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CONCEPT OF CUSTOMER VALUE MANAGEMENT AS OPPOSED TO DEVELOPMENT AND GROWTH OF BRAND EQUITY

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Abstract: An academic dependency model between the customer value management and development and growth of brand equity has been laid down in this article. Moreover, recommendations regarding upcoming empirical studies have been made, in order to verify the model.

Keywords: brand equity, customer value, customer value management

1. Introduction

Nowadays, one of the most desired by customers intangible values are its brands. The responsibility for value management was transferred to marketing departments. The development of a strong brand requires precise planning, long-term involvement, creative design and implementation of a marketing plan and monitoring its effects from the persons who are responsible for marketing management in the enterprise. High customer loyalty can be provided by a strong brand with an established position the foundation of which must be the product or service of excellent quality. Increasing competition and the development of computer techniques that make it possible to collect and process information about the customer almost in real time caused changes in marketing strategies in the industries where market saturation can be noticed.

These changes are a departure from the focus on product and management processes associated with it, and they aim at focusing on processes based on customer relationships (Dobiegała-Korona, 2011). As Ph Kotler claims (Kotler et al., 2010), the situation, in which the consumer is in the spotlight and all marketing efforts are focused on the adjustment of the market to their needs, is over. This era is called the era of the focus on the customer. The customer was treated as a passive target of the marketing campaign. He also notes that today we are witnessing the birth of Marketing 3.0 (See also: Kotler, Ph., Kartajaya, H., and Setiawan I. (2010). *Marketing 3.0* (p. 21). Warszawa: MT Biznes. Table 1.1. Porównanie

Marketingu 1.0, 2.0 i 3.0)¹, that is, values-based marketing, in which we not only strive to meet the customer's needs but also look for the 'spiritual' ties and relationship with him. Processes based on relationships can be found in the relationship marketing, which takes over the weight of implementation of certain transactions with the customer in exchange for building solid relationships (Otto, 2004). After the departure from the focus on the product, the companies started to change their products into brands, adding to them certain features which the customers can identify themselves with and establish relationships with. The basis for building a brand and its capital are goals, mission, vision and set of values that the brand is to show. In order to build strong brands, companies should express these bases in a way that allows the customers to see the solution to their personal problems and desires in them, or at least to agree with the views that the given brand presents. *Brand marketing* (or interchangeably *branding*) is used for this purpose, which is a process of creating a brand, from the moment of defining it until its development on the markets². Brands are responsible for many important functions, they can improve the quality of customers' life and contribute to the growth of the financial value of the company (Kotler et al., 2012). Development of brand equity is based on the management of the portfolio of products or services thanks to which the companies bring measurable profits in the form of revenues. The concept of customer value management, which derives from the relationship marketing (Esse, 2003), departs from the product portfolio management for the sake of the customers' portfolio management which has a significant impact on the value of the company's capital (Dobiegała-Korona, 2010).

There are studies and research known in the world of science which are devoted to the issues related to the customer value management and company performance. The company performance is built on the basis of long-term customer relationships that bring tangible benefits in the form of profits. Relationships which the customer builds with the given company are carried out by means of building the relationship with its brands and values that they provide. An almost complete lack of quantitative and qualitative studies, where the relationship between the customer value management and development and growth of brand equity would be analysed, can be noticed in this area. The original contribution to the world of science would therefore be the development of model reflecting these dependencies and subjecting it to empirical research.

The article was divided into five parts. The first one presents the concept of customer value management, its essence and constituents. The next part presents a theoretical model of customer value management along with its most important constituents. The third point focuses on the brand equity. It shows its essence, life cycle and it characterises the customers at each stage of the brand life cycle. At that point, also the most important indicators, from the point of view of the author, which are responsible for the development and growth of the brand equity.

¹ Evolution of marketing. Its previous types include marketing 1.0 and 2.0. The aim of marketing 1.0 was to sell the product and of marketing 2.0 to meet customers' expectations and keep them. Marketing 3.0 aims at making the world better.

² www.consider.pl/brand-branding-marka-i-budowanie-marki/, Retrieved March 23, 2017.

The fourth point includes an academic model of dependency between the customer value management and development and growth of brand equity. At the end the premises for studies and anticipated results were formulated.

2. Customer value management

2.1. Characteristics of the concept of customer value management

As it is pointed out in one of the most extensive definitions, the customer value management is a dynamic and integrated marketing system that uses financial evaluation techniques in conjunction with data concerning customers, in order to optimise the ways of their acquisition, maintenance and sales of additional products. This system is used in order to maximise the value of the customer relationships throughout their life cycle. (Blattbergh et al., 2004). In Polish, a customer means a person or organisation that purchases services or products. The customer is treated as an entity that pays (Strzyżewska, and Rószkiewicz, 2002). In English, this term is equivalent.

The concept of customer value is closely related to value marketing and relationship marketing. Both of these concepts currently play the most important role in companies which are leading in the world (Dobiegała-Korona, 2010). Customer value is the value of all the streams that customers generate to the company throughout their life cycle diminished by the costs incurred for those customers (Dobiegała-Korona, 2011). This value results from the customer relationships that translate into future net cash benefits (Doligalski, 2013). This value changes with subsequent phases of the customer's life cycle.

Customer life cycle is a process that shows the customer's evolution in the relationships with the company. This chart shows the customer value in time. Its appearance resembles the life cycle of the product. You can split it into 4 stages:

1. Customer acquisition stage – their value is low and expenditure is large.
2. Keeping the acquisition before the maximum – the value is high and it is increasing and expenditure for acquisition is decreasing.
3. Keeping the acquired customers after reaching the maximum – customers' value reaches the maximum level and begins to decline slightly, expenditure will start to increase again.
4. Outflow or reactivation – customers' value decreases, expenditures increase, but they are still lower than the acquisition of new customers.

Customer life cycle is shown in Figure 1.

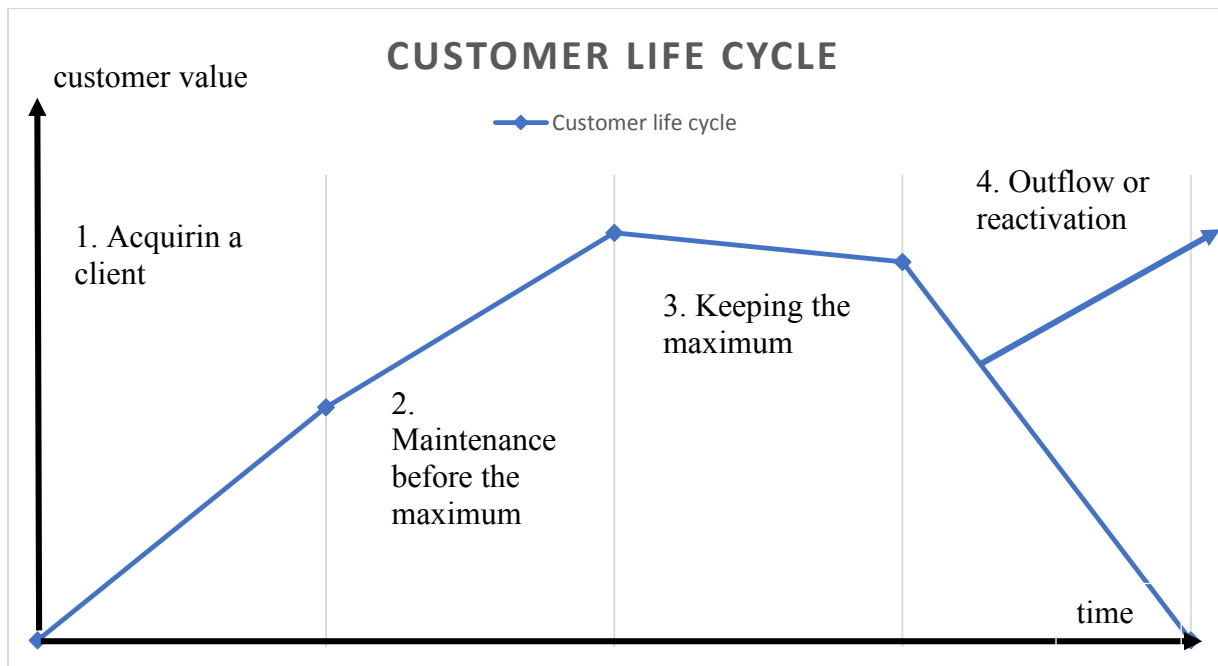


Figure 1. Customer life cycle. Own study based on: "Zarządzanie wartością klienta" by V. Kumar. Copyright 2010 by PWN.

Customer value management for the purposes of this article shall be construed as a managerial approach. It treats customers as capital, the value of which must be measured and its maximisation shall be striven for by means of building relationships between the customer, brand and company. This relationship was presented in detail in Figure 2.

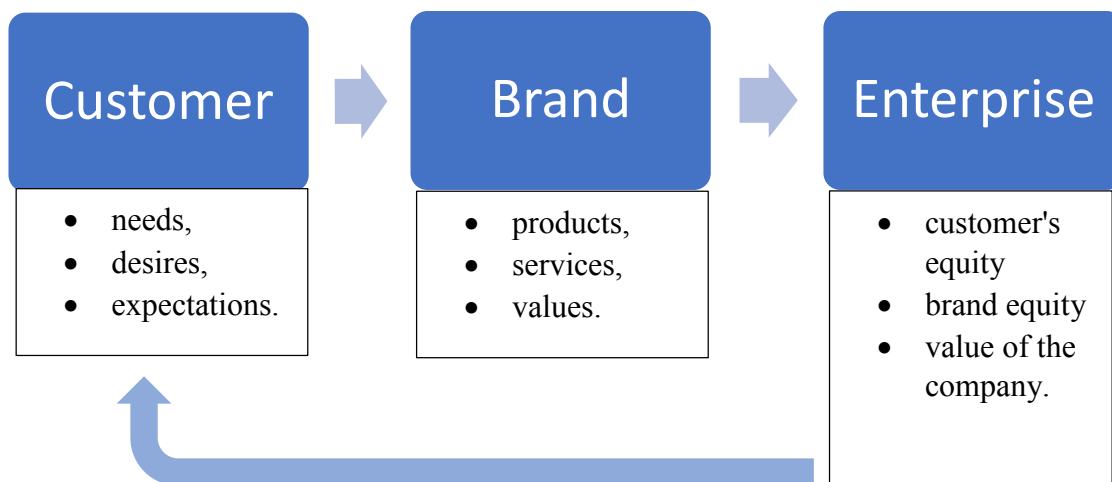


Figure 2. Scheme of the relationship between the customer and company. Own study.

The brand included in the scheme means a product or service with its entire range of tangible and intangible values, which it provides to the customer during their exchange. The values transmitted by the brand should be consistent with the values represented by the company. This process should be carried out with the use of knowledge of customers.

Customer value management has several important features that support the development of brand image and its equity. In particular, the customer value management:

- is based on the relationship with the customer,
- consists in the exchange of values between the customer and company,
- are focused on the customer,
- focuses on the processes around the customer,
- places the customer in the centre of interest,
- treats the customer as the company equity and, therefore, the customer is included in the business model of the company,
- measures the customer value,
- manages the knowledge of customers,
- has an impact on the value of the company.

Customer value management consists of three subsequent processes. The first of them is the measurement, the second one is the use of knowledge of customers and then maximisation. This order results from the fact that it is impossible to maximise the value, which was not previously measured (Dobiegała-Korona, 2006).

2.2. Customer value measurement

One of the three stages of an overview of the customer value development is its measurement. It is carried out in order to estimate the value of the programme. The following calculations are of key importance:

- expenditures that must be incurred by the company during the value creation,
- benefits that will be generated by the company,
- prices at which customers will be willing to purchase the created value (Dobiegała-Korona, 2010).

There are many approaches considering the value measurement, especially in the literature related to customer relationships. Analysis in this respect can be started from the presentation and interpretation of this term. Simply speaking, the customer value means the customer relationship. In English literature, one can encounter the *customer life time value* term instead of *customer relationship value*. In Polish literature it also occurs as a customer life time value. Taking into account the use of the *life time* term, it can be concluded that the pressure is put on the long-term approach to the customer value. The use of the *life time* word refers to the life cycle of the customer³.

According to V. Kumar, the customer life time value means the net present value of the future profits brought by the customer. Traditional indicators are based on profit determinants from the past. CLV (*customer life time value*) refers to the events from the future. It gives the marketers the opportunity to carry out such operations at the given time, which will influence

³ www.doligalski.net/pomiar-wartosci-klienta/, Retrieved March 27, 2017.

the future profits. CLV is the only indicator which takes into account all factors shaping the profit:

- expenses,
- revenues,
- customer behavior (Kumar, 2010).

Taking into account the fact that CLV gives the companies the opportunity to calculate the value of each customer, to make segmentation based on the value criterion, intensification of the customer's actions or customer segment giving the largest rate of return from the capital used, the opportunity to control short and long-term actions, choose the individual product offerings and to implement activities that will increase the customer life time value, the calculation of the customer life time value is of key importance from the point of view of the basic objective of companies, which is to increase its equity. This indicator is also used to implement marketing activities and to make operational and strategic decisions aimed at creating a long-term increase in the value of customer relationships (Caputa, 2015).

In the simplest form, this rate is expressed by means of the following formula:

$$CLV = NCF_1 + \frac{NCF_2}{1+i} + \frac{NCF_3}{(1+i)^2} + \frac{NCF_4}{(1+i)^3} + \dots + \frac{NCF_n}{(1+i)^{n-1}} \quad (1)$$

where:

NCF –Net Cash Flow,

i – discount rate.

NCF means net cash benefits. They result from customer relationships. They include the cash inflows and non-financial profits (image, information, recommendations) that are generated by the customers, diminished by the costs of their acquisition or maintenance⁴.

The CLV calculation is important from the point of view of the planning of investment in the customer. It provides formal quantitative basis for this. It also helps marketers to adopt long-term perspectives. With the use of the CLV concept, the marketers take into account short-term activities that aim at building the brand image and increase their loyalty (Kotler, and Keller, 2012).

2.3. Management of the knowledge of customers and maximisation of their value

Knowledge of customers means accurate familiarisation and understanding of the market and customers, which results from the marketing information. It is the basis for the creation of value for customers and for the development of relationships with them (Armstrong, and Kotler, 2012). If we assume that the customer value is created from the value that we deliver to the customer, then the foundation of this strategy corresponds to the proper knowledge of

⁴ www.doligalski.net/pomiar-wartosci-klienta/, Retrieved March 27, 2017.

customers. The knowledge that comes from them (Dobiegała-Korona, 2015). Customer Knowledge Management (CKM) is a concept that is gaining increasing importance and popularity among companies. The basis of this concept is the acquisition of competitive advantage thanks to the appropriate use of knowledge (McIver et al., 2013). A company that have the knowledge of their customers can build a long-term development strategy and choose new markets, segments and areas of activities. Thanks to the development of technologies and the continuous globalisation of economy, companies have access to quick and cheap information. It creates new opportunities for companies' development. Companies planning to enter new markets are in a particular way forced to manage knowledge of customers. Collecting information and then transforming it into knowledge allows companies to survive on highly developed markets. It provides also the possibility of a deeper understanding of customers, understanding their needs and values that are important for them. The pillars of knowledge management in the company include:

- knowledge of customers,
- knowledge of products and services,
- organisational memory,
- knowledge of people in the organisation,
- knowledge of the mechanisms of customers' actions,
- knowledge of the existing knowledge resources and of relationships with customers (Cohen, 2014).

