial success and persistence of fulfilled business' processes
- the acceptance from the employees of decisions involving promoting, employment and changes in a way of manning the positions
- fast and effective employees' adaptation on the new job positions [www.lgrant.com].

One of the varieties of the reserve staff is succession's plans. The real successor is the person who is reported to prevailing director (to the manager), this is the employee who knows well the character of organisational unit and its problems and equally gains high scores in his or her going job. The succession planning should be closely connected with organisation's strategic goals and its future needs. Also reqiurements which are put before potential successors should be closely connected with them. Thus, it is not enough to emerge employees with high potential. Clear particularizing is needed to circumscribe what abilities future senior staff should have. Therefore the board of directors should respectively earlier answer the questions: What is the direction of organisation's development? What requirements will be put before managers of the company in 3-5-years perspective?

The desirable profits arising from creating the reserve staff and the succession plans can not shield a number of potential risks which disturb using this element of personnel policy. Some of them can be very mundane. For instance, a supervisor tips an employee who is the least needed in his organisational substructure for the reserve personnel because he is aware of the issue that qualifying the most clever employee means his frequent absence connected with participation in training courses, placements, traineeships and other forms which perfect professional abilities. And that means worsening of his team's scores. There is also more serious risk: the supervisor can type to the reserve personnel or succession plan not the employee who has got the biggest ability and developmental' s potential, but the one whom he most likes and respects. The risk of limiting the developmental opportunities for the best employees appears what is the most often consequence of less or more realised the supervisor's fear of clever competitor. Temptation of manipulating the subordinates' evaluation appears, so that the potential competitors be confounded and own position be empowered. This phenomenon is particularly apparent in those organisations, in which the organisational culture promotes strong inner contention. That is why in methodology of creating the reserve staff and succession plans, the necessity of broadening the line-up of people making this type of decision is indicated. The optimal variant form is creating inner commission supported by external experts who will diagnose absolutely independently the candidates' potential and help in devising their individual developmental path [Dave, Brockbank, Allen, Younger, Nyman 2010].

2. Methodology of Research

The empirical material presented in the article constitute as the test of solving the following research problem: what is the opinion of managerial staff who direct business entity about effects of using the conception of reserve staff, including succession plans in theirs organisations? To answer the question the Focus Group Interview method has been applied. According to FGI methodology depending on research issues the group is picked by differential criteria such as age, sex or another important traits, for instance seniority on the executive position [Barbour 2011]. Focus Group Interview of which results are comprised in this publication are based on the mechanism of introspection[1]. The author is aware that this method is seen as one that not allows for gaining knowledge which is inter-subjectively verifiable and does not give access to the factual causes of behaviours. In spite of the criticisms raised by methodologists of social sciences, introspective studies are essentially the basis for all studies, and the use of their results in the diagnosis of determinants of managers' work is based on the statement, well-documented in the literature, that the employee is the best source of information about the specificity of his/her the fulfilled organizational role [Woźniak 2006].

In the experiment there were 10 representatives of the highest senior staff (6 men and 4 women) who works in big and middle enterprises in Warsaw. The respondents are people with different levels of education, however, each of them has a management experience (average – 4 years).

1. Introspection – from Latin *introspicere*, literally it means „looking inside," observing and analyzing one's own mental states, thoughts, feelings, and motives. It deals with the conscious contents and processes.

The author is aware of issue that the qualitative research can not be the source of generic conclusions and claims, therefore she treats them as cognitively interesting material to formulating specific research problems and creating tools for quantitative research.

3. The Managers about the Reserve Staff and the Plans of Succession – Experimental Contribution

Managers taking part in *Focus Group Interview* have affirmed that the foundation of employment policy in many companies is a belief that profitable is situation in which employees are using their longstanding experience in favour of their employer. These employees have passed successfully a process of adaptation, they know finely a specify of their company and needs of the clients. They ''feel'' in a great way an organizational culture. In the same time they are the ones which professional competence and development potential are well – known by the employer, that's why they pose as a natural source of candidates in the process of i.e internal recruitment. All of the participants in this research have pledged that their employers are using a tool which is reserve staff and succession programs. In practice it mainly displays in the form of development potential workers' diagnosis, of establishing their individual career paths as well as wide-scale activities which improve their competences: from typical training, through bailout of postgraduate studies, internships in different functional divisions and organization departments, to innovative methods of development like coaching, mentoring and tutoring [Moczydłowska, Kowalewski 2014]. In the consensual assessment of tested managers, diverse forms of personal and professional improvement receive plenty of attention from workers classified to potential successors' group. Among the most appreciated, there were mentioned internships in foreign organization departments and also elite postgraduate studies like MBA.

What can be surprising, all of the managers taking part in this research have judged a building of reserve staff as an inefficient instrument of personnel policy. Reason of such an assessment are complex. First of all, managers have payed attention about the fact, that including reserve staff is usually synonymous with an awakening employees' strong aspirations, by extension, their expectations about dynamic career development. It grows likewise their self-esteem as employees and what's more: as people. They become more conscious of their professional assets which are not fully exploited in current work place, currently taken stands. It calls a deep frustration, dissatisfaction and as a consequence – decision about changing place of employment. From that point of view, a statement by one of the subjects is characteristic: ''While building reserve staff in our company we created very professional employees for our competitors''. Activities, which were supposed to bring a growth of employees' motivation, to boost their attachment and loyalty to organization, have paradoxically caused their leaving and thus a loss of precious competency capital.