An important factor responsible for the company's success is the collection and use of knowledge. This leads to the redefinition of competitive rules (Dźwigoł-Barosz, 2013). Customer knowledge management is a complex approach that combines the collection, creation and use of knowledge of customers in order to gain a competitive advantage by means of the supplied values. Customer knowledge management is a process that is different in every company. However, there is a model that clearly presents the elements that are crucial for this process. From the point of view of customer value management, the model of customer knowledge management is the formula for success. Well-managed customer knowledge contributes to the growth of their values. It results in the subsequent profits of the company. The model of customer knowledge management consists of the following elements:

- knowledge assessment,
- planning of resources,
- process of creating customer knowledge,
- codification of knowledge,
- absorption of customer knowledge,
- practical use of customer knowledge,
- protection of customer knowledge,
- organisational culture (Sobolewska, 2013).

The measurement of customer value and the process of customer knowledge management are two key processes on the way to the customer value maximisation. Customers generate value streams to the company from the moment of their acquisition to the moment of closing relationships with them. The basic structure which makes it possible to maximise the customer value is the customer's life cycle. It is carried out in the following order: customer acquisition, customer retention, ending the relationship with the customer (Blattberg et al., 2004). The first stage of the customer acquisition is the acquisition of the customers who, from the point of view of the company, will generate the biggest streams of values in the future (Kumar, 2010). The second stage is trying to retain the customer by companies and increasing customer's value through a series of actions related to it e.g. by means of additional sale management. The third stage includes closing relationships with customers. It consists in minimising the costs related to the loss of valuable customers and gives you the opportunity to make the last attempt to prevent their outflow (Kumar, 2010). However, it should be noted that the relevant knowledge is necessary in order to allow all of these activities implemented at each of the stages bring in specific profits and implement assumed objectives.

Creating databases which gather knowledge unfortunately involves some risk. Available technologies and ubiquitous Internet access creates the risk of copying and stealing away the company's knowledge. In order to avoid such situation, companies that gather large amounts of data can encode them and protect them against potential thieves. Technological possibilities that are at companies' disposal allow them to create databases that are able to include each customer. The problem with having a large database is the fact that it should be kept clear in terms of the gathered information and then turned into knowledge. The second problem may be lack of knowledge of tools that would have been appropriate during the processing of these data.

Customer knowledge management is important from the point of view of competition on the existing markets which are often flooded with our products or services. Knowledge of the the current and potential customers is essential to be able to provide them with more attractive values than the competition. Nowadays, it is hard to compete only with quality and price. Today, some kind of authenticity is required to become more attractive to customers among many other companies that offer similar products and services. Customers expect companies to deliver not only the product itself but also unusual experiences related to it. The advantage of today's customers is the access to a large amount of information about the products and the possibility of comparing them with other offers. Companies need new ideas and solutions to conduct their businesses. The retention of the existing customers became a huge challenge. Using their knowledge, companies are able to build brands which are strong enough to solve this problem. However, it is necessary to conduct the activities aimed at building and developing strong brands and their equity in consistent manner is.

3. Theoretical model of customer value management

Customer value management is a concept which is based on the exchange of customer value with the company. Both the company and the customer see tangible benefits in such exchange. In case of the customers, these benefits can manifest themselves e.g. in the form of satisfaction with the purchase of product or service. On the other hand, the company's benefits of this exchange include cash profits and information provided by the customer, which, in the further process of the value management, can be used to maximise company's value. The model approach of this process consists of the measurement of customer value, customer knowledge management and maximisation of customers' value. This is a cyclical and sequential process in which feedback occurs. In Figure 1 it was presented as a model approach (Dobiegała-Korona, 2006).

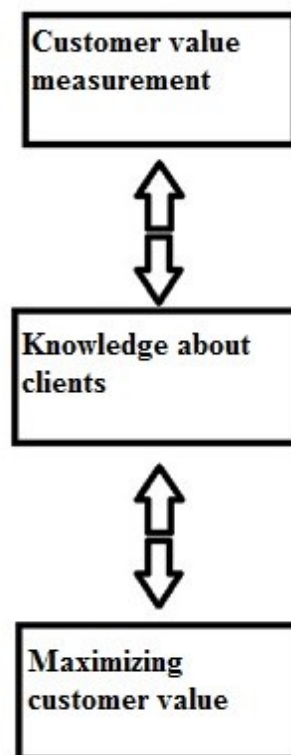


Figure 3. Model of customer value management. Own study based on: “Zarządzanie wartością klienta” by V. Kumar. Copyright 2010 by PWN.

In the case of maximisation of customer value it is not possible to conduct it without the previous measurement of their values (Dobiegała-Korona, 2006). Unfortunately, the same measurement can result in the situation where the acquired data are not sufficient to maximise the customer value. In this case it is necessary to turn the acquired data concerning customers into information and then into knowledge of them. As a result, the excellent knowledge of customers will make it possible to adjust actions in order to maximise their value. The sequence of actions in case of this model is as follows:

1. Measurement of customer value:
 - a. value of cash flows,
 - b. value of non-monetary flows.
2. Customer knowledge management:
 - a. knowledge assessment,
 - b. planning of resources,
 - c. process of creating customer knowledge,
 - d. codification of knowledge,
 - e. absorption of customer knowledge,
 - f. practical use of customer knowledge,
 - g. protection of customer knowledge.
3. Measurement of customer value:
 - a. customer acquisition management,
 - b. management of the customer retention and of the development of relationships with them,
 - c. management of the customer resignation procedure (Kumar, 2010).

As a result of the theoretical analysis carried out, the above-mentioned elements are the most important elements that are included in the concept of customer value management and constitute its theoretical model.

The next step in the creation of theoretical model of the relationship between customer value management and the building and developing of brand equity was the operationalisation of the processes of building and developing brand equity.

4. Brand equity. Impact of strong brands on the company value

In the chapter dedicated to the brand as the source of value for the customer, Polański (Polański, 2013) mentions the mid 90s as the time when the interest in the issue of brand management was increasing in the world. According to the author, one of the reasons for this situation is the growing competition which results in the following issues becoming problematic: diversity of offer and lack of possibility to compete using the price as the only distinctive feature on the market. At that time, the intangible factors become significant and they start to appear in the market practice. New values, both for customers and for the companies, are also being searched for. The 21st century is the time when the importance of brands and brand equity and their management means not only the management of 'name, term, sign, symbol or of their combination, which is created to identify the goods or services of one

seller or group of sellers and to distinguish them from goods or services of competitors'⁵. A brand is not only the material characteristics of goods or services. The brand is a special value that represents a combination of the product value, customer service and some kind of production promise. The brand offers a variety of intangible benefits that result from the fact that one owns a product e.g. prestige or social status. It is, to a large extent, responsible for the degree of customer loyalty (Krzepicka, 2015). The marketing department is responsible for the creation of brands and their equity. It is responsible for the planning and implementation of activities that aim at long-term building of brands' position in the minds of customers (Mruk, 2012).

Brand equity, is often defined as "the total value of the brand". *Goodwill* is the brand's value, in financial aspects, and is significant when a company or brand is being sold. *Goodwill* is intangible. The values that can be equal or higher than book values. It depends largely on the strength and range of the brand, namely on:

- the frequency with which the brand is selected out of customers' offers,
- the ability to sell similar products or services at higher prices than competitive companies,
- the amount of your loyal customers who are not sensitive to the actions and offer of the competition,
- benefits provided by the extended product lines,
- benefits provided by the enterprise agreements,
- the ease of adaptation of values provided by the brand and company on the global markets,
- the ease of establishing brand's contact with customers⁶.

Looking at the brand equity, two separate perspectives can be noticed: financial perspective and customer perspective (Fayrene, G., and LeeCh., 2011). P. Patkowski defines the brand equity as the sum of two components. The first component is the book value of the brand, which includes financial resources, price, margin and brand's contribution to the revenues and profits. The second component is the brand identity, which is specified as a trademark, logo, brand awareness, personality, communication, positioning and loyalty of its customers (Patkowski, 2010). *Customer-based brand equity* is the difference between the influence of the brand and the customer's response to the brand's marketing activities (Keller, 2011). According to expert studies, apart from the relationships with customers, one of the most important factors that is responsible for the current and future value of the company is:

⁵ Definicja marki według American Marketing Association Cf. Kotler Ph., and Keller K.L. (2012). *Marketing*. 14th edition. Poznań: REBIS, p. 263 ff.

⁶ Please refer to Goodman, J.A. (2009), *Strategic Customer Service: Managing the Customer Experience to Increase Positive Word of Mouth, Build Loyalty and Maximize Profits*, New York: AMACOM, p. 192.

- image of products and service,
- image of the brand,
- brand value (Caputa, 2015).

Brand power depends to a large extent on whether the brand keeps the promises. It is important that it does it diligently and meets customers' expectations. Each contact of customer (MOT – *moments of truth*) with the brand can strengthen or weaken the image of the brand and its equity. The customer's disappointment with the purchase of products or services of the brand will result not only in the loss of equity, but in some cases, it can also result in disappearance of the brand from the market. The goal of *branding* is to create, specify and shape a positive brand image through providing the brand with distinguishing features. This procedure aims at creating emotional ties between the customer and the brand. Taking into account these dependencies, it can be assumed that brand value depends on the company's image and vice versa. The company's image is created by its customers who create its equity. A brand with a large customer capital, so a brand which has an established position and good image provides the company with many benefits, in the form of profits. The stronger the brand with larger customer capital is, the bigger the company's value and profits are. Unfortunately, there were many cases in the history which showed that strong brands with big equity had to rescue themselves or fell out of the market, due to wrong actions or lack thereof. The companies such as Kodak or Polaroid, which disappeared due to the fact that they did not develop or follow the technical progress, are a good example. Polaroid was more lucky and, thanks to the purchase of a patent on instant photos, it returned in the form of Instax Mini.

Brands, just like products, also have their life cycle (Kotler, 1994). The brand life cycle consists of 5 different stages:

- implementation stage,
- confirmation stage,
- consolidation stage,
- development stage,
- orbital position stage (Caron, 1996).

Figure 4 illustrates the brand's life cycle together with the changes at each stage.

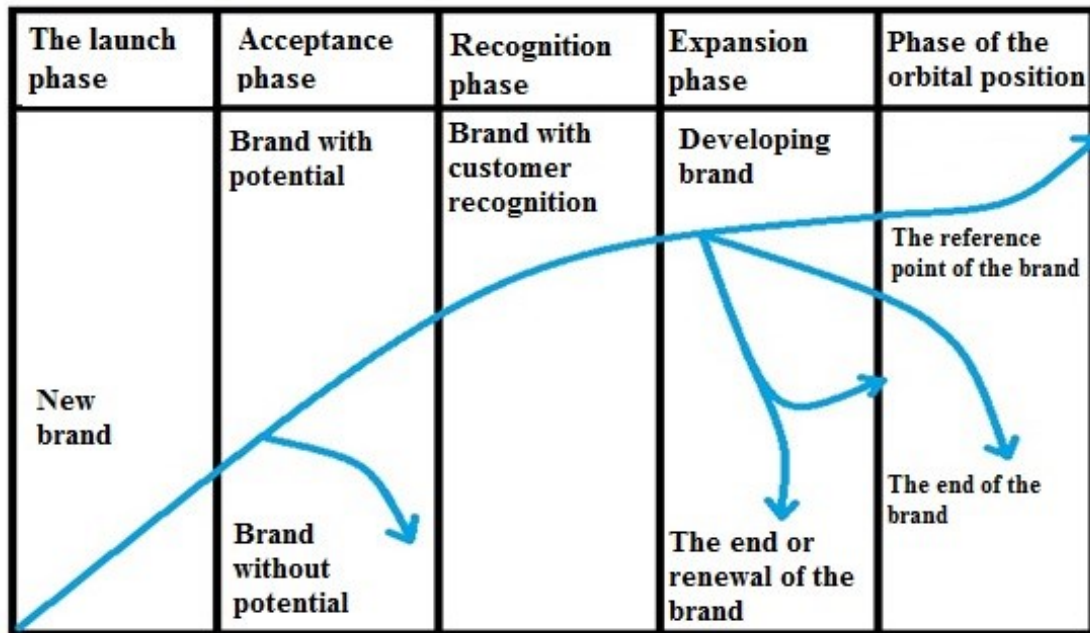


Figure 4. Brand life cycle. Own study based on: “L’avenir des marques” by G. Caron. *Problemeseconomiques*, 2, p. 10.

Firstly, the fact that the presented brand life cycle is longer than the life cycle of the product itself should be highlighted. This is due to the fact that while products under the given brand change, the brand continues its presence on the market until it disappears together with all its products. The task of companies is to maintain the brand on the market as long as possible and to derive financial benefits from it.

In the first stage of the brand life cycle when it is being created and placed on the market, the positioning of the brand is most important. It aims at:

- indicating the place of brand in the minds of the target group of customers,
- creating and strengthening brand identity in the minds of the target groups of clients,
- defining and communicating brand's features which are distinctive in comparison to the competition (Kapferer, 2004).

In the second stage, there is a significant increase in the sale of brand's products only when the brand will accept the customers. This stage includes also significant costs incurred by the company in order to prepare promotions and information campaigns which aim at reaching the widest group of customers possible. These campaigns are designed to provide information about the benefits derived from the use of the products of the given brand (Joachimsthaler, and Aaker, 2006).

The third stage is consolidation. Since that time, there has been a noticeable decline in sales of the brand products. Company's actions come down to the development of growth of products' share in the market through the building of trust, fulfillment of the promise made by the brand and expansion of the distribution network. It is an extremely important stage for the company, because at this stage the brand is already stable and, on the other hand, the increase in sales is

getting smaller. Therefore, the promotional activities should be carried out at the same level of intensification as at the second stage. Giving up can result in a significant decrease in the market share and in the arrival of new competitors with products that offer a similar set of values.

In the fourth stage, the sale stabilises and the development and expansion of the brand should occur. Activities at this stage should be strengthening the brand and its revitalization. Wrong decisions can heavily limit the market share of the brand and even cause its collapse.