In tested managers' assessment, reasons of these kinds of behaviors are different: organizational, as well as psychological. To organizational ones we can bracket changes in organizational structures making them oblate, which entails reduction of driving positions number. People geared particularly to manager career path, and being prepared for such a career as part of personal improvement programs, they don't have a possibility to use their competences for achieving a promotion because the number of driving stands is declining. The fact that more and more tasks are being realized by typical method of planning management is also important. Team for implementation a specific task is appointed. In that team a person from reserve staff may play a leader or expert role, but just after finishing a project, that person comes back to previous position or becomes an ordinary member of other project team. This, smoothness of organizational roles, more and more popular, is often misunderstood and sometimes not accepted by employees. Guided by the natural need of safety and stabilization, they uneasily adopt the necessity of continued modifications of their position in organization structure.

And here we arrive to second group of problems which are the source of low reserve staff efficiency as an instrument of personnel policy: to psychological difficulties. For one person being in the reserve staff means awakening of ambition, which can develop into a source of damaging energy, inert or destructive if this ambition doesn't have a chance to be met. Feeling of failure, lack of perspectives (despite fulfilling organization expectations in the range of development), characteristic "glass ceiling", and even feeling of being deceived, are triggers of toxic energy, harmful for the organization, as well as for an employee.

Confirmation of negative energy existence we can find in opulent goods of management sciences [Moczydłowska, Widelska 2014, pp. 64–71]. Inert energy means relatively high indifference, isolation from the work place, warped retreat going hand-in-hand with the feeling of frustration and lack of team working capabilities. In personal contacts, it appears a depersonalization, so indifferent and downright instrumental clients and coworkers treating. Employees don't get involved in the company life emotionally. They don't see any point in changes, that's why they waste the time and the potential of their creativity. Even more dangerous for an organization is destructive energy. It is a very intensive energy. Unfortunately, that energy is being used in an ''ill mater''. It is characterized by collective aggression and destructive behaviors, strong internal resistance from changes, mindset to maximizing individual, and often egoistic benefits [Bruch, Vogel 2011, p. 11].

Conclusion

Building staff reserve and succession plans require identifying people within the organization that may become potential leaders and their constant development, which will allow them to take higher positions. Due to fact that during the succesion planning process there is much more time to make a decision involving assumption, selection of candidate is more coherent with the organisation's strategy and also there is a bigger chance for better matching his qualifications or experience to job position. In the author's judgement cognitively interesting is the fact that all of the managers who took part in the research, evaluated building the reserve staff as inefficient instrument of personnel policy. Considering the qualitative character of research presented in this article, it is necessary to confirm the regularity in the quantitative research. The questions of the following specific research are:

1) What is the opinion of managerial staff about the efficiency of applying the reserve staff and the plans of succession in the realisation of the personnel policy?

2) Which factors are responsible for the potential source of failure in using this management instrument?

3) Are there any differences between creation and using the reserve staff, and such variables as the size of the organization, trade in which it exists, kind of property etc?

4) How to manage the human capital in the organization to achieve profits coming from using the reserve staff indicated in the literature of the problem?

5) How to improve the pooling staff reserve the plot using tools typical of talent management and management of professional competence?

Bibliography:

Atwood C.G (2007), *Succession Planning Basics*, American Society for Training and Development.

Barbour R. (2011), *Badania fokusowe*, PWN, Warszawa.

Bruch H., Vogel B. (2011), *Fully Charged: How Great Leaders Boost Their Organization 's Energy and Ignite High Performance,* Harvard Business Review Press, Boston – Massachusetts.

Dave U., Brockbank W., Allen J., Younger J., Nyman M. (2010), *Nowoczesne zarządzanie zasobami ludzkimi*, Wolter Kluwer Polska, Warszawa.

Moczydłowska J.M., Kowalewski K. (2014), *Nowe koncepcje zarządzania ludźmi*, DIFIN, Warszawa.

Moczydłowska J.M., Widelska U. (2014), *Organization's Energy Management – a New Trend in Theory and Practice of Management* [in:] *Management and Managers Facing Challengers of the 21st Century*, F. Bylok, I. Ubrežiová, L. Cichobłaziński (ed.), Szent Istvan Egyetemi Kiado Nonprofit Kft., Gödöllö.

Oleksyn T. (2014), *Zarządzanie zasobami ludzkimi w organizacji*, Wolters Kluwer SA, Warszawa.

Pawlak Z. (2011), *Zarządzanie zasobami ludzkimi w przedsiębiorstwie*, Poltext, Warszawa

Rothwell W.J (2010), *Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from Within*, AMACOM Div American Mgmt Assn.

Woźniak J. (2006), *Podejście zewnętrzne i wewnętrzne w badaniu efektywności szkoleń,* W: *Gospodarka oparta na wiedzy*, Hejduk I.K., Korczak J. (ed.), Wydawnictwo Politechniki Koszalińskiej, Koszalin.

Internet sources:

www.firma.egospodarka.pl, access: 30 grudnia 2015.

www.lgrant.com, access: 30 grudnia 2015.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. **189–199**

Barbara Kamińska | bkaminska@spoleczna.pl
University of Social Sciences

Personnel Controlling in Human Resource Management – Theoretical Perspective

Abstract: Personnel controlling is more and more commonly used in Polish firms. That is so due to the growing importance of the proper management of human resources. Pocztowski defines personnel controlling as an internal system of controlling processes in specific management areas such as, among others: personnel policy, effects and costs of work, remunerating or development of work potential [see: Pocztowski 1998].
The aim of the article is to discuss issues connected with personnel controlling and present the role of controlling in the management of human resources.
Key words: personnel controlling, human resources, human resource management, personnel controlling tools.