The fifth stage is a moment when the brand has a strong position on the market. The company should constantly monitor the internal and external conditions and carry out further revitalisation activities which not only lead to the growth of a weakened brand, but also aim at continuous strengthening of the brand. These activities aim to further develop the brand (Andrews, and Kim, 2007). The brand life cycle is closely related to the product life cycle as well as to the customer life cycle. At each stage of the brand and product life cycle, there are different groups of customers that a company needs to attract in a different way. Consumers of a mature brand which already has an established position on the market can be characterised by dividing them into the following 5 groups:

1. Opposition – is a group of customers, which rejects the brand due to ideological and practical reasons. The products of a given brand do not meet their expectations and do not correspond to their concept of value.
2. Undecided – is a group of customers who take a neutral attitude towards products or services of a given brand. These people usually heard about the brand but it was not convincing for them in any way. If they use products of the given brand, they do it occasionally. The brand promotion in this customer group requires considerable financial resources and serious strategic decisions.
3. Accustomed – this is the most promising group of customers in terms of opportunities to increase brand sales. They know perfectly the brand and its products or services but they use it occasionally. They respect the brand more than other brands but they need a final argument to move to a higher level of relationship and become loyal customers. Sometimes just a small investment and a good idea are enough to give 'vitality' to the brand and convince this group of customers to it. The favour of this group of customers may allow the company turnover to rise significantly.
4. Loyal – is a group of customers which has a personal attitude towards the brand. Characteristics that they see in the brand cannot be replaced by the products of any other brand. They will not resign until the brand makes a serious mistake in the form of betrayal of their values or makes room for a more active competitor.

5. Missionaries – the last group of customers. The group which is not only loyal. They are glad to share their knowledge about the brand with other people. They often talk with passion about the brand and strongly believe in its values. They are also called 'brand ambassadors'. The missionaries are also worth getting involved in the creation and development of the brand, as they are very good activists (Szczepański, 2015, p. 44-55).

The division presented above relates closely to the customers of the brand which has an established position on the market and the products of which are recognisable. The situation is totally different when the brand is being created or wants to release a new product on the market. When the brand is not known yet, the division of customers starts with a group of potential customers who might be interested in the products or services but are not its customers yet. An intensive information and promotion campaign is usually organised when the target group is specified. If a group of potential customers was properly specified at this stage and the promotion campaign brought specific effects, from that moment they become a group of new customers. This group involves a step which consists in maximising the benefits that arise from the establishment of relationships with new customers and striving to turn them into a group of regular customers. Many sales and marketing tools are used in a group of regular customers in order to retain regular customers and to benefit as much as possible from the relationship with them. Basic tools include *cross-selling*. This activity consists in offering additional products or services closely associated with the previous purchases (Caputa, 2015, pp. 83-98). The last group is a group of customers who are at risk of resignation. The customer resignation is a serious problem of every company, which needs to incur large costs and face the large number of competitors that can attract the customers, in order to acquire new customers. Companies' actions must aim at counteracting such situations, e.g. by renewing their offers of products or services according to the needs of this customer group.

Brand equity is a category that is closely related to concepts such as efficiency, effectiveness, value, cost-efficiency. These concepts are part of the necessary brand equity measurement at each of the stages of the brand life cycle. Financial and marketing indicators are used for this purpose. These indicators aim at determining a specific result. English-language literature uses the term 'performance', which in Polish means 'wynik'. Marketing results usually have no monetary values and are provided in percentage. Such indicators include customer acquisition and retention rates and customer satisfaction or loyalty level (Jeffrey, 2010). It should be highlighted that, in some cases, the authors classify the indicators which are expressed in cash values as the marketing indicators (Kozielski, 2008, pp. 129-136). From the point of view of the author, the financial and marketing indicators which are significant from the point of view of the creation and growth of the brand are summarised in table 1. They can be divided into simple and complex indicators.

Table 1.
Financial and marketing indicators

Marketing indicators	Financial indicators
<p>Simple:</p> <ul style="list-style-type: none"> • number of customers, • number of new customers, • customer retention rate, • customer acquisition rate, • customer loss rate, • RFM analysis, • P indicator (Active) • SOW indicator, • PCV indicator, • number of products offered, • number of new, innovative products, • shares of the company's offers in the customer portfolio, • market share in terms of: <ul style="list-style-type: none"> ○ value, ○ quantity, • change in market shares in terms of: <ul style="list-style-type: none"> ○ value, ○ quantity, • change in sales volume in terms of quantity. <p>Complex indicators related to the customer relationship:</p> <ul style="list-style-type: none"> • satisfaction, • loyalty, • quality of the relationship, • confidence, • image of the brand, • brand awareness, • quality of products. 	<p>Financial indicators significant from the point of view of brand equity:</p> <ul style="list-style-type: none"> • customer profitability, • customer lifetime value (CLV) • customer equity (CE) <p>Common financial indicators that occur in the income statement:</p> <ul style="list-style-type: none"> • net revenues from the sold products or services, • gross profit or loss from the sale, • other operating revenues, • other operating expenses, • Profit or loss from operating activities, • financial revenues and expenses, • gross profit or loss from business activities, • extraordinary profits and losses, • gross profit or loss, • net profit or loss, <p>Indicators of the cash flow statement:</p> <ul style="list-style-type: none"> • expenses, • income, <p>Evaluation according to the following indicators:</p> <ul style="list-style-type: none"> • liquidity, • working capital cycle, • stock cycle, • obligation cycle, • debt, • costs, • rotation, • resources management, • profitability of: <ul style="list-style-type: none"> ○ sales, ○ operational profitability of sales, ○ gross sales, ○ net sales.

Note: Own study based on: "Pomiar kapitału klienta w kontekście kreowania wartości przedsiębiorstwa" by W. Caputa. Copyright 2015 by CeDeWu.pl; "Kapitał klienta w budowaniu wartości przedsiębiorstwa" by W. Caputa. Copyright 2015 by CeDeWu.pl; "Zarządzanie wartością klienta" by V. Kumar. Copyright 2010 by PWN; "Wskaźniki marketingowe" by R. Kozielski. Copyright 2008 by Oficyna Ekonomiczna.

CLV – Customer Life Time Value is the present value of future net profits expressed in money which arise from the relationships with customers (Kumar, 2010). The profitability of the customer is a measure that relates to the past. It is also known as the customer margin and it means the difference between gross margin and the costs of the customer (Kotler, and Keller, 2012). Customer equity on the other hand is the sum of life time values of all customers of the company, segment or phase of the brand life cycle. The effect of marketing activities includes e.g. an increase in the number of customers of the enterprise, increase in loyalty or in customer

satisfaction, greater brand recognition. The financial results of the company confirm the efficiency and effectiveness of marketing activities in the area of building brand equity or customer equity.

In order carry out this research, the following indicators were chosen for the analysis of the influence of the customer value management on the development and growth of the brand equity:

1. Financial indicators significant from the point of view of brand equity:

- customer profitability,
- customer lifetime value (CLV),
- customer equity (CE),
- brand equity,
- net revenue from sales of products or services of the brand,
- net profit from the business activities.

2. Simple marketing indicators:

- number of customers,
- number of new customers,
- customer retention rate,
- customer acquisition rate,
- customer loss rate.

3. Complex indicators related to the customer relationship:

- satisfaction,
- loyalty,
- quality of the relationship,
- confidence,
- image of the brand,
- brand awareness,
- quality of products.

These indicators, due to their informational value resulting from the theory, provide the opportunity to establish that there is a high probability that the customer value management gives tangible benefits in the building and growth of the brand equity. It directly affects the brand equity causing it to increase or decrease. The indicators were presented as the values average for the entire portfolio of products offered by the brand.

5. Customer value management as opposed to development and growth of brand equity

This article includes the operationalisation of activities related to the concept of customer value management and the determination of indicators which are to constitute the operationalisation of the brand equity that aims at identifying the relationships between customer value management and construction and growth of brand equity. The result of this process is the theoretical model of the relationships between variables that were presented in Figure 5.

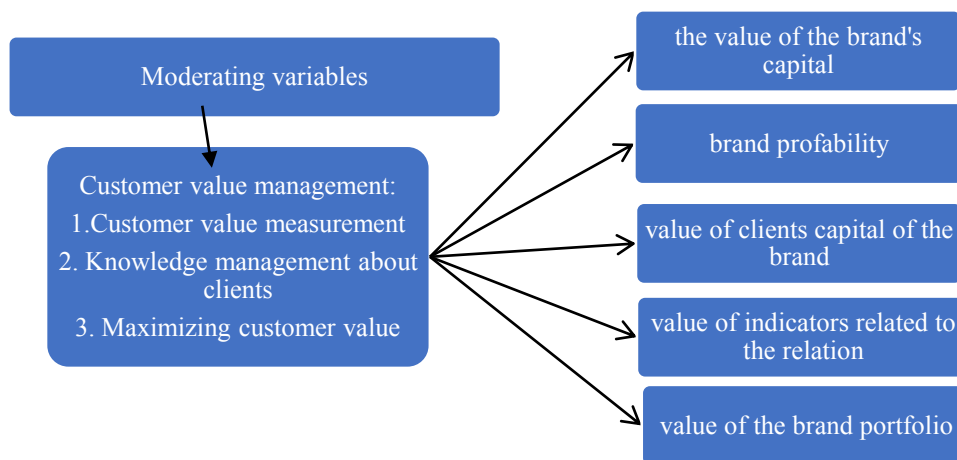


Figure 5. Theoretical relationship model – Customer value management as opposed to development and growth of brand equity. Own study.

The following research hypotheses can be formulated on the basis of the presented model:

Hypothesis 1: There is a relationship between the customer value management and building of brand equity.

Hypothesis 2: There is a relationship between the customer value management and brand equity growth.

Hypothesis 3: The use of the concept of customer value management brings tangible benefits during the building of brand equity.

Hypothesis 4: There is a relationship between the customer value management and level of customer relationships.

Hypothesis 5: There is a relationship between strong brands in the company portfolio and the company value.

Hypothesis 6: There is a relationship between the customer value management and brand profitability.

Hypothesis 7: There is a relationship between the customer value management and value of the portfolio of the company brands.

Hypothesis 8: There is a relationship between the customer value management and value of customer relationships.

The presented model also provides for the possibility of occurrence of other variables (moderating variables) which may affect the results presented above, in its system. These variables include e.g. type of customers, company reputation, sales channels, channels of communication, etc.

6. The reasons to carry out empirical research

In this part of the considerations a key problem for the author is the choice of industry and research methods. The review of hypotheses is planned on the basis of a number of studies. The subject of the research will be the relationship between the customer value management and the growth and building of brand equity. Research will be carried out within one industry. This choice involves a number of benefits:

- in-depth research which makes it possible to take into account the characteristics of the industry,
- there are less external factors affecting the company within one industry,
- research carried out in one industry will make it possible to repeat the research.

The identification of research gap in the scope of analysis of the relationships between the customer value management and growth and building of the brand equity gives the possibility of developing and using the methodology of research of relationships between the marketing orientation and brand equity. The research will be carried out with the use of methods such as:

- standardised questionnaire,
- interview,
- system analysis,
- comparative methods,
- documentation analysis,
- critical analysis of the literature,
- group assessment of experts,
- case study.

The carried out analysis of the theory shows the direct relationship of marketing activities (maximisation of customer value) with the results related to the brand equity and suggests the possibility of a positive verification of the first, second, third, sixth and seventh hypothesis. These activities are also connected with the results related to the customers and enable a positive

verification in the case of hypothesis 4 and 8. The verification of the research hypothesis 5 imposes some restrictions, due to the fact that a number of other factors affecting the result may occur between the possession of strong brands in the company portfolio and the value of the company. In order to minimise the occurrence of such a risk, the financial indicators related to the activities in the area of products and brand customers (net revenues from the sale of products or services of the brand) were also selected for the research.

The research will enable the identification of activities and creation of customer value management process model during the growth and building of the brand equity value. This model will be used to develop recommendations which enable the growth and building of brand equity. The universalism of the research and process model will also make it possible to adjust them to the given industry.

Summary

The aim of this dissertation was the presentation of the theoretical model of relationships between the customer value management and the growth and building of brand equity. The result of the performed analysis is as follows:

1. Presentation of the essence, characteristics and components of the customer value management. It was found that the essence of the customer value management includes the measurement of customer value and maximisation of their values on the basis on the knowledge of customers.
2. Presentation of the essence of brand equity measurement and activities related to the building and growth of brand. Presentation of the marketing and financial indicators that affect the increase in the brand equity.
3. Presentation of the relationships between the product life cycle, customer life cycle and the brand life cycle. The presentation of the division of customers at every stage of the brand life cycle.
4. Creation of a theoretical model of relationships that occur between the customer value management and the building and growth of brand equity. The operationalisation of activities in both areas made it possible to identify the main elements that constitute the customer value management and enable the identification of factors that affect the growth of brand equity.
5. Presentation of the grounds for empirical research.
6. Creation of customer value management process model in the growth and building of brand equity value.

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EMPLOYEES' ADAPTATION AS A CRITICAL ELEMENT OF HUMAN RESOURCES MANAGEMENT – A CASE STUDY

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Abstract: The aim of the paper was to identify factors influencing employees' adaptation, and evaluate the process in a selected company. The present study aims at establishing answers to questions on the need for the realization of adaptation, its course, and effectiveness of adaptive actions in the assessed company. While searching for answers to such questions, a review of literature and an empirical study were conducted. In order to carry out the empirical study, a case study method was employed, which constitutes a fundamental method of qualitative studies. Research results indicate that there is applied controlled adaptation in the present company. It resulted from benefits for the newcomer and the organization as well. It was observed that both the owners and the management of the assessed company devote particular attention to supporting newcomers in swift and positive adaptation.

Keywords: employee's adaptation, human resources management (HRM)

1. Introduction

Human resources management (HRM) constitutes an area which is widely discussed in the literature of the subject. However, when analyzing research results, the fact that the issue of newcomers' adaptation is not as popular as other HRM aspects, can be observed. On the other hand, it is stressed that proper adaptation contributes to newcomers' entering work environment and taking over their duties more effectively, facilitates communication in organizations, reduces stress associated with a change of the workplace, boosts employees' engagement, and as a consequence, provides companies with tangible financial gains (Bauer et al., 2017).

The subject matter of the present paper pertains to employees' adaptation in organizations. The objective of the paper was to identify factors influencing employees' adaptation, and evaluate the process in a selected company. The literature of the subject highlights that employees' adaptation exerts a significant impact upon proper human resources management.

However, in business practice of many organizations, adaptation is managed spontaneously, and even disregarded altogether. Therefore, the present study aims at establishing answers to questions on the need for the realization of adaptation, its course, and effectiveness of adaptive actions in the assessed company.

2. The subject in the literature

Employees' adaptation constitutes an element of human resources management. It follows recruitment and selection process, which, in a narrow sense, is concluded when an employment contract determining employment conditions has been signed. However, the literature of the subject raises a broad understanding of the process. It maintains that recruitment and selection conclude only after the adaptation process has been completed. Adaptation is to facilitate newcomers' (or those transferred to other positions in the organization) adjustment to new working conditions. Adaptation revolves around introducing new employees into the company, providing them with fundamentals of the company's operations, familiarizing them with the work environment and their new colleagues. Adaptation may be analyzed with regards to two areas: (1) professional, and (2) social. As far as the professional area is concerned, the employee is to relatively swiftly adapt to working conditions and requirements associated with the position, become familiar with the organizational structure, division of duties, and organization of tasks. On the other hand, social adaptation is associated with becoming familiar with and accepting norms, mission, values and rules followed in the organization and by a particular team (Golnau, 2007).