Introduction

Human resource management is a process aimed at taking actions concerning the most important component of the organisation: its employees – human capital. Thus, it can be recognised that the management of that valuable resource is a concept applied to analyse, measure and assess the manner of value creation through the personnel policy and practices. Personnel controlling is an effective tool in pursuing that objective. It plays a vital role and allows to plan, coordinate and supervise available staff and, in particular, the way in which it is managed. Its implementation in the enterprise requires the use of a flexible controlling system, which enables making right decisions. Moreover, controlling contributes to cost reduction and improvement in the economic and financial performance of enterprises. It fulfils requirements imposed by quick changes taking place in the environment. According to the literature, personnel controlling has contributed to success achieved by many Polish enterprises.

The aim of the article is to discuss issues connected with personnel controlling and present the role of controlling in human resource management.

Definition and Development of Controlling

Before presenting the essence of personnel controlling, it is worth introducing definitions and the formation period of controlling. Its beginnings go back to the second half of the 19th century; however, the rapid development of controlling occurred as late as in the 1920s in the United States and 1950s in Europe, mainly in Germany, France and Switzerland. The introduction of market economy rules and letting Western investors, who along with state-of-the-art technologies implemented new forms of management, enter the Polish market created an opportunity to apply controlling solutions also in Polish enterprises. Nowadays controlling constitutes an integral part of modern systems in many Polish business entities. Although it plays a significant role, it should be emphasised that its definitions vary. For instance:

Jacek Goliszewski describes controlling as the coordination of processes of planning, directing and monitoring as well as supplying information for set objectives [Goliszewski 1990]. Błoch, on the other hand, states that "controlling is advising and coordinating, formulating and putting into practice the system of knowledge of the enterprise, preparing and placing at the management's disposal methods, techniques, tools, models, interpretation outlines and information supporting planning and coordinating the course of real socio-material processes within the framework of specific functions of the enterprise" [Błoch 1992].

Another definition, contained in *Praktyczny poradnik kontrolera [Practical Controller's Handbook]* by K. Wierzbicki states that "controlling organises and coordinates specific actions related to planning and controlling as well as gathering and processing information. Thanks to such organised activity, controlling has at its disposal information and knowledge necessary to issue opinions on current and indicate future actions of the enterprise. Thus, controlling performs organisational and advisory but not managerial functions" [Wierzbicki 2002].

To sum up, a definition can be quoted stating that "controlling is a supra-functional management tool which should support the enterprise's management and managerial staff in decision-making" [Vollmuth 2000].

Personnel Controlling

Nowadays controlling is used in all areas of the enterprise's activity, also in the area of personnel; hence, in that case it is referred to as personnel controlling and applied in order to utilise workforce as efficiently as possible and mould it in such a way so that the enterprise can derive maximum benefits. Such general interpretation emphasises the role of controlling as a guarantee of the enterprise's self-regulation, of use not only in large corporations but also in small and medium enterprises [Górska 2000]. That is justified as personnel controlling in the enterprise performs several functions, including, among others: personnel efficiency monitoring, regular provision of the personnel management with information, early warning of any irregularities within the personnel policy or optimising human resources. However, the importance of personnel controlling stems not only from its functions but, first and foremost, from the role of human capital and its specific components, which thanks to controlling can be recognised not only as costs but also as "assets" [Clark 1996].

In general, there are two types of personnel controlling, namely [Nowak 2004]: strategic personnel controlling and operational personnel controlling.

The former focuses on the optimum use of human resources and strategic controlling of costs. [Nowak 2004] states that its tasks are, among others: the inclusion of personnel aspects in the organisation's strategy, monitoring the extent to which the strategy is followed and responding to changes in strategic objectives early enough. Its long time horizon allows to consider resources to be committed in the future and those currently drawn on as well as systems of motivation, promotion or appraisal.

Strategic controlling encompasses striving to determine the contribution of staff to the firm's financial result. Strategic personnel controlling serves as a basis for making decisions on changes in the staff structure of the enterprise and enables controlling costs of labour, and, in particular, recognising causes of incurring costs and taking appropriate preventive measures.

In turn, the task of operational personnel controlling is, according to [Sekuła 1999; Sikorski 2001], taking care of the flexible moulding and use of human resources. It is characterised by a relatively short time horizon (1–3 years) drawing on the currently held resources and competences of current employees.

Therefore, personnel controlling has an impact on streamlining all personnel-related actions, which translates into increasing the profits and market value of the enterprise. To put it briefly, it can perform the role of an early warning system, helping to detect staff-related irregularities as early as possible [Nowak 2004].

Example Areas of Personnel Controlling

Personnel management areas, within which objectives can be set and measures can be adapted to them to later provide a basis for analysis and appraisal, have been characterised by Nowak in some detail:

Controlling in the area of human resource planning is a source of information about the quantitative, qualitative and temporal adjustment of personnel to the current and future needs of the company. Its task is to use employees' qualifications and predispositions in the best possible way, which can be achieved through pursuing specific objectives concerning, for example, minimising personnel outlays and costs or the most efficient use of working time. The most commonly applied measures in the area of employment include: dynamics of changes in the staffing level and personnel structure, real and planned work output and real increase in production. Qualitative measures, created based on answers to questions concerning, *e.g.* causes of surplus or shortage of staff, are often used too.

Controlling related to employee selection is a source of information about the effectiveness of the firm's recruitment and selection methods and their costs. Its task is, among others, to assess the usefulness of examined methods and techniques and to indicate the most effective or report the possible need for using different ones. Their appraisal uses both quantitative and qualitative measures. They may concern the procedure of making decisions on employment, forms of attracting candidates and their possible change.

Controlling in the area of training (personnel qualification development) has the task of examining training needs, determining development strategy objectives, aims of training courses and their effectiveness. It enables the effective management of means allocated to training, keeping simultaneously in mind benefits and effects they should produce. The meeting of set objectives can be measured using quantitative and qualitative measures.

Controlling related to appraisal examines the effectiveness of the appraisal system. It allows to determine the effectiveness of appraisal methods, which consequently leads to indicating the extent of usefulness of specific employees and improving the staffing level. Furthermore, it should be added that controlling benefits not only the firm but also employees through received feedback and application of objective and adequate appraisal methods.

Controlling related to motivation ought to determine to what extent used motivation means affect work results, help in creating or adjusting salary tables, pay rates and competency tarifficators and determine criteria for awarding bonuses, rewards or pay rises. In order to do that, several quantitative measures are used such as: production increase compared to salary increase or, one of the major indicators, *i.e.* the relationship between work effects and pay level. They are supplemented with qualitative measures.

Controlling of communication, conflicts and organisational culture focuses on improving work atmosphere and employee satisfaction. To that end, the measurement of communication forms is applied concerning not only the speed of communication but also the accuracy and usefulness of information. Its task is also to examine sources of conflicts and manners of their solution. As far as conflicts are concerned, their costs, number and time needed to solve them are measured. Within that area, organisational culture is also identified and evaluated, especially its consistency with the mission, objectives and values of the firm as well as the fact whether employees know and identify themselves with the strategy and culture of the firm.

Controlling of efficiency, productivity and costs of labour examines labour costs taking into account their dynamics, structure, elasticity in relation to efficiency, productivity or the employment level. In order to enhance effectiveness, controlling has to determine key factors responsible for efficiency and productivity and indicate how to increase their dynamics. The assessment of that area uses many measures such as: labour productivity per one employee, total costs of labour and their dynamics and others.

The author informs that the specialist literature lists also other personnel controlling areas, for example, controlling of social activity, work time or occupational safety and health.

To sum up the subsection, it can be recognised that personnel controlling is a tool taking various forms in different areas of the personnel policy and different phases of enterprise development, characterised by such features as, for instance, individual measures of employment, labour costs, employee mobility, applied selectively or integrated with general controlling systems of work effects' input measures, quantifiable and allowing to measure return on investment in human resources [Pocztowski 1998; HRM 2002].

Controlling Tools

The description of personnel controlling areas confirms its important role in human resource management in the enterprise. Thus, as already mentioned on numerous occasions, personnel controlling is more and more commonly used also in companies of the SME sector. Along with monitoring and planning employment and personnel costs, its task is also to provide information supporting important personnel decisions as it applies short-, medium- and long-term indicators important for the management. Some measures have been mentioned while describing personnel controlling areas. One of the basic indicators, namely HC ROI, *i.e.* return on investment in human capital, which is the main measure of human resource profitability in the firm, is also worth attention. The analysis of costs and benefits is an essential element of professional organisation management as it indicates the amount of profit generated by every Polish zloty invested in employees.

While discussing personnel controlling tools, the strategic balanced scorecard should also be briefly discussed. The concept was developed in the 1990s. Its authors were Robert Kaplan and David Norton. The method was first presented in "Harvard Business Review" in 1992 [Kaplan, Norton 2001]. It is also worth mentioning that other researchers followed in Robert Kaplan's and David Norton's footsteps. Hubert K. Rampersad proposed a concept of the scorecard including – along with the processes of improvement, development and learning – also ethical and cyclical processes, thanks to which "the development of competences of organisations and individuals and internal commitment reinforce one another" [http://www.boc-pl.com/uniprogram/wp-content/uploads/2008/11/Bojnowska-A.-Strategiczna-karta-wynik%C3%B3w.pdf quoting Rampersad 2004].

The strategic balanced scorecard is a popular management support instrument also in Poland; other terms are also used such as the balanced scorecard, the balanced achievement card or just the scorecard. However, irrespective of the name, it is assumed that the card is a full set of measures serving to communicate the vision and strategy of the firm.

The strategic balanced scorecard encompasses four developmental perspectives [Rogusz 2001]:

- financial perspective,
- customer perspective,
- perspective of internal processes,
- development and growth perspective.

It should, however, be added that the perspectives ought to be treated as a certain significant model rather than a stiff framework. There are no rules stipulating that the perspectives are a significant as well as *sine qua non* and sufficient condition either. Some organisations use fewer or more perspectives, which often depends on the industry and strategy of the enterprise.

The financial perspective determines measures taking into consideration the long-term economic growth of the enterprise. It comprises numerical financial indicators which play an important role of defining financial results and serving as final objectives. The perspective enables the management to determine measures to be used, first of all, to evaluate the long-term success of a given enterprise, as well as factors conditioning a given success and future results. The described factors of future success considered within the discussed perspective should be appropriately adjusted to the specificity of a given competitive environment and enterprise strategy. The specified financial assumptions constitute an essential point of reference for objectives and measures formulated within the other scorecard perspectives. Therefore, objectives and measures of the financial perspective perform a double role: determine expected financial results and constitute ultimate objectives for measures and objectives comprised by the other perspectives [Chodyński, Jabłoński 2007].