The following are considered as the key objectives of adaptation:

- adapting new employees to working conditions and requirements associated with their position, and achieving the required level of efficiency in the shortest time possible,
- facilitating, and sometimes enabling, the newcomer to begin work in a new environment (organizational adaptation),
- shaping the newcomer's knowledge on the company and position,
- adapting the newcomer to norms and customs of the organization (social adaptation),
- developing a proper approach to responsibilities, friendly attitude towards the company, fostering employees' engagement in order to reduce the risk of the newcomer resigning.

Moreover, the reduction of stress resulting from occupying a new position, boosting work satisfaction and motivation, and enhancing the feeling of belonging to an organization, constitute critical objectives of adaptation. It is in the organization's best interest to properly manage adaptation due to the fact that it eliminates the need for further recruitment and

selection, which lowers costs and time devoted to the process, reduces the risk of excessive fluctuation of human resources and low work efficiency and quality (Gajda, 2015).

Despite several advantages offered by adaptation, many organizations in their economic practice believe that employees will acclimatize and adjust to their responsibilities themselves, hence there is no particular need for supporting them with adaptive actions (Behrends, 2007). In such a case, the so-called spontaneous adaptation emerges. It is characterized by an independent acquisition of knowledge regarding work environment, norms, customs, and values present in the organization. At times, such information is fragmentary or false. As a consequence, when internalized, it may lead to the emergence of a false picture of the organization.

Much better results are achieved by means of controlled (organized) adaptation. In such a process, the organization's management plan and execute actions aiming at reducing the risk of the newcomer's non-adjustment. The introduction of such a process requires a program of employees' adaptation to be developed beforehand. It is best if such a program is made-to-measure in order to suit the particular employee's needs, and then is consulted with their direct superior. Naturally, such an approach generates costs, but it also works positively on adaptation's efficiency and shortens adaptation time (Bauer et al., 2017).

Adaptation commences with the formal decision regarding the newcomer's employment. All required documents are compiled on the basis of this decision. Next, the documents are delivered to the newcomer so that they can become familiar with fundamental regulations and working conditions, the organization's procedures, health and safety issues, competences' development, and job description. In a subsequent stage, the newcomer is introduced to their position by the direct superior who introduces them to colleagues and explains the scope of cooperation. The superior presents new responsibilities and offers guidelines helpful in their realization in accordance with standards, and facilitates the emergence of positive attitudes in the newcomer.

The third stage of adaptation encompasses the selection of a mentor to support the newcomer. It is a responsible function because the mentor is tasked with offering advice and assistance in dealing with duties and responsibilities.

The fourth stage encompasses induction training (attended by all newcomers) and on-the-job training (adjusted to the needs and tasks associated with a particular position). Upon the conclusion of these trainings the newcomer's utility to the organization is evaluated (Golnau, 2007). The evaluation forms the basis for the decision regarding further cooperation (i.e. extension or cancellation of the contract).

Results presented in the literature of the subject indicate that socialization practices are positively perceived by newcomers, who consider these as a form of support offered by the organization. It contributes to their greater engagement in responsibilities, thus, has a direct influence upon the organization's results (Allen, and Shanock, 2003). Results featured in the

literature emphasize the positive influence of psychological contract's fulfillment upon employees' socialization (Lee et al., 2011).

The newcomer's behavior in the organization is determined by several factors, both internal (characteristics of an individual e.g. personality, experience, competences) and external (the organization itself, its employees, surrounding environment; Gajda, 2015).

Employees' characteristics i.e. personality, potential (abilities), perception (cognition and interpretation of reality), and qualifications (knowledge, skills, attitudes necessary for conducting tasks associated with a particular position) influence the individual's adaptability, rate of learning, and determine the accuracy of decisions made and methods applied to solve problems. Therefore, these have vital significance in the adaptation process (van den Heuvel et al., 2014). The literature of the subject highlights the significance of employees' personality. As a consequence, matching the candidate's personality with requirements of a particular position would offer the most favorable solution from the perspective of the organization (Żarczyńska-Dobiesz, 2008).

When considering socio-professional adaptation, it may be observed that recognizing and understanding the potential candidate, accepting their distinctness and adopting a suitable approach by the management, facilitates efficient induction to the organization, and constitutes a significant factor in developing the superior-subordinate relationship. The literature of the subject presents results of several studies acknowledging a positive influence of the relationship upon employees' engagement, improvement in the quality of work and higher involvement in the life of the organization (DeBode et al., 2017).

Among organizational factors determining the course of adaptation, organizational culture, communication, appropriate motivation system, the form of work organization, and selected human resources functions, ought to be enumerated.

Newcomers' acceptance of fundamental values, familiarity with the mission, vision and strategic objectives facilitate the understanding of the organization's functioning in general, and accelerates integration with colleagues. Communication constitutes a further factor determining adaptation. Especially in the initial weeks of work, close attention ought to be paid to information originating from newcomers. Clear understanding of messages ought to be ensured. Successful communication creates convenient working conditions, reduces stress and fosters the feeling of safety.

Adaptation is also influenced by an appropriate motivation system, especially as far as the content of work, objectives, roles and tasks, remuneration, development, trainings, promotion, employees' participation, work hours, etc. are concerned. Initially, setting particular objectives, charging with responsible tasks whose realization is convergent with the newcomer's capabilities, may provide motivation. In addition, such activities being accounted for fairly and in accordance with clearly established criteria, is equally important (Beck-Krala, 2013).

Selected human resources functions also constitute a factor determining the course of adaptation. These encompass introduction to work, and training methods i.e. coaching and mentoring in particular, which smoothen the process. The literature of the subject highlights the impact of successful coaching and mentoring upon the growth of employees' departments, and finally, organizations' efficiency (Longenecker, 2010).

Feedback on work performance plays a vital role in the course of the career. As a consequence, an adaptation program must include newcomers' reviews. Such an assessment ought not to be postponed until final days of the trial-period contract. Instead, any alarming signals ought to be instantly discussed and explained. This may help to eliminate any possible shortcomings or errors at an early stage.

3. Methodology of the own study

The subject matter of the present paper pertains to employees' adaptation in organizations. The objective of the study was to identify factors determining employees' adaptation and evaluate the process in a selected company.

The following research questions were posed:

- What is the course of adaptation in the evaluated company?
- What factors determine the process of adaptation?
- How is the efficiency of employees' adaptation verified?

While searching for answers to such questions, a review of literature and an empirical study were conducted. In order to carry out the empirical study, a case study method was employed, which constitutes a fundamental method of qualitative studies. The method entails a study of a selected subject characterized by a large complexity and extensive relations with the surrounding environment, by means of diverse information sources (i.e. documents, observations, interviews) while taking the context of the studied case into consideration (Creswell, 2007).

The case study method enables considerable amount of detailed information pertaining to complex relationships to be accumulated. This allows for the uncharted issues to be described and explained. When analyzing a case, a researcher makes a premise that results will be determined by the situational context, immediate and distant surrounding of the subject, its internal characteristics, etc. Therefore, the method is employed when a research problem encompasses a significant number of inter-related variables, and the researcher has little control over the subject. In particular, the case study approach is preferred when cause-effect relationship, which is too complex for a survey, requires to be examined, actions undertaken and a program's efficiency evaluated, and in-depth outcomes of actions whose results are difficult to predict assessed (Patton, and Appelbaum 2003; Czakon, 2013).

Such an approach was applied in the present paper. It resulted from a premise stipulating that, in this particular case, the application of a highly standardized survey questionnaire may result in too far-reaching simplifications and only scratch the surface of the issue.

Empirical studies were conducted by means of a partially categorized interview. The interview questionnaire was designed as a result of observations of the company's operations, initial discussions with the head of the Office and employees. Interviews were conducted in 2016 in the premises of the Office of Forensic Analyses in Lublin. Four people were interviewed – the head of the Office and three team managers. The study was supplemented with observations and documents' analysis.

The study required the questionnaire to be custom built. The following thematic areas were isolated:

- specifics of the company's operations,
- the course of adaptation,
- factors determining the effectiveness of adaptation.

4. Adaptation of employees in the Office of Forensic Analyses in Lublin

The Office of Forensic Analyses in Lublin prepares expert opinions and analyses for courts in various fields of forensics. The company provides services both to judicial bodies (police, courts, prosecutor's office) and natural persons, as well as institutions and privately-owned companies. The Office is the largest institution of this type in eastern Poland, and one of the largest in the country. At its disposal, the Office has own laboratories and specialist workshops where court expert opinions are elaborated.

The company provides services encompassing (1) professional medical reports (medical legal in character), (2) forensic accounting (expert reports on accounting, bookkeeping, economy, and finances based on analyses of documents of various business entities), (3) digital forensics (analysis, recovery, and interpretation of data by means of specialist software and hardware), (4) phonoscopy (stenographic records, transcripts of conversations, validation of authenticity of recordings, voice recognition), (5) monitoring and vision technologies (analyses of video recordings, evaluation of authenticity), (6) identification of individuals (based on audio and video recordings, DNA), (7) reconstruction of road accidents, (8) analyses of texts and documents (graphology, documents' analyses and evaluation of authenticity), (9) physical and chemical studies (DNA analyses, identification of prohibited substances), (10) appraisal of assets and immovables, (11) expert reports, (12) trainings in forensics, (13) consulting on reports for law enforcement.

Interdisciplinary teams comprised of experts possessing specialist knowledge and competences play a critical role in the assessed company. Such teams distinguish the

company on the market. Therefore, when employees meeting a particular set of criteria have been recruited and selected, adaptation commences. Its effectiveness may play a decisive role in the newcomers' staying on or resigning.

The first of the research questions pertained to the type of adaptation in the company. Research results indicate that it is controlled adaptation. This fact is acknowledged by the existence of a procedure pertaining to newcomers' induction, tasks realized by individual employees in the process, documentation, and the course of the process itself.

When asked about the reason behind applying controlled adaptation, employees of the company indicated that it resulted from benefits for the newcomer and the organization as well. The main advantage for the newcomer includes the feeling of security, fluent transition, swift familiarity with responsibilities, and development of positive relations with colleagues and the organization. As a consequence, the risk of possible resignation is diminished, motivation for work increases, and time required for adaptation to be completed shortens.

In case of this particular company, it is the head of the Office, managers of individual departments, and the Board, who are in charge of the process. Adaptation commences with the decision on employment made and employment contract signed. Therefore, adaptation constitutes the final stage of recruitment and selection. The newcomer's direct superior is always involved in the process. It ensures that employees possessing appropriate competences and personality features, sought after in a particular team, are selected.

Documents associated with adaptation are prepared by the head of the Office in cooperation with department managers. Next, these are reviewed and approved by the Board.

According to respondents, the course of adaptation consists of stages outlined in Table 1.

Table 1.

The course of employees' adaptation in the evaluated company

Stage I	familiarisation of the newcomer with the organisation's history, mission, vision, and main objectives
Stage II	familiarisation with all colleagues
Stage III	appointment of a mentor responsible for introduction to responsibilities and assistance in problematic cases, presentation of regulations, provision of induction and on-the-job trainings
Stage IV	presentation of career development paths, development opportunities encompassing courses and vocational trainings

Note: Own study on the basis of research results.

Establishment of factors determining the course of adaptation in the assessed company proved interesting. The newcomer's initiation is determined by both internal (the newcomer's features, their personality, qualifications, experience) and external factors (communication, organizational culture, trainings, motivation system).

According to respondents, adaptation is positively influenced by such personality traits as openness and extroversion in particular. Owing to these two characteristics, the newcomer eagerly asks questions, acquires information and develops relationships with colleagues. Swift adaptation is also facilitated by qualifications and experience.

Factors determining the newcomer's motivation during adaptation are also worth considering. According to respondents, the greatest motivating factors encompass remuneration, development opportunities and flexible working hours.

On the other hand, according to respondents, as far as external factors are concerned, communication is significant. Successful communication is determined by personal contacts with the newcomer. It enables swift transfer of messages and feedback, which enables any doubts and misunderstandings to be dealt with immediately. In cases when personal contacts are hampered, telephones and emails come to assistance. In addition, information brochures, websites, multimedia presentations pertaining to the company's operations prove to be useful tools in the process.

Adaptation is also facilitated by trainings pertaining to health and safety, fire protection, labor law, personal data protection, confidential information, procedures on handling court files and evidence, on-the-job trainings.

Trial period, usually synonymous with adaptation, runs for three months in the assessed company. The trial is concluded with the newcomer's review conducted by the manager of the particular department (direct superior) and the head of the Office. The following areas are evaluated: outcomes of actions undertaken by the newcomer, the way responsibilities were managed, the newcomer's behavior and attitude. In addition, characteristics and skills, teamwork, motivation, intentions for development and competence improvement are also reviewed.

Moreover, the review enables the effectiveness of adaptation to be assessed. However, the company has not developed specific criteria to evaluate the process. According to respondents, the efficiency is reflected in the number of people staying on in the company after their trial period in comparison with the number of those who resign or whose contract is not renewed. 90% of those who complete the trial period are employed further. Their contracts run for an indefinite period or a fixed period of two years. In addition, cases of long-term employees resigning are rare (one person a year on average). However, even then, such a person maintains a relationship with the company as a consultant or a partner.

5. Discussion and conclusions

The subject matter of the present paper was the analysis and evaluation of adaptation in the Office of Forensic Analyses in Lublin. Results of the study indicated that the process runs in an organized manner. The management plan and undertake actions associated with the introduction of newcomers into the organization in order to minimize the risk of them resigning, ensure a high level of safety, develop positive relations with newcomers since their initial days at work. The newcomer's direct superior is involved in the selection process since

its onset in order to match the employee with the particular team the most efficiently as far as their competences and personality are concerned. Terms of cooperation having been agreed upon, the direct superior appoints a mentor for the newcomer. The mentor's task is to maintain constant and direct contact with the newcomer, introduce them to new duties and responsibilities, monitor their progress, and assist in problematic cases and explain possible doubts. Research results in this area correspond with those featured in the literature of the subject. Controlled adaptation is considered as the most effective way of introducing newcomers both to the organization and responsibilities, and as far as social matters are concerned (Bauer et al., 2011; Allen, and Shanock, 2003; Gajda, 2015). An additional asset presented by controlled adaptation encompasses reduction of psychological burden. A newcomer who has not been properly inducted is bound to make mistakes more frequently, is characterized with insecurity and apprehension as far as the consequences of their actions are concerned. Therefore, such a person is stressed, ineffective, and is unable to conduct their duties independently. This results in the person's engagement and willingness to undertake further actions being diminished. Ultimately, the contract with such a person is not renewed upon the conclusion of the trial period. Therefore, reduction of staff fluctuation and improvement of motivation constitute significant advantages originating from the controlled adaptation implemented by companies (DeBode et al., 2017).

Research results indicated factors determining effective adaptation. Communication (direct, open contact with the newcomer, feedback information), and selected aspects of motivation system (attractive salary, flexible working hours, trainings) were highlighted. In addition, the impact of organizational culture upon the course of adaptation ought to be mentioned. The results feature references to values such as openness, mutual respect, the right to be wrong, a drive towards development and competence improvement. However, adaptation would not be successful without a set of features characterizing an employee. The set of characteristic features is established during the development of the competence profile associated with a particular position. Candidates are evaluated against particular expectations. Not all predispositions and features may be verified in documents' analysis and during interviews. Newcomers can be evaluated further during the trial period. Then matching the particular team and tasks are assessed at that time. In addition, they undergo trainings, participate in teambuilding exercises, become familiar with regulations, and have sufficient time to verify the decision regarding their future in the organization. The current study's results acknowledge observations featured in the literature of the subject. Employees who passed a multistage adaptation which featured both organizational and social aspects, remain in the company much more frequently, they identify with objectives and tasks, realize their duties more swiftly and efficiently, and feel more motivated (Kowalewski, and Sawicki, 2014; Zaleśna, 2015; Sveiby, and Simons, 2002).

In conclusion, it may be observed that both the owners and the management of the assessed company devote particular attention to supporting newcomers in swift and positive

adaptation. Such an approach is motivated by advantages for both parties of the process. The involvement of the direct superior as well as the appointment of a mentor exert critical impact upon the process. These result in the newcomers' developing relationships more easily, building positive relations in the group, and identifying with the organization. As a consequence, time and resources devoted to adaptation constitute an investment, and bring long-term tangible benefits. According to the literature of the subject, organizations managed in that way achieve a lasting competitive advantage owing to their employees' engagement (Tang et al., 2014; Longenecker, 2010).

In order to improve the course of adaptation and be able to evaluate its results effectively, the implementation of criteria enabling such an assessment seem worthwhile. At present, the assessed company evaluates the effectiveness of adaptation, and consequently recruitment and selection, solely on the basis of the number of employees continuing their employment in the company. The assessment of factors motivating employees to continue employment or to resign would also be feasible. Such assessments would enable the management to determine reasons behind newcomers' decisions regarding their future in the company. Becoming familiar with employees' opinions regarding possible limitations of adaptation would also prove beneficial.

Results featured in the present paper offer a glimpse into the adaptation process in economic practice. The authors of the study are aware of its limits and suggest it is considered as a starting point in the discussion on the relevance of the process. In-depth studies encompassing a larger number of companies, which would enable results and effectiveness of other companies to be compared, are worthwhile.

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THE ADVANTAGES AND DISADVANTAGES OF REMOTE WORKING FROM THE PERSPECTIVE OF YOUNG EMPLOYEES

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Abstract: This paper explores how remote work is perceived by young employees. On the basis of literature review, pilot study was undertaken (sample Olson, 1983, DeSanctis, 1984, Bailey, and Kurland, 2002; Madsen, 2011; Grant, Wallace, and Spurgeon, 2013). The results of the pilot study undertaken in Poland confirmed literature findings. It turned out that the most important for young remote workers are: flexible working hours and saving time on commuting to work. The main disadvantages of remote work include: difficulty in separating home affairs from the professional ones, social isolation and greater organizational requirements. The results of pilot study proved that other benefits and drawbacks are irrelevant. An interesting phenomenon is that in the age of social networking and extensive communication tools the second disadvantage of remote working for young remote workers is the risk of social isolation.

Keywords: remote work, remote workers, work organization, employment policy, employees, telework

1. Introduction

The revolution, both in communication and technology, has brought about changes in every aspect of social life. The Internet has become the basis of a new economy, characterized by the importance of globalization and information technology. The effects of the above changes are also noticeable on the labour market. It is influenced by the constant modification of both lifestyle and work habits (Zalega, 2002).

The phenomenon of remote work was considered already in the 80's, but it seems that this topic is just gaining importance nowadays. Increasing number of occupations require only such tools as phone and computer with Internet access, which results in decreasing necessity of traditional offices. This trend raises the question of whether there is a likelihood that with time remote work will completely replace the traditional types of work.

Obviously, this study considers mainly office occupations and mental works such as: accounting, legal services, finance, computer graphics, editorial work, copywriting,

translation, PR services, etc. For obvious reasons, a typical physical work is not a topic of deliberation.

The exploratory research was carried out in order to identify key issues of working remotely from employees' (especially young people's) point of view.

2. Literature review

2.1. Characteristics and definitions of remote work

Most studies on telework and remote work focus on the individual, primarily the teleworker, and occasionally the teleworker's supervisor or a non-teleworking colleague (Bailey, and Kurland, 2002). It should also be noted that a large number of key remote jobs studies were conducted around the 90s. Although it has been years since, these publications must be the basis for further consideration in this subject. The significant achievements and values that they brought to the study at that time cannot be ignored. That is why the first part of the discussion on defining remote work is based mainly on the considerations and conclusions of that period.

The first references to the phenomenon of remote work in the source literature can be found already in 1983. The definition of remote work, as quoted by M.H. Olson, is as follows (Olson, 1983, p. 182): "remote work refers to organizational work that is performed outside the normal organizational confines of space and time". Her research on "remote office work" as well as subsequent publications has largely become the basis for other researchers' deliberations. Sixteen years later, another authors wrote: "More and more organizations are forming teams that are not co-located" (Veinott et al., 1999, pp. 302-309). Although it has been a long time since then, these words seem to be still valid and even more intensified nowadays.

There are many synonyms related to remote work. These are, among others: telework, telecommuting, work at home, home-work. These words are often used interchangeably, but it is important to know the possible differences between definitions.

According to the European Commission report, telework is a work done for the employer or client using telecommunications and information technology, mainly in a place other than the traditional place of work (company seat; Kurkus-Rozowska, and Konarska, 2002). Teleworking is most often associated with a flexible and modern form of work organization (Skowron-Mielnik, 2001). In Poland, the definition of telework is stated by the Labour Code¹, which attributes telework to three main characteristics: regularity, work outside the workplace, and work with electronic means of communication (in particular,

¹ Art. 67 Ustawy z dnia 26 czerwca 1974 r. Kodeks pracy (DzU. 1974, nr 24, poz. 141).

to pass on the results of work). On this basis it can be stated that teleworking is in some way a kind of remote work and its main feature is the use of technology. On the other hand, remote work as such does not have to rely on its use. S. Madsen cites another definition formulated by Jack Nilles for telework: "defined it as «any form of substitution of information technologies for work-related travel»". (Madsen, 2011, p. 149). Remote jobs allow the employee to work on their own time instead of having set office hours.

It is worth noting that in the case of teleworking, the form of employment (employment contract, civil law agreement) is of little importance as the aspect of flexibility regards the organization of work rather than employment (Skowron-Mielnik, 2001). This issue is extremely important because many people confuse the two issues. The same regards remote work itself.

Theoretically, telecommuting is also a kind of remote work. It is characterized by being made from home (Staples, 2001). Often interchanged with the term 'work at home' or 'home-work' (Hill et al., 1996). On the other hand, S. Madsen, in reference to the definition of 1999 (according to N.B. Fairweather) explained that telecommuting uses information and communication technologies to bring work to the worker (Madsen, 2011). A key issue in telecommuting is the management of employees who are located remotely from their manager (Staples, 2001).

In the source literature (e.g. Staples, 2001; Madsen, 2011) there are many definitions of the same concepts. It is hard to find differences between specific terms, especially when they are broadly used interchangeably. For example, some research use terms 'teleworking' and 'telecommuting' interchangeably assuming that telework is preferred by Europeans while telecommuting is preferred in the United States (Madsen, 2011).

On the other hand, the phrase "work from home" generally refers to a different kind of job. Often, those who work from home own their own business. For instance, someone who works from home could operate an in-home jewelry business, hair salon, or daycares center. Whereas, working remotely is sometimes called as "work from anywhere", which is why this description is not suitable for work from home.

In Author's opinion the term "remote work" is the broadest and least strict definition of the described phenomenon.

2.2. Advantages and disadvantages of remote work – literature review

The times when communication was only possible between people physically present in the same place are long gone. Of course, not only have the means of communication changed (for instance video conferences replaced audio conferencing, the scan largely replaced fax), but also its quality improved significantly (undeniable improvement in the quality of transferred files, images, sounds, etc.). Interestingly, already over a dozen years ago research has proved that the quality of a work realized remotely by a group of people (with the use of video communication) is comparable to that of face-to-face working team. The use of audio

communication only gives slightly worse results (Olson et al., 1995; Veinott et al., 1999). At this point it is worth pointing out that in today's world there is a wide range of communication tools available to provide the workers with not only the ability to send audio and video, but also to simultaneously work on the same file in real time with another co-worker (for example: Google Docs). Therefore, distance contact is no longer as complicated as it was a dozen or so years ago. Some authors confirm, that even for some collaborative task, being able to share screens on a computer (or sharing the same data in the same time) might provide sufficient visual space to improve communication (Karsenty, 1999). However, the subject of the effectiveness of specific tools (audio, video, mail, programs) seems to require deeper considerations.

Growing number of companies give employees the opportunity to work (for a few days in per week or per month) in a so-called "home office" mode. It seems highly likely that this trend will continue. Sometimes the remote mode of the work depends on the characteristics of the occupation itself and can only be implemented in a percentage of all duties. Moreover recruitment agencies report approximately 85 per cent of those seeking work indicate they would be more likely to stay with their employer if working flexibly was available (Twentyman, 2010; Grant et al., 2013).

In order to work at home it is necessary to show strong motivation and self-discipline (Olson et al., 1995). Remote work is primarily characterized by: minimum physical fitness requirements and maximum concentration requirements, individual control over the pace of work (which often arises from the project-based nature of the task), well-defined milestones (easily divided and measured; Olson et al., 1995). Therefore, for people who are taking care for small children or are physically disabled, working from home is often the only type of employment they can afford. So this work is chosen both for personal preferences and because of the lack of alternatives.

Commonly mentioned advantages of remote work include: schedule flexibility, freedom from interruptions, and time saved in commuting (DeSanctis, 1984). But studies of remote work indicate that travel reduction is not a major inducement for this work (Bailey, and Kurland, 2002). To the benefits of working remotely one may also include meeting family requirements or the desire to reduce social contact (Olson et al., 1995). Working from home also means flexible working hours or less formal atmosphere (Olson et al., 1995). Home-based workers also report high levels of satisfaction (Wheatley, 2012). Some research revealed the perception of greater productivity due to remote work (Hill et al., 1998). But results of study indicate that the telecommuting environmental effects may have positive implications on productivity of creative tasks but negative implications on productivity of dull tasks (Dutcher, 2012). However, it is difficult to calculate productivity with the differences in the type and amount of telework, the family situation of the employee and even the work environment (Madsen, 2011). Polish authors point out that remote work allows the worker for

better control over workplace conditions (for example: temperature, furniture, music) to suit their needs (Makowiec, and Bober, 2008).

S. Madsen presents the whole list of benefits, which is a great summary for other studies, completing the arguments above. The benefits include: avoidance of office politics, better work/family balance, flexibility to relocate, improved: morale, productivity, quality of life and work life, increased: autonomy, family and leisure time, job satisfaction, technical skills, less: distractions, spillover; lower stress level, more community ties, saves money on gas and parking (Madsen, 2011). In Poland also such advantages as the elimination of unproductive meetings, a greater privacy zone and the ability to use the necessary office tools (scanner, printer, etc.) on their own are noticeable (Madsen, 2011).

It is worth noting that the "performance" of an employer working remotely is less visible (Bailey, and Kurland, 2002). Co-workers find it harder to see the amount of work and effort put on a job by the employee, and the time spent on work. Even if a person has been working for a long time on a particular matter, they may not receive a benefit proportionate to those they would have received from a supervisor in traditional work where the effort would have been noticed and appreciated (Bailey, and Kurland, 2000).

Interestingly, remote working can increase 'available' time for other activities. However, extra time is not always spent on rest or leisure activities because it is filled with household chores or other paid work. Research by D. Wheatley (Wheatley, 2012) suggests that it can be argued that time saved may in some cases, be redirected to more work as opposed to recuperation (Grant et al., 2013). In fact, remote work can cause increased longer work hours (Hill et al., 1998).

Additionally professional and social isolation are among the factors cited as drawbacks of remote work (DeSanctis, 1984; Bailey, and Kurland, 2002). This type of work reduces social networking. It also makes the employee less noticeable in their industry. Equally important is the social status, which, to some extent, may result from owning one's own office. Remote work reduces the sense of social status (Makowiec, and Bober, 2008).

Some research reported also that employee's families struggled because workplace and schedule flexibility blurred the boundaries between work and family life (Hill et al., 1998; Harpaz, 2002). It should also be mentioned that the disadvantage of working remotely from home can be the difficulty in separating home affairs from the professional duties during the day (Lorenz, 2011). Polish literature indicates also such disadvantages as: higher requirements for work organization, increased data security problem (for some professions), limited non-verbal communication (noteworthy in negotiations), lack of participation in corporate culture (excluding work in virtual organizations; Makowiec, and Bober, 2008). There is a risk that remote work may lead to workaholism, but no study confirms this hypothesis.

To sum up, research suggests that there are positive and negative factors associated with remote working for the employees. Even though there is growing awareness of the possible

negative effects of remote working, this area of research is still developing (Grant et al., 2013).

3. Pilot study – assumptions, questions, methodology, results

Various authors define differently the age range to which young workers can be classified. Some studies include people between 18 and 26 years of age (Feij et al., 1999), other extend this range up to 30 years (Kujala et al., 2005). Concerning the concept of "young people" the literature of the subject classifies people up to 24 years of age to this group (Gore et al., 2011; Furlong, and Cartmel, 2006). The Author of this paper is inclined to describe young workers as people up to 30 years of age. This group includes those who undertook work immediately after high school, people working and studying, and employers who have graduated relatively recently (within 5-6 years).

The purpose of previous review was to explore the literature related to remote work (especially about definitions and the benefits and drawback of working remotely). In this section the Author wants to formulate the study questions.

Based on the analyzed literature, several study questions arise.

1. Which benefits of this form of work are most important to young remote workers?
2. Which disadvantages of remote work is most burdensome for young remote workers?
3. Whether the advantages and disadvantages of remote work described in the foreign source literature will be confirmed by a pilot study in Poland?

In order to respond to the above study questions, a pilot study was conducted in which the participation was voluntary. The Author prepared a survey questionnaire, which was addressed to remote workers aged between 18 and 30 (according to the assumptions). The study lasted two weeks during which period 100 respondents took part in it. The questionnaire was distributed online and shared mostly on student's forums. It should be clearly stated that it was only a pilot study.