The customer perspective encompasses measures concerning the enterprise as seen by its customers. It aims, in particular, to develop main measures of meeting customer-related goals. Examples of measures within the customer perspective include, for example: market share, customer acquisition, retention and satisfaction and thus customer profitability. The measures are interconnected, forming a cause and effect chain. Customer profitability depends on customer acquisition, retention and satisfaction. In turn, market share, expressed both quantitatively and qualitatively, depends on the ability to acquire and retain the customer. The latter elements are, in turn, dependent on customer satisfaction examined using measures of effective meeting of customer needs [Dąbrowski 2011].

The perspective of internal processes focuses on identifying such processes in the organisation which allows to create a value attracting and retaining customers from the target market and, in particular, meet their expectations about financial results obtained by the enterprise. For the scorecard, it is recommended to determine the complete internal value chain, beginning from innovative processes, though operational processes, to post-sale service processes [http://www.boc-pl.com/uniprogram/wp-content/uploads/2008/11/Bojnowska-A.-Strategiczna-karta-wynik%C3%B3w.pdf].

The growth and development perspective is the last of the four listed perspectives of the strategic balanced scorecard. As stated by Marcin Dąbrowski, its aim is to identify those resources that need to be developed in order to create a basis for the long-term development of the organisation. Measures defined in the scorecard allow to determine factors of the utmost importance to the future success of the organisation. Achieving objectives which ensure the success entails the necessary continuing improvement and capability of continuous learning and development. That is conditioned by the diagnosis and need to eliminate the gap between current abilities of people, systems and procedures and the state necessary for attaining future success. The process of eliminating the said gap involves investment in human resources (developing professional qualifications of employees), development of information technologies and systems as well as adjustment of organisational procedures [Dąbrowski 2011]. The scorecard shows the importance of investment in traditional factors, such as technologies or development of new products, but also investment in the organisational structure, people, systems and procedures.

The development perspective includes [Tyagi 2010]:

- personnel potential,
- potential of information systems,
- level of motivation, decentralisation and convergence of goals.

Upon determining those basic and important personnel measures, the enterprise should additionally identify specific measures taking into account conditions and circumstances in which it functions. The role of information technology systems, influencing the effectiveness of employees' work, ought to be emphasised as well. It is to a large extent determined by the proper functioning of specific information technology systems whose measures of efficiency can be figures concerning the currency of generated data, speed of information acquisition *etc.* [http://www.boc-pl.com/uniprogram/wp-content/uploads/2008/11/Bojnowska-A.-Strategiczna-karta-wynik%C3%B3w.pdf].

Thus, the strategic balanced scorecard may provide a basis for the system of organisation management, including human resource management.

It is, however, worth adding that personnel controlling has also many other tools at its disposal, which support its functions [see: Nowak 2004].

Summary

In conclusion, it is not only material resources that require monitoring but also human potential as it is often a decisive factor for the competitiveness and success of the enterprise. Irrespective of its industry or size, employees of every enterprise are a flexible and dynamic team capable of creating the value and carrying out the mission of the firm but may also be a threat to achieving the enterprise's goals. If productivity is low and appropriate competences lacking, the enterprise's tasks and objectives will not be properly pursued, which will have a decidedly negative impact on the effectiveness of the enterprise. Thus, the implementation of controlling in the personnel area seems to be a matter of priority. It is essential to support managers, *i.e.* provide information, appraise, identify tinderbox situations, prevent making wrong decisions and, first and foremost, indicate appropriate actions in order to support achieving goals of the whole enterprise. In brief, personnel controlling is a vital tool of building competitive advantage.

References

Błoch H. (1992), *Controlling i rachunkowość zarządcza ,* Centrum Informacji Warszawa.

Chodyński A., Jabłoński A.S., Jabłoński M.M. (2007), *Strategiczna karta wyników (Balanced Scorecard) w implementacji założeń rozwoju organizacji*, Krakowskie Towarzystwo Ekonomiczne – Oficyna Wydawnicza AFM, Kraków.

Clark T. (1996), *HRM: A Unified Understanding or Multiplicity of Meanings?* [in:] Clark T. (red.), *European Human Resource Management*, Blackwell Businness, Oxford.

Goliszewski J. (1990), *Controlling - system koordynacji przedsiębiorstwa,* „Przegląd Organizacji", nr 8

Dąbrowski M. (2011), *E-mentor nr 1* (38), e-edukacja w kraju, *Zrównoważona karta wyników w e-learningu akademickim.*

Górska J. (2000), *Funkcjonowanie controllingu personalnego w firmie* [in:] M. Juchnowicz (ed.), *Strategia personalna firmy*, Difin, Warszawa.

Nowak E. (2004), *Controlling w działalności przedsiębiorstwa*, PEW, Warszawa.

Pocztowski A. (1998), *Zarządzanie zasobami ludzkimi. Zarys problematyki i metod,* Antykwa, Kraków.

Rogusz M. (2001), *Jak mierzyć sukces? Zrównoważona Karta Wyników (Business Balanced Scorecard),* PCkurier, Nr 7.

Sekuła Z. (1999), *Controlling personalny*, cz. I, Oficyna Wydawnicza Ośrodka Postępu Organizacyjnego, Bydgoszcz.

Sikorski A. (2001), *Controlling personalny*, „Zarządzanie Zasobami Ludzkimi", nr 2

Tyagi R.K., Gupta P. (2010), *Strategiczna karta wyników firm usługowych*, Wyd. PWN, Warszawa.

Wierzbicki K. (2000), *Praktyczny poradnik kontrolera,* KWANTUM Warszawa.

Vollmuth H.J. (2000), *Controlling. Planowanie, kontrola, kierowanie. Podstawy budowania systemu controllingu*, Agencja Wydawnicza PLACET Warszawa.

http://www.boc-pl.com/uniprogram/wp-content/uploads/2008/11/Bojnowska-A.-Strategiczna-karta-wynik%C3%B3w.pdf quoting Rampersad 2004.

http://www.boc-pl.com/uniprogram/wp-content/uploads/2008/11/Bojnowska-A.-Strategiczna-karta-wynik%C3%B3w.pdf.

ENTREPRENEURSHIP AND MANAGEMENT
PRZEDSIĘBIORCZOŚĆ I ZARZĄDZANIE
University of Social Sciences Publishing House | ISSN 1733-2486
Volume **XVII** | Issue **1** | Part **2** | pp. 20**1–210**

Beata Wewiór | beata123.24@o2.pl
University of Social Sciences

Career Management

Abstract: Career management comprises all activities that are intended to help employees succeed. Thus, career management consists in an appropriate selection of employees, recruitment, selection, training and evaluation of employees. Career is associated with raising the status of social life and with higher pay. This is an ongoing employee's development. An employee's career is influenced by, among other things knowledge, skills and gained experience. An employee's career can be divided into vertical and horizontal. The vertical career denotes advancement to higher positions, while the horizontal career is professional development. It is also possible to distinguish internal and external career. An employee's internal career is affected by their psychological characteristics, and their external career by the processes surrounding them.
Key words: career management, career, employee's career, types of careers, career models, the stages of a career, career management process.

Introduction

Nowadays, a career is important for each employee. Most people want to work in a company, in which they will develop and improve themselves. The possibility of self-development is one of the most important objectives of one's professional activity. Therefore, a professional activity plays a vital role in everyone's life. Through one's professional activity a person is able to meet all his needs and realize his dreams.

The objective of this article is to demonstrate the significance of shaping an employee's career in the process of human resources management. A career has a big impact on the future life of each employee. Employees climb the ladder of promotion and blaze their own career path. A career is associated with the sense of success and an increase of the financial status of an employee. That is why employees want to advance and "make a career".

A career has been a very common phenomenon recently. A tendency to "make a career" among employees has become extremely popular. Therefore, the issue is very interesting and requires certain systematization. This article aims to organize the issues concerning career management of an employee. The study contains definitions of career, factors affecting a career, determinants of a career, a career division into internal and external, vertical and horizontal. Subsequently, the article covers the models and stages of one's career and elements of the process of career management.

The publication is theoretical in nature. This article is based on the books published in the field of human resources management. As part of the literature sources I have used inter alia the publications by Aleksy Pocztowski, Tadeusz Listwan or Czesław Zając.

This article is an introduction to the subsequent publications in a series of human resource management and precedes empirical research conducted by the author. The research will aim to investigate the process of an employee's career management in companies.

The Concept of Career

There are plenty of definitions of career in the literature.

A. Pocztowski says that a career is improving one's skills and achieving higher and higher competence of the employee, through which a company pursues its objectives [Pocztowski 2002, p. 151]. Thus, a career is continuous broadening of an employee's knowledge and skills, thanks to which the organization can achieve high results.

On the other hand, Pell defines a career "as the development of an individual in the course of their lives" [Pocztowski 2002, p. 151]. The development of an employee is constant deepening of knowledge, training and gaining work experience throughout their working lives. This process begins with the moment of starting work by an individual, and closes at end of professional activity, or upon retirement.

Derr and Laurent define a career as entirety of "attitudes and behaviors" at positions, which are subsequently taken up by an individual in a company [Pocztowski 2002, p. 151]. A career is climbing up subsequent levels of career advancement, which is associated with increasing wages.

Hall defines a career as an individual project of an employee which refers to his development and achievements during his working life [Pocztowski 2002, p. 151].

As the concept of career we understand all the successes and achievements of an employee and his continuous development.

Throughout his life a man continually makes decisions that affect the choice of his future career. The factors influencing the decision of a career are [Pocztowski 2002, p. 155]:

- knowledge of various fields and professions – an individual is trying to choose a profession, which will be in demand in the future,
- self-esteem – the higher the self-esteem the more often the employee decides to leave work, in which they have no chance to develop,
- professionalism in making the right decision – the employee must be sure that they take the right decision, otherwise they can face its negative consequences,
- self-respect,
- qualifiedness in the compilation of self-knowledge and requirements of each specialty - employees try to keep up with the requirements of various specialties and in the event of any deficiencies they strive to reduce them.

One can also distinguish the determinants of a career, which decide whether the employee develops themselves, and if they have achieved a professional success. The determinants of an employee's career include [Pocztowski 2002, p. 151]:

- raising professional qualifications,
- acquiring professional experience,
- raising wages,
- professional promotion,
- raising the social status.

Internal and External Career

An employee's career can be divided into internal and external. An internal career "revolves around the ambitions, aspirations and perceptions of the individual himself". In the case of an internal career an important role is played by "psychological characteristics and personality of employees" [Pocztowski 2002, p. 153].

Meanwhile, external career "is associated with perceiving external conditions, that is changes in the labor market, changing demographic processes, reduction of specific skills or professions". A crucial role is played by the external situation and the process of perception of the surrounding reality [Pocztowski 2002, p. 153].