The questionnaire consisted of two parts; the first part identified age and sex of respondents, the second one referred to the advantages and disadvantages of remote work. The results of the questionnaire relate to identified positive and negative characteristics of remote work.

Based on a review of literature, the Author has chosen 7 the most important advantages of remote work, which are:

- time saving on commuting to work,
- flexible working hours,
- less formal atmosphere,
- ability to have influence on a workplace (music, room temperature, furnishings),

- independence,
- the ability to work for people with disabilities or mothers bringing up children,
- absence of supervisor in the workplace.

Each respondent had to choose max. 3 the most important advantages from the list or add a category not mentioned above.

Similarly to the previous question, according to the literature, only 5 the most important disadvantages of remote work were selected (this amount is relatively fewer due to the fact that there is less disadvantages described in the literature). These are:

- social isolation,
- greater organization skills requirement,
- lack of participation in corporate culture,
- risk of losing professional contacts
- difficulty in separating home affairs from professional ones.

As previously, each respondent had to choose max. 3 the most important disadvantages from the list or add a category not mentioned above.

3.1. Characteristics of the research sample

The respondents are people aged 18 to 30 (according to the assumptions) who are remote workers. The distribution of participants in the study by sex and age is presented in the tables below (Table 1 and Table 2).

Table 1.

Sex distribution of the respondents

Sex	Number of respondents	Percentage (%)
Woman	68	68
Man	32	32
Total	100	100

Source: On the basis of surveys' results.

Table 2.

Age distribution of the respondents

Sex	Number of respondents	Percentage (%)
18-24 years	56	56
25-30 years	44	44
Total	100	100

Source: On the basis of surveys' results.

It is worth noting that 68% of respondents are women and only 32% are men, which could impact the results. A significant proportion of respondents (over ½) are over 18, but less than 25 years old. The Author may reveal that most of these respondents are between 23-24 years old.

3.2. Results

The results of the pilot study relate to advantages of remote work are as follows:

- flexible working hours 80%,
- time saving on commuting to work 56%,
- ability to have influence on a workplace (music, room temperature, furnishings),
- independence 28%,
- the ability to work for people with disabilities or mothers bringing up children 8%,
- absence of supervisor in the workplace 8%,
- other 8%,
- less formal atmosphere 4%.

Flexible working hours were included in the most popular benefits (80% of the respondents), as well as saving time for commuting (56% of the respondents). Nearly one third of the respondents pointed out ability to have influence on a workplace (music, room temperature, furnishings).

The absence of supervisor in the workplace and self-reliance was not much important as well as the ability to work for people with disabilities or mothers bringing up children. Only 4% of respondents mark less formal atmosphere which was the least importance for young workers in the case of remote work. Several people have pointed to other benefits including those coming from the possibility of their own rhythm of work, and also the lack of co-workers who can create distractions.

Owing to this it can be concluded that only the first 3 factors are important, the rest are marginal.

The results of the pilot study relate to disadvantages of remote work are as follows:

- difficulty in separating home affairs from professional ones 68%,
- social isolation 48%,
- greater organization skills requirement 44%,
- risk of losing professional contacts 20%,
- other 12%,
- lack of participation in corporate culture 4%.

The most common shortcomings of remote work are: difficulties in separating home affairs from professional ones (68% of respondents). Of comparative importance for young workers were social isolation (48% of respondents) and greater organization skills requirement (44% of respondents). The lack of participation in the corporate culture was the least importance for young workers.

Respondents were also given the opportunity to suggest their own response. For additional drawbacks, several respondents suggested difficulties in contact with co-workers, as well as a constant feeling of being at work and possible remorse during rest and recovery caused by the failure to perform all duties to the end.

4. Summary

The results of the pilot study confirm some of the main advantages of the remote work found in the literature: flexible working hours, saving time on commuting to work, ability to have influence on workplace (music, room temperature, furnishings). On the other hand, the main disadvantages include: difficulty in separating home affairs from the professional affairs, social isolation and greater organization skills requirement.

On the basis of the obtained results a conclusion can be drawn that providing flexible working hours in the case of office work to young workers should improve their work comfort and satisfaction. This is one of the main factors that would encourage people to agree for remote work. It seems that this is due to the changing lifestyle and attitude towards work.

Due to the choice of target group as young remote workers, only 8% of respondents chose as an advantage of remote work opportunities for people with disabilities or mothers bringing up children. This situation occurred even despite the fact that the study group consisted mostly of women. The Author claims that the results would look very different if they were performed on a group of people aged 30-50 years.

Studies do not show that self-reliance is significantly influences the desire to work remotely.

An interesting phenomenon is that in the age of social networking and extensive communication tools the second disadvantage of remote working for young remote workers is the risk of social isolation. This phenomenon is quite astonishing and may indicate that young people appreciate the face-to-face contact in the workplace, and also prefer to work together with their co-workers, even though there are countless tools to communicate remotely.

Although Author's conclusions are limited, they illustrate the young employee point of view on remote working.

Obviously, there is no way that at the present moment remote work would completely supplant traditional forms of work. However, this form of work should be seen as one of the many mechanisms developed to meet the demands of a modern working environment. And a large number of people interested in remote work should be the basis for drawing practical conclusions for employers.

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IDENTIFICATION OF FACTORS AFFECTING BUSINESS MODELS IN ENTERPRISES

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Abstract: This study attempts to identify business models in an international enterprise that affect the processes of management in Poland and Austria. The investigations are divided into three basic parts. The first part presents the concept of business models in terms of strategic management of enterprises. The investigations presented in the second part concern the development of business models according to the St. Gallen Business Model Navigator. The last part of the study presents the findings of empirical studies of two Polish and Austrian enterprises owned by one of the largest cement companies in the world. The aim of the study is to identify and evaluate the determinants of business models in an international enterprise. The research methods used to achieve this were a literature survey, descriptive analysis, trend analysis for profitability ratios and Pearson's linear correlation coefficient for descriptions of relations that occur among the indices studied. The research period was 2008-2013. The problem of identifying factors that affect business models in enterprises is important and topical, due to their influence on strategic management in cement sector enterprises.

Keywords: business model, decision-making in enterprises

1. Introduction

Business models, which represent a tool for strategic management in the enterprise, are of paramount importance, according to recent literature. Permanent changes in organizational environments cause “model travels”, and they transform the models into instruments of perspective management, which are difficult to copy. The identification of key determinants for enterprise development is becoming the basis for revitalizing previous enterprise business models. The aim of this paper is to identify and evaluate determinants of business models in an international enterprise that operates both in Poland and Austria. A literature survey was used to achieve this goal, supplemented with theoretical investigations and examinations based on selected profitability ratios.

2. Business model in strategic management of enterprises

Business models in the enterprise should be considered specific patterns that enable representation with a certain amount of simplification. They represent the method of enterprise management through modelling relationships that occur between markets of products, factors of production and generation of value for various groups of stakeholders (Zott, and Amit, 2010). According to C. Zott and R. Amit, searching for new business models should provide answers to the questions concerning an enterprise's activity, structure and principles of operation (Amit, and Zott, 2012).

A business model in the enterprise is defined as a set of components and relations that occur between these components (Nogalski, 2009) that are aimed at improving enterprise operations given the available resources while taking into account both exogenous and endogenous determinants (Nogalski, 2009). Therefore, a business model represents a system of activities that are connected, interrelated and affect the methods used for business activity and contacts with customers and partners (Amit, and Zott, 2012). This leads to the conclusion that business models are a method of the enterprise's operating in the market that is unique and ensures that the enterprise maintains a long-term competitive advantage through providing customers with added value viewed as meeting or even exceeding the expectations concerning the quality of products and/or services (Brdulak, 2011). J. Brzóska and D. Jelonek describe multiple reasons for the development of applicable theories and work associated with business models: the usefulness of the business model for the creation of the transparent concept of creating values and the creation of the business architecture, acquisition of instruments and ways of achieving competitive advantage, while also treating the business model as a medium of many types of innovations (Brzóska, and Jelonek, 2015). A business model should contain three key characteristics: consistency with the enterprise goals, self-reinforcing character and stability (Stachowicz-Stanush, and Sworowska, 2009). These characteristics of a business model help managers to create feedback and guarantee generation of the value spiral (Casadesus-Masanell, and Ricart, 2011).

According to the dynamic approach in management theory, business model means a static representation of the adopted strategy (Rudny, 2014) and a tool that presents the logics of enterprise operation in a specific domain. The decisions taken at both the operational and strategic level are reflected in economic processes of the analyzed enterprise. Maintaining high operational efficiency requires the selection of appropriate instruments of modern management (Łęgowik-Świącik et al., 2016). According to W. Chan Kim and R. Mauborgne, the development of a business model allows achievement and maintains increased value for the customer. However, there is a risk, which represents the effect of implementation of a business model into the concrete enterprise. It may be buffered through implementation of strategic components in the proper order, which is typical for the concept of "blue ocean strategy" (Chan

Kim, and Mauborgne, 2007). Fitting a business model to the enterprise must consider this strategy along with two other criteria: the ability to adapt to changes in the environment and the predictability of the environment (Stawiarska, 2015). This means that achieving a competitive advantage in a specific market must consider individual criteria for business model choices for the enterprise to adapt to changes that occur in the environment (Reeves et al., 2012). If changes in the environment occur very dynamically, and the enterprise's focus is on reduction of disturbances or adaptation, (Kordel, and Machnik-Słomka, 2015) this response from the enterprise causes the organizational gap to widen (Romanowska, 2010).

The development of market strategies should consider involving customers in the process of creating products or services (Gospodarek, 2013). The enterprises that rest their strategies of competitive advantage on innovation in organization, products, services, activities and resources are able to generate value adjusted to the individual customers' needs (De Wit, and Meyer, 2007). Taking innovative steps forces competitors to make decisions that maintain or achieve their competitive advantage under hypercompetitive conditions (Kotler, and Caslione, 2009). Realizing the objectives of the innovation strategy are to serve as models of management and coordination that generate new strategic business models used by strategy actors. These models should include public governance principles and include monitoring as an element of the learning system and the implementation of such a complex project as the innovation strategy (Knop, and Brzóska, 2017). The influence of business models on enterprise strategy (Parkhe et al., 2006) helps to achieve the synergy effect (Niemczyk, 2013), which consists of creating a system of interconnected and interdependent activities that affect the methods used for business operation and contacts with customers and partners (Amit, and Zott, 2012) to build market position (Lachiewicz, and Zakrzewska-Bielawska, 2012). It is worth emphasizing that knowledge about business models is considered to be a necessary strategic component that enables understanding of the phenomena that occur in the process of enterprise management.

3. Building the structure for business model development according to the St. Gallen Business Model Navigator

To form a structure for business model development, we employ the concept developed by researchers and scientists from the University of St. Gallen in Switzerland, termed the St. Gallen Business Model Navigator (Gassmann et al., 2013). Studies of business models conducted in this university found that nine in ten new models are created as a recombination of previous solutions. Furthermore, the authors of this concept proposed 55 various business models that can be used as a source of inspiration for developing a new model. An element that distinguishes the concept of the St. Gallen Business Model Navigator from other solutions in this field is that it is limited and simplified to four dimensions, represented by what is termed the "magic

triangle", illustrated in Figure 1. Four dimensions of the "magic triangle" are described through the structure of "Who-What-How-Value". The pillars of this structure are customers (Who?), value creation (What?), value chain (How?) and mechanism of achievement of the results (Value?).

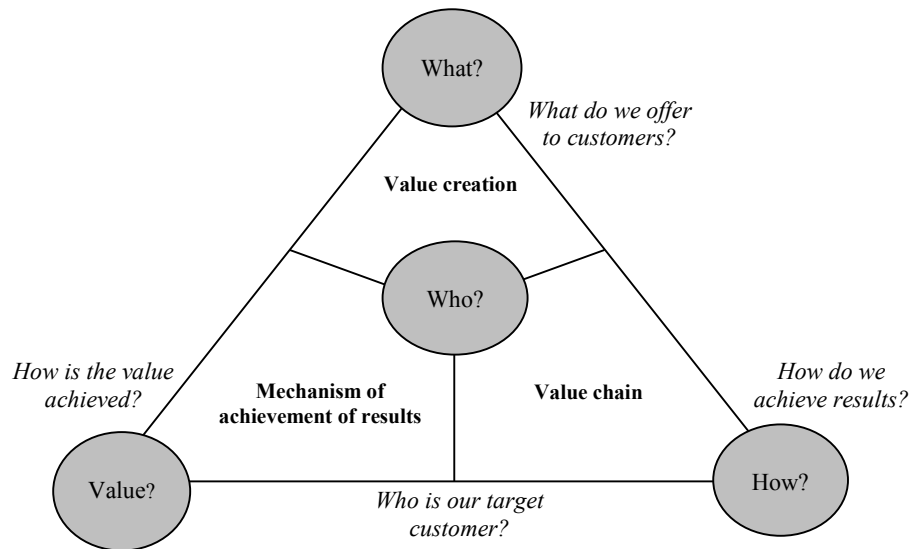


Figure 1. "Magic triangle" with four dimensions of the business model. Adapted from: *Geschäftsmodelle entwickeln: 55 innovative Konzepte mit dem St. Galler Business Model Navigator* by O. Gassmann, M. Csik, and K. Frankenberger, Copyright 2013 by Hanser, p. 6.

Business model development in accordance with the St. Gallen Business Model Navigator can be considered from the standpoint of the process and methodology. The process of model development is divided into the project and implementation phases. The project phase distinguishes between the stages of initiative, idea generation and integration. Analysis of the concepts indicates that the first stage includes activities that relate to thoroughly understanding the current business model, identification of its stakeholders and identifying the factors necessary for development of a new business model. In this phase, the current business model and its environment are analysed in detail (Brzostek, and Michna, 2015). The creators of this concept emphasized the choice of heterogeneous expert team members and the necessity of analysis at a level of abstraction that enables avoiding excessive details during the analysis of the problem. The problems connected with the business model are analysed using the structure of "Who-What-How-Value." With this framework, the weaknesses of current business model are often identified, providing the basis for developing further activities.

Another stage concerns creating ideas for business model development. Brainstorming is used for this purpose, which facilitates creating plans around developing potential business models. The principal criterion that orients activities at this stage is adopting the perspective of customer requirements. The St. Gallen Business Model Navigator authors indicate that it is helpful to use 55 example solutions for building business models as they will often help

implement innovative solutions for the current model. Making the business model decision represents the final part of this stage.

The next stage is integration, in which the new business model is formed and becomes coherent in both internal and external contexts. This means that the new model should show cohesion with both the internal requirements and the external environment of the enterprise. The internal cohesion means harmonious formation of the structure of "Who-What-How-Value", and the external cohesion refers to the attempts to fit the business model with the enterprise's environment. The focus of investigations at this stage concerns the analysis of opportunities for meeting the needs of individual stakeholders, finding adequate reactions to current trends and devising competitive conditions of enterprise operation.