Vertical and Horizontal Career

There are also a vertical and a horizontal career. A vertical career consists in promotions to higher and higher positions, which is associated with increasing wages [Zając 2007, p. 191]. For most of the employees it is the vertical career which is associated with the achievement of professional success and a sense of fulfillment. A promotion and a higher salary are definitely determinants of their careers and the way to raise the status of social life, which is dreamt of by a large part of employees.

However, a horizontal career involves development of professional skills through post-graduate courses, seminars, and other forms of training. It is primarily expanding the knowledge and skills [Zajac 2007, p. 191]. This type of career is associated with the raising of professional qualifications, and hence with higher pay. Thus, a horizontal career may also contribute to the gaining of professional advancement.

Models of Career Development

In the course of the employee's working life, we can distinguish the following models of career development [Ściborek 2010, p. 272]:

- the traditional model – consists of the following stages: the choice of future profession, career stability and career-ending. An individual decides about their future profession at the moment of choice of school, and then the field of study. The field of study is determined mainly by the demand in the labor market and the interest and abilities of the candidate. Career stability is associated with a stable job in which an employee can be confident about their future and financial background. While the end of career occurs at the moment of ending professional activity, or at the moment of going on pension.
- a contemporary model – investing in their own development. This model of career involves developing professional skills by the individual through full-time or post-graduate studies. Investing in the development of an individual is also associated with a variety of training courses, workshops, seminars or other forms of training.

Stages of Career

A career can be divided into individual stages. These stages include different periods of an employee's life. The fundamental stages of a career include [Pocztowski 2008, pp. 308–310]:

1) early career – the period from 18 to 35 years of age. It is a time of learning, the choice of future profession, taking up employment and gaining work experience. The transition of an individual from the "school environment to work environment" and the time to start a family.

2) middle career – covers the period between 35 and 55 years of age. During this stage various changes occur in the life of an employee. This is a time when children grow up, and a time of reflection on the implementation of their own careers. During this period, employees want to develop and be promoted to higher positions. This is the stage during which employees want to feel fulfilled in work.

3) late career – this is a time from the employee's age of 50 until they retire. The employee has a stable working life and is slowly preparing for retirement. During this stage the employee's loved ones die. This is the decline of employee life and the time in which the individual analyzes the entire working life.

The Process of Career Management

A. Pocztowski says that the career management is a process of planning, monitoring and strategies which relate to the careers of specific people [Pocztowski 2008, p. 311]. Therefore, career management is a process in which all actions are taken in connection with the development of individual employees.

Career management is associated with the appropriate "approach of a company to professional development of employees". This approach should allow the implementation of the following activities [Suchar 2003, p. 73]:

- hire employees with great potential and prepare them to achieve high performance through various training,
- direct the personnel in such a way as to fully exploit the professional potential of the staff,
- ensure the continuity in filling key positions in the organization.

Career management is the process in which at least two sides take part. This involves the activities undertaken by the organization and activities of the employees themselves [Suchar 2003, p. 74]. The functions of the organization include training and professional development of staff in line with the objectives and mission of the company. In contrast, the actions of staff include development of professional skills through post-graduate studies, seminars and various improvement courses.

Career management means the activities of the company involving the selection, assessment and staff development. These activities are designed to provide highly qualified personnel, ready to meet the objectives of the organization [Bieniok 2006, p. 220]. Therefore, career management means the activities during which the organization selects and evaluates the best employees, expands their knowledge, skills and prepares them for its own needs.

The process of career management consists of the following elements [Zajac 2007, p. 193]:

1) defining career paths – involves determining the order of functions by the employee and determining the necessary qualifications,

2) predicting careers – tracking the "vacancy positions" creating new jobs and selecting candidates for the jobs,

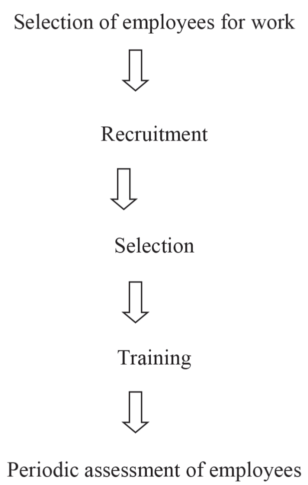
3) career planning – is the action consisting in determining the capacity and skills of employees to the needs of the company, as well as informing employees about pursuing a career,

4) career counseling – is the assistance for the employees in the selection and planning of career paths,

5) assistance in professional development – includes staff training, funding of studies, transfer to higher positions.

Career management is accomplished by making and implementation of specific tasks within sub-functions such as the selection of employees for work, recruitment, selection, training and periodic evaluation of employees.

Figure 1. Measures in the process of career management of employees



Source: own study based on literature.

The selection of employees to work are activities that lead to proper vacancy filling in order to ensure smooth functioning of the company. The selection of employees is particularly important in "the process of shaping human resources". Competent employees contribute to achieving high performance and thus to the increasing importance of the organization in the market. Therefore, the organization should take such action, in order to get the best employees [Listwan 2010, p. 101]. The selection of employees is an integral part of the process of career management and contributes to the professional development of an individual. A candidate who obtains a post corresponding to his predisposition and qualifications actually pursues the objectives set in front of them by the organization.