After developing the initial business model project in the previous phase, the principal phase of business model development, or implementing the solutions, occurs. It represents a substantial challenge, which is justified by the complexity of resistance and the difficulties of implementing new solutions. These difficulties can be caused by factors such as the market environment, business partners or co-workers.

In the concept of the St. Gallen Business Model Navigator, after the business model has been developed, the methodology of activities is the second basic perspective used to analyse business model structure. One of the most important methodologies used in the initial stages of this activity is analysing the current business model to gain a more distant perspective. The goal of this analysis is to discover obstacles that point to changes in the business environment that prevent long-term success. Furthermore, it is not recommended to copy other business models. These "borrowed" business model solutions should be always considered from the viewpoint of how they relate to other models and how well they fit with opportunities present in the organization. However, the entities that are able to copy solutions from other sectors should implement those solutions.

4. Identification of business models in an international enterprise that operates in Poland and Austria

Empirical examinations were carried out in two cement enterprises in Poland (p_1) and Austria (p_2), which belong to an international cement company (Cemex) that operates in over fifty countries all over the world. Two-phase empirical examinations were carried out to identify the business models in these selected cement entities. In the first phase, the research method used profitability ratios presented in a logical series, which offered the point of reference for the analysis of the parameters that determined business models in the enterprises. The second phase involved calculating Pearson's linear correlation coefficients to determine the

strength and direction of correlations between selected parameters. The research period covered the years 2008-2014. The empirical data analysed in the study concerned:

- return on equity (ROE),
- return on assets (ROA),
- return on sales (ROS).

Empirical examinations focused on analysis of the level of involvement of assets and capitals for generation of profit. The focus of the study was on a logically organized set of rates of return that enabled the evaluation of economic process patterns to interpret the economic values analysed in the study in individual areas of the enterprises' operations.

Table 1.

Comparison of rates of return in enterprises p_1 , p_2 in 2008-2014

	p₁			p₂		
	ROE	ROA	ROS	ROE	ROA	ROS
2008	22.05	24.84	37.73	46.63	28.44	35.50
2009	28.59	28.16	41.65	49.70	34.84	39.32
2010	36.33	22.06	41.05	53.16	29.94	33.76
2011	31.42	17.66	38.31	39.94	24.69	31.54
2012	28.89	17.77	31.82	37.12	22.45	18.18
2013	27.86	16.74	30.78	36.09	21.42	27.15
2014	27.42	16.31	30.55	36.52	20.98	26.71

Note: author's own estimation.

The level of ROE in enterprises p_1 and p_2 was analogous. However, the return on equity in the enterprise p_2 (Austria) is greater than in enterprise p_1 , which reflects the decisions made about the enterprises' financial policy. Their returns on assets provide information about various managerial decisions of property management. The cement sector is characterized by limited opportunities of cost reduction, particularly with respect to fixed assets. A similar effect on the decline in profitability is observed in the use of factoring and set-off in the entities, which may cause information distortion about the market position of the enterprise.

Analysis of the enterprises' level of return on sales revealed information concerning the relations of net profit to net sales. It should be noted that the decision process of enterprise sales depends on, among other things, the product range structure, costs of manufacturing and the pricing and marketing policies across the entire corporation, not only in the enterprise headquarters. A strong decline in the level of return on sales was observed in Poland in 2012, caused by the completion of investments connected with organizing the Euro 2012 Championships. A decline in return on sales was also observed in Austria in this period, although it was not as substantial as in Poland.

The second phase of empirical examinations was based on the value of Pearson's linear correlation coefficient calculated for the enterprise p_1 . A strong correlation was observed between the return on equity and return on sales (see Table 1). A positive correlation is understood to mean that the increase in the return on equity was followed by the increase in the return on sales. The examinations demonstrated moderate correlations between return on equity

and return on assets and a strong correlation between return on equity and return on sales in the enterprise p_1 . This means that in the enterprise p_1 , the increase in return on sales is conducive to an increase in return on equity more than an increase in return on assets.

Analysis of correlations in the enterprise p_2 demonstrated a positive, very strong correlation between return on equity, return on sales and return on assets (see Table 2). This means that the increase in return on equity is accompanied by simultaneous increases in return on sales and return on assets. The correlations examined in the study were also supported by the significance test (at the level of $\alpha = 0.05$).

Table 2.

Correlations between factors that affect return on equity (ROE) in enterprises from the cement industry in 2008-2014 (between p_1, p_2)

Pearson's correlation coefficient between:	Return on equity (ROE)	
	p_1	p_2
Return on sales	0.70	0.96
Return on assets	0.56	0.97

Note: author's own calculations: statistically significant correlation at the 0.05 level of significance (at the 0.01 level of significance: Student's t-test).

Evaluation of enterprise p_1 's business model leads to the conclusion that its priority is maintaining its competitive position in the construction material market. The examinations revealed a strong positive correlation between return on sales and return on equity. A high share of return on equity in the total structure of liability ensures stability in the enterprise p_1 under variable external conditions. The enterprise p_1 implemented a quality (high price) policy, which is reflected in the rate of return. Building a strong competitive position in the enterprise p_1 is based on creating specific value for the customer through the quality of the products.

Analysis of the business model used in the enterprise p_2 shows that its priorities are both increasing its level of sales and increasing its strength of property management. The study revealed a strong positive correlation between return on sales and return on assets ($r = 0.97$), which can be understood to mean that the entity strives to strengthen the use of its assets to generate profits. The business model used in the enterprise p_2 is characterized by mutually adjusted and supplementing processes and activities aimed at achieving a competitive advantage in the cement market sector.

It should be emphasized that global decisions made in international corporations are often contrary to decisions made in a particular country as they do not account for economic tendencies or the scale of transfer between dependent entities and fiscal policy that has a direct effect on the level of return on sales in those entities.

5. Conclusions

The aim of this paper was to identify and evaluate determinants of business models in an international enterprise that operates in both Poland and Austria. Business models represent an instrument for supporting the choice between short-term and long-term decisions. They facilitate reductions in information complexity through selection of data, which can be used to evaluate opportunities for continuation and development of activities and avoiding threats. Implementing decision models in cement industry enterprises must consider such factors as the market segment of the enterprise's sector and instruments for strategy implementation. Business models in the cement industry enterprises also represent tools for achieving adopted goals. Their advantage is the primacy of the value created for the customer, which focuses the attention of managers on indicators that generate profitability of business activities in its specific market segment. This enables the achievement of a competitive advantage.

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WHY CAN METRICS OF MULTICHANNEL CONSUMER BEHAVIOUR BE USEFUL?

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Abstract: Multi-channel consumer behaviour has become an everyday reality. Increasing numbers of purchasing processes are carried out using more than one channel. However, there are no commonly used measures of multichannel consumer behaviour intensity. The article attempts to fill this gap – it proposes two primary indices for the intensity of multi-channel behaviours: in a specific purchasing process (MCA_IPI – in two variants) and for many purchasing processes (MCA_MPI). The last measure looks particularly promising as being a normalised to the 0-1 range index, and independent of the number of analysed channels as well as the separate stages of the purchasing process. Proposed measures have practical applications – they allow to segment the buyers regarding the intensity of multi-channel behaviours and to observe changes in the structure of channel use by buyers over the time.

Keywords: multichannel consumer behaviour, multi-channelling measurement, proposed multichannel behaviour measures, calculation formulae, simulation of values of proposed indices

1. Introduction

The virtualisation of the economy changed substantially the way consumers communicate with brands and make purchases (Maćik, 2016). The traditional purchase opportunities in physical retail formats (classic stores and non-web retail outlets) are complemented by online sales (also in various business models, including those based on mobile devices), as well as the telephone services (mainly in the form of push contacts initiated by the seller or info lines), thus using more than one channel in decision-making process is not only possible, but somewhat typical. Individual mentioned channels can fulfil consumer goals regarding sales and information in varying degrees. For example, the product manufacturer's website may indicate product characteristics and provide information where the product can be purchased (online and offline). Also, physical stores can report the online availability of the product, not allowing to make the transaction online (e.g. IKEA in most locations). So different channels are often

perceived as complementary rather than substitutional from consumer's point of view (Maçik, 2015).

Integration of standalone sales channels, e.g. through a physical store network, phone sales, internet sales, aims to follow customer expectations, but primarily leads to utilise the marketing resources better. The advantage of having a well-known brand, when the buyer can contact with through more than one channel (even in 2-3 channels at a time), should lead to maximising the conversion of a customer's contact with a business into actual transactions. While determining the level of multichannel behaviour of a consumer from a multichannel vendor's point of view is not formally more difficult with the use of internal data, capturing contact sequences across channels with different brands and sellers is still virtually unrealistic even with the usage of Big Data.

The goal of this paper is to discuss two propositions of multichannel consumer behaviour intensity metrics on particular consumer level: one considering different channel usage within particular shopping process, and the second one – across many shopping processes. There is not a goal in this case to analyse the level of multichannel activity from the seller side, nor the level of channel integration. Paper is the conceptual type, and illustrative examples are further provided to illustrate proposed metrics.

2. Channel definition and examples

Channel in a broader sense is defined as customer contact point or a medium through which the business and the customer interact (Neslin et al., 2006). The emphasis on the term “interact” reflects the exclusion of one-way communications, such as television advertising, and inclusion all contact points allowing for two-way communication (even asynchronous, like e-mail). Nota bene, such defined channels and one-way media taken together are called consumer touchpoints. This concept is less relevant from the paper goals point of view, as counting all touchpoints in consumer decision-making process.

The meaning of channel in a narrow sense includes contact points making possible to make sales, but not necessarily focusing on transactions only. Let's call them further “sales channels”. Such approach allows to differentiate between following channels (at least):

- offline channel (physical retail in different formats),
- traditional direct marketing channel (including personal sales, mail order or phone order),
- online channel (online sales, mainly via online stores or marketplace platforms),
- mobile channel (accessible via smartphones or tablets and mobile apps).

Optionally vending machines selling goods can be counted as another sales channel considered offline, but not involving human interactions during the sales process. So this is possible to analyse typically three to five sales channels.

After characterising channel concept, there is a need to define what consumer decision-making processes are multichannel ones. As a multichannel decision-making process, it can be considered such process where at least at one stage consumer uses more than one channel (at the same time or sequentially). Real life example of such process is searching the Internet or using the mobile app during a visit to a physical store when consumer goal is to gather relevant information about products compared before purchase. A number of stages in decision-making process considered is not particularly relevant in that case, but it is worth to note that purchase (transaction) is possible in one channel only for the individual decision-making process. Before the introduction of proposed metrics the desirable properties.

3. Desirable properties of the metric

Taking into account theoretical and practical considerations about desirable properties of metric the following requirements can be postulated. The excellent metric should be:

- Simple in calculation – based on easy computations and accessible data.
- Intuitive in interpretation – number and sign of calculated value should be easy to interpret, notably: the higher metric value, the better evaluation; and when negative numbers are admissible, the positive assessment should be for positive values, and negative assessment should come from low or negative metric value.
- Normed (within a specified range) – eg. $\langle 0; 1 \rangle$ $\langle -1; 1 \rangle$ $\langle 0; 100 \rangle$ for easy comparisons.
- Unequivocal (leaving no doubt) – having established reference values (even empirically assessed for industry or context).
- Not sensitive for cultural differences/social norms/answering habits – mainly when data come from questionnaire responses.

Last two properties are harder to fulfil, and even established indicators like for instance the Net Promoter Score metric, are not easily comparable across cultures (Seth et al., 2016). Taking into account mentioned properties of the metrics, two propositions are made in the next part of the paper, including considerations about data sources used for calculations.

4. Data sources used to assess multichannel consumer behaviour

In particular decision-making process common data sources for calculation of proposed later metrics are: self-descriptions of decision-making processes (in retrospection, more or less free responses about buying particular things, requiring coding of the text), and adequately modified purchase diaries (when consumer notes the number and time of the contacts with analysed channels on the specified decision-making processes).

When we want to assess multichannel activities across different decision-making processes most useful are mentioned modified purchase diaries, surveys and (partly) transactional data. It is worth to note that only in case of some services (mostly bought on a subscription basis) internal records of for instance contacts with a service provider are complete. Otherwise, for most purchases not done on a routine basis, even merged behavioural data from many Big data sources may be still inaccurate.

5. Multichannel behaviour metric in particular decision-making process

The most straightforward way to assess the level of multichannel behaviour at the individual level of the particular decision-making process is to count a number of used channels, as the sum of distinct channels used by consumer across considered stages of consumer decision-making process, and express it as the percentage of channels available in the particular situation. This allows to overcome the significant disadvantage of using metric not scaled as a percentage: using the sum of channels used makes comparisons meaningful only for the same number of analysed channels. Expressing the metric as a percentage of the number of used channels to the numbers of channels available to the consumer makes the metric not sensitive to a different number of channels in the analysis, and comparable. Unfortunately there exist still another disadvantage of such measure: it does not allow to point which stages of the process are in reality performed in a multichannel way. To overcome this disadvantage, separate metrics for each considered stage should be used.

Considering advantages and disadvantages of mentioned simple measures, and to avoid too small “resolution” of the measurement – when it is possible to obtain very often result on the level 100% for the whole decision-making process, following proposal (let’s call it later the Proposal 1) is made. The metric for multichannel activity of the particular decision-making process: metric should be calculated as simple average of the number of channels used on each stage of assessed decision-making process, expressed in percentages, where 100% is the maximum possible number of channels to use (that means the product of number of channels in analysis and number of stages distinguished in decision-making process). This leads to two

formulas for calculate metric under Proposal 1 (let's call this metric the Multi-Channel Activity in Individual Process Index – MCA_IPI): direct one – as single measure for the whole decision-making process (1), and indirect – as average of partial metrics for particular decision-making process stages considered (2):

$$MCA_IPI = \frac{\sum_{i=1}^n c_i}{n \cdot c} \cdot 100\% \quad (1)$$

$$MCA_IPI = \frac{\sum_{i=1}^n \left(\frac{c_i}{c} \cdot 100\% \right)}{n} \quad (2)$$

where:

k – number of considered stages in decision-making process,

c_i – number of channels used at particular stage of decision-making process,

c – number of channels available to the consumer.

Numerically the results are identical, the latter approach making possible the assessment of the multichannel activity of separate stages in the process. Example of calculation and assessment under Proposal 1 is provided in Table 1.

Table 1.

Example of calculations for MCA_IPI metric under Proposal 1

Stage of decision-making process	Channel usage:				Calculations:		
	offline	phone	online	mobile	c_i	c	$\frac{c_i}{c} \cdot 100\%$
Problem recognition	YES				1	4	25%
Information search	YES		YES	YES	3	4	75%
Alternative evaluation	YES		YES		2	4	50%
Purchase			YES		1	4	25%
Payment			YES		1	4	25%
Delivery status check		YES		YES	2	4	50%
Post-purchase behaviour				YES	1	4	25%
				Σ	11	28	N/A
				Average	1,57	N/A	39,29%
				MCA_IPI value	(11/28)·100% = 39,29%		

Note: Own calculation on the base of exemplary data.