Whereas recruitment are the actions that can lead to the acquisition of best candidates to work in order to carry out the tasks of the company [Adamiec, Kożusznik 2000, p. 105]. It is a process that involves activities of the company, which aim to inform candidates of the recruitment of employees, and to attract the greatest possible number of candidates for the job. It is the formation of "positive attitudes and willingness to work" [Bieniok 2006, p. 50].

There are two sources of recruitment, namely [Bieniok 2006, p. 53]:

- internal labor market – encompasses people employed in the company. Candidates for vacancies are people who want to "get promoted, change a job or want to requalify".
- external labor market – is formed by people who are not employed in the company. However, these people are interested in taking up employment.

Recruitment is the most important part of the process of human resource management. A recruitment process conducted properly attracts talented and competent employees who can guarantee the continued success of the company.

Another significant component of the process of career management is the selection of employees. A selection is a process in which "the candidate's suitability" for work is assessed, and the best one is selected. The candidate must meet the employer's expectations and comply with the requirements for the workplace [Król, Ludwiczyński 2006, p. 208]. The main objective of the selection is to identify such a candidate, who will be the best and most valuable resource for the organization and will contribute to the increase of the business performance. This is another stage of human resource management that determines the career of an employee. Selecting the best candidate the organization affects the development of their career. Each current and future work undertaken by an individual becomes a subsequent step in their career.

Crucial elements of an employee's career management are also training courses. Training employees is the "entirety of intentional and systematic actions that occur in the company, aimed at enhancing the given segments of work potential and equipping with the new segments, necessary for current and future needs of the company" [Pocztowski 1998, p. 225]. Training courses are intended to help employees to complement professional knowledge, and acquire new skills while performing the job. The whole series of staff training has a significant impact on shaping careers. Training is a continuous professional development of employees. It is the knowledge that an individual can use in another job or at another workplace.

The process of career management is also affected by the evaluation of employees. Assessment is based "on the statement of the results of the work achieved, behavior and personality traits possessed with the adopted patterns of evaluation criteria". The periodic evaluation of workers is carried out in an oral or written form. [Bieniok 2006, p. 289]. Candidates are already evaluated during the interview during the selection process and the adaptation to the environment. Based on the evaluations referred to potential employees, the need for training, professional development is controlled and a decision is taken on the relocation of individual employees within the organization [Listwan 2010, p. 283]. Evaluating also contributes to the career development of employees. In assessing employee the organization decides on the potential vertical or horizontal promotion of an individual. Also, then the decisions are made regarding the conduct of additional training and the need to raise the professional qualifications of employees. Assessing affects the employees' careers. The individual analyzes their work and makes decisions that affect their professional life.

Conclusion

Today, for most people's the concept of a career is associated with the achievement of professional success, rising wages, and the increase of their social status. A career is overcoming successive levels of career advancement and the way to realize one's own aspirations. An employee who "is making a career" over time, becomes financially independent and can buy, for example, their own house or a car. Employees, thinking about their career, raise their career qualifications, through post-graduate studies, courses, training or other forms of training. The vast majority of employees in the future would like to receive a key position, which is not possible without appropriate qualifications, experience and proper preparation.

Summing up, the term career management denotes the activities that are to the employee achieve the desired success. The process of human resource management consists in the choice of employees to work, recruitment, selection, training and periodic evaluation of employees. So, the career management and the human resources management are composed of the same elements. Proper choice of employees, properly prepared recruitment, and a selection process are to help the company accomplish complex goals of the organization. Companies that want to employ talented employees must take into account their professional development. Employees are the most valuable asset in an organization and it is from them that largely depends what results will organization achieve. That is why companies should use such incentive tools to attract qualified employees. One such tool is the possibility of their own professional development and career paths prepared by the company focused on achieving the best results.

The fundamental idea of the publication was to demonstrate the importance of shaping a career of an employee in the process of human resources management. The article also aimed to systematize the issues concerning the management of an employee's career. The targets of the publication have been accomplished. The key elements in the career of every employee have been presented. The paper presents definitions of a career, discusses the factors affecting the career, and a division has been made into internal and external career as well as a vertical and horizontal career. Models and stages of employees' careers and elements of the process of employee's career management have also been presented. The publication brings closer the career paths of each employee.

Bibliography

Adamiec M., Kożusznik B. (2000), *Zarządzanie zasobami ludzkimi. Aktor – Kreator – Inspirator*, AKADE, Kraków.

Bieniok H. (2006), *System zarządzania zasobami ludzkimi przedsiębiorstwa*, Akademia Ekonomiczna, Katowice.

Król H., Ludwiczyński A. (2006), *Zarządzanie zasobami ludzkimi. Tworzenie kapitału ludzkiego organizacji*, PWN, Warszawa.

Listwan T., (2010), *Zarządzanie kadrami*, Wydawnictwo C.H. Beck, Warszawa.

Pocztowski A. (red.) (2002), *Międzynarodowe zarządzanie zasobami ludzkimi*, Oficyna Ekonomiczna, Kraków.

Pocztowski A. (2008), *Zarządzanie zasobami ludzkimi. Strategie – procesy – metody*, Polskie Wydawnictwo Ekonomiczne, Warszawa.

Suchar M. (2003), *Kariera i rozwój zawodowy*, Ośrodek Doradztwa i Doskonalenia Kadr Sp. z o.o., Gdańsk.

Ściborek Z. (2010), *Zarządzanie zasobami ludzkimi*, Difin S.A., Warszawa.

Zając Cz. (2007), *Zarządzanie zasobami ludzkimi*, Wyższa Szkoła Bankowa, Poznań.

ISSN 1733-2486