In working example presented in Table 1, the average number of channels used across decision-making process is 1,57 (where the possible minimum is one – for the process in single channel only, and maximum – four – for highest multichannel activity involving the use of all channels in all stages of consumer decision-making process. This leads to MCA_IPI metric value on the level of about 40% – somewhat low. Simple counting the number of the distinct channels used in relation to available gives a result equal 100%, as each channel has been used at least once in the described decision-making process. Comparing values makes visible the advantage of the proposed metric over the simple approach, as not all possibilities to use considered channels were utilised, as simple measure suggests. Although, single channel

processes will get the MCA_IPI metric on the level of $(1/n) \cdot 100\%$, for instance, 25% for four channels available and 33% for three channels. Getting different results in mentioned cases is a disadvantage of the proposed metric, but this reflects the proportion of channel used to available and is computationally correct.

6. Multichannel behaviour metric in particular decision-making process

As for different product categories and situations, the actual multichannel activity level may vary, the metric that resembles variability in channel usage by the particular consumer for given period should be useful to assess the average level of multichannel activity and changes of the measure over the time. To construct metric, several approaches can be used, from straightforward averaging metrics computed for individual decision-making processes, through some formulas that include the coefficient of variation of a number of contacts in channels under consideration over selected period. Using average is simple, but in many cases not practical, mainly when we want to compare situations with a varying number of analysed channels. Also, direct usage of the coefficient of variation (V) calculated from numbers of contacts in each channel over particular time is far from ideal because it gives reversed values of metric – higher values are obtained for low multi-channel activity. Obtained values are also not comparable to a different number of channels (e.g. the same number obtained for three channels has a different meaning than for four channels), so there is a need to find a proper scaling factor. One of the possibilities is to use the metric normed to the range of $\langle 0; 1 \rangle$ with scaling factor as a square root of a number of channels available to the consumer (Proposal 2 – formula (3), called Multi-Channel Activity in Many Processes Index (MCA_MPI)):

$$MCA_MPI = \frac{\sqrt{k}-V}{\sqrt{k}} = \frac{\sqrt{k}-\frac{SD}{|M|}}{\sqrt{k}} \quad (3)$$

where:

k – number of channels available to the consumer (typically 3-5),

V – coefficient of variation of contacts/transactions in analysed channels,

M – mean of contacts/transactions in analysed channels,

SD – standard deviation of contacts/transactions in analysed channels.

Exemplary calculations of MCA_MPI metric are shown in Table 2 for several cases.

Table 2.*Example of calculations for MCA_MPI metric under Proposal 2*

a) For four channels

Case id	Number of contacts in channel				Measures			MCA_MPI value
	offline	phone	online	mobile	M	SD	V	
1	5	3	10	1	4,75	3,86	0,81	0,59
2	5	5	5	5	5,00	0,00	0,00	1,00
3	3	3	3	3	3,00	0,00	0,00	1,00
4	0	0	5	2	1,75	2,36	1,35	0,32
5	0	0	10	4	3,50	4,73	1,35	0,32
6	5	0	5	0	2,50	2,89	1,15	0,42
7	10	0	10	0	5,00	5,77	1,15	0,42
8	20	2	5	0	6,75	9,07	1,34	0,33
9	20	5	20	10	13,75	7,50	0,55	0,73
10	5	0	25	15	11,25	11,09	0,99	0,51
11	0	0	15	0	3,75	7,50	2,00	0,00
12	0	0	30	0	7,50	15,00	2,00	0,00
13	0	0	1	0	0,25	0,50	2,00	0,00
14	5	5	4	5	4,75	0,50	0,11	0,95

Note: Own calculation on the base of exemplary data.

b) For three channels

Case id	Number of contacts in channel			Measures			MCA_MPI value
	offline	phone	online	M	SD	V	
1	5	3	10	6,00	3,61	0,60	0,65
2	5	5	5	5,00	0,00	0,00	1,00
3	3	3	3	3,00	0,00	0,00	1,00
4	5	0	0	1,67	2,89	1,73	0,00
5	10	0	0	3,33	5,77	1,73	0,00
6	5	0	5	3,33	2,89	0,87	0,50
7	10	0	10	6,67	5,77	0,87	0,50
8	20	2	5	9,00	9,64	1,07	0,38
9	20	5	20	15,00	8,66	0,58	0,67
10	5	0	25	10,00	13,23	1,32	0,24
11	0	0	15	5,00	8,66	1,73	0,00
12	0	0	30	10,00	17,32	1,73	0,00
13	0	0	1	0,33	0,58	1,73	0,00
14	5	5	4	4,67	0,58	0,12	0,93

Note: Own calculation on the base of exemplary data. M – arithmetic mean from the row, SD – standard deviation, V – coefficient of variation.

Main Advantage of this proposal is being computationally simple, having an intuitive interpretation, normed and also not sensitive per se for cultural differences.

MCA_MPI metric is normed to be within 0 and 1. Value 0 means that the consumer uses only one channel from those available for him/her. Similarly, value 1 means that all channels are used with the same intensity. The same value of MCA_MPI can be obtained from different number of contacts – see cases number 4-5 and 6-7 from Table 2 part a), and 6-7 from Table 2 part b), so proposed measure is not related to general intensity of contacts made, but reflects the relations between number of channels used and differences between intensity of usage within the set of used channels. This is desired property of proposed measure (MCA_MPI).

Although some potential problems with this metric arise, including the possibility of misinterpretation of obtained value with the proportion of channels used to channels available (both indices look similar), and also the number of channels being non-linear scaling factor for proposed metric.

7. Multichannel behaviour metric in particular decision-making process

Although data used to calculate both proposed metrics are not always readily available, both proposals of consumer multichannel activity assessment have clear managerial implications. As being simple measures, proposed metrics can be included within managerial dashboards (Kumar et al., 2013; in this case averaged MCA_MPI calculated on the base of internal data seems to be useful).

Easy segmentation of the consumer is also another available option, regarding their pattern of multichannel behaviour used to help to manage particular channels. Changes over the time to indicate channel usage changes can be observed on general, segment and individual level – in last case the metrics can be included in customer relationships management rules as the events requiring individualised contacts and offers to stimulate channel migration and retention.

8. Conclusion and further research

Two metrics have been proposed in the text to assess the level of multi-channel purchasing behaviour of consumers in two different situations (single decision-making process and many processes over a specified period). The choice of the appropriate mathematical formulas for the metric that synthesises the multi-channel nature of many consumer decision-making processes in a particular period remains still open. The proposed formula for calculating the potentially desirable metric (MCA_MPI), normed within range of 0 to 1, where the value obtained is independent of the number of channels in the analysis and number of contacts or transactions in the analysed period seems to be promising. The next stage of research is to go from methodological considerations to the practical applications of the proposed solutions based on the data of the author's research and obtained secondary information, including observation of changes of MCA_MPI metric value over the time for the same consumer.

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THE INFLUENCE OF TOURISM INFRASTRUCTURE ON THE VOLUME OF TOURISM

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Abstract: This article concentrates on the influence of logistic tourism infrastructure on the volume of tourism. Accordingly, the goal of the paper is to identify the elements of the logistic tourism infrastructure that significantly impact the number of arrivals at tourist accommodation establishments. The analysis was based on panel data for select European countries.

Keywords: tourism, tourism infrastructure, logistics, econometric modelling

Introduction

Tourism is a dynamically developing sector of the economy. The implementation of policies and practices aimed at increasing tourism plays an important role in the economic development of regions and countries (Dźwigoł-Barosz, 2015, p. 10). Tourism impacts the socio-economic development of regions and countries (Szpilko, 2017, p. 688) in many ways, such as the following (Hazari, and Lin, 2011, p. 30):

- increased tourism raises the relative price of non-traded goods,
- an increase in tourism necessarily immiserates the poor but improves the welfare of the rich.

Tourism is also an important factor in increasing economic competitiveness, as it stimulates the relationships between local business entities and companies who do business with those entities and other places of tourist interest (Skowron-Grabowska, and Tozser, 2016, p. 182). In this way, it also leads to increased investments in public utility facilities and transport infrastructure (Ursache, 2015, p. 131-132). Local policy and strategy are also somewhat shaped through the development of tourism (Hăcia, 2014, p. 2334-2337; Kopeć, and Poniewski, 2015, p. 175). Nor should we forget about the influence of tourism on the environment, which can be either positive or negative (Stefănică, and Butnaru, 2015, p. 595-596). The subject literature increasingly draws attention to the relationship of tourism and the

sustainable development of the environment (Szymańska, 2014, p. 6201-6203; Mihalic, 2014, p. 1-2; Amir, Ghapar, Jamal, and Ahmad, 2015, p. 116; Hashim, Latif, Merican, and Zamhury, 2015, p. 51), which results in the emergence of so-called green or eco-tourism (Kilipiris, and Zardava, 2012, p. 46-47; Setyaningsih, Iswati, Yuliani, Nuryanti, Prayitno, and Sarwadi, 2015, p. 109-110).

Although cultural heritage and resources are central to the concept of tourism (Stratan, Perciun, and Gribincea, 2015, p. 116-117; Bodosca, and Diaconescu, 2015, p. 231), it seems equally reasonable to factor in the infrastructural conditions of the destination and events (Higgins-Desbiolles, 2018, p. 73), which can dramatically improve the quality of stay. It is clear that tourism involves changing the place of residence to satisfy both cultural and business needs (Pabian, 2015, p. 8). Other significant factors of tourism include positive economic effects, an increased number of visitors and accommodations, and growing income from the sector, but tourism also affects the living conditions of the local people and other tourists (Bujdosó, Dávid, Tózsér, Kovács, Major-Kathi, Uakhitova, Katona, and Vasvári, 2015, p. 313-314). This stems from the fact that the tourism industry is understood as a production of goods, typically touristic, which are connected with accommodation, catering, recreational services (Wiktorowska-Jasik, 2010, p. 161), and consumption. The industry occurs simultaneously in the place of demand and the production of services (Szajt, 2013, p. 177).

The tourism infrastructure embraces the suite of objects and facilities with which a given area is equipped to cater to the needs of tourist flows. Namely, this is the infrastructure connected with communication, accommodation, catering and related services (Wyrzykowski, 2010, p. 34). In this way, tourism infrastructure ensures the realization of tourist services such as accommodation, catering, transportation, and other related services (Grad, Sawicki, Ferensztajn-Galardos, and Krajewska, 2014, p. 2171). Considering that this infrastructure ensures the provision of well-designed tourism products and attention paid to the quality of transportation and accommodation needs, the implementation of logistics into the management of tourist movements seems all the more advisable. Logistics should ensure the efficiency of infrastructure flow and reduce related costs. The tourist-client, on the other hand, looks for a product of proper quality at a good price. In this context, we can speak of the logistics of tourist infrastructure, which when properly shaped should translate into an increase in tourist potential, including the volume of tourism. Therefore, the goal of this article is to identify the elements of tourist infrastructure that influence the scale of tourism.

1. The importance of logistics in the development of tourist infrastructure

Tourism infrastructure is an important element of logistics in the tourism space (Ngamsirijit, 2017, p. 43) because of the role of logistics with respect to (Rzeczyński, 2003, p. 12):

1. placing tourist infrastructure in the cultural space of the site,
2. consumption of tourism services governed by their economic, infrastructural and transport accessibility.

Tourists have defined requirements and expectations concerning the places they intend to visit (Nuraeni, Arru, and Novani, 2015, p. 313). These requirements and expectations are connected not only with such characteristics of their destination as culture, art, history and terrain shape but also with facilities for transportation, accommodation and catering (Stawiarska, 2017, p. 116). Logistics in tourism means using an innovative tool for managing the infrastructure and superstructure of tourism that yields tangible benefits in the production and consumption of its services (Rzeczyński, 2003, p. 9) Tourism logistics are utilized mainly in:

- customer service (Wolska, and Hawlena, 2014, p. 6778-6786), which is called customer logistics (Kadłubek, 2011, p. 159),
- reduction of negative environmental impact,
- ensuring proper transport and accommodation infrastructure.

Infrastructural aspects shape the development of tourism because they are directly connected with satisfying the needs of tourists. That is why an analysis of the influence of tourist infrastructure on the volume of tourism seems reasonable.

2. Analysis of the relationship between the volume of tourism and selected elements of logistic tourist infrastructure in chosen European countries

The analysis focused on the variables characterizing logistic tourist infrastructure in Europe. The following set of variables are defined for the analysis:

1. Response variable:

$X1$ – Number of arrivals at tourist accommodation establishments,

2. Explanatory variables:

$X2$ – Number of establishments, bedrooms and bed-places (Hotels; holiday and other short-stay accommodation; campgrounds, recreational vehicle parks and trailer parks),

$X3$ – Full/part-time employed persons (in thousands),

$X4$ – Length of motorways (kilometre),

$X5$ – Number of airports (with more than 15,000 passenger movements per year),

$X6$ – Number of hospital beds.

The data come from the Eurostat, the statistical office of the European Union, pertain to the years 2008-2015 and concern the following chosen European countries: Belgium, Bulgaria, Czech Republic, Denmark, Germany (until 1990 former territory of the FRG), Estonia, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden. A selection of variables and countries for the analysis was dictated by the availability of relevant data. An analysis of the influence of explanatory variables on individual response variables was done through panel models. The analysis presents the single equation models describing the relationship between number of arrivals at tourist accommodation establishments and other variables.

$$X1_{it} = \alpha_{i1} + \alpha_1 X2_{it} + \alpha_2 X3_{it} + \alpha_3 X4_{it} + \alpha_4 X5_{it} + \alpha_5 X6_{it}$$

In the first stage of the analysis, the parameters of the model were estimated on the basis of OLS. Table 1 shows the results of the estimation.

Table 1.

OLS estimation and verification results of the models for response variable $X1$

Variable*	Parameter estimate	Standard error	Student's t statistics	Significance level p
const	-2.23685e+06	746674	-2.9958	0.00309
$X2$	239.134	21.6762	11.0321	<0.00001
$X4$	5661.48	275.331	20.5625	<0.00001
$X5$	252882	43470.6	5.8173	<0.00001
$X6$	77.1726	6.32938	12.1927	<0.00001

mean of dependent variable 29225532 standard deviation of dependent variable 42776553
 residual sum of squares 1.34e+16 standard error of residual 8294425
 determination coefficient R^2 0.963158 adjusted R^2 0.962402
 F (4, 195) 1274.470 significance level p for F test 1.6e-138
 Log likelihood -3467.475 Akaike criterion 6944.950
 Schwarz criterion 6961.441 Hannan-Quinn criterion 6951.623
 residual autocorrelation - rho1 0.983044 DW statistic 0.171086

*After the elimination of statistically insignificant variables.

Note: Own calculation in GRETL – an econometric software package.

The applicability of OLS was confirmed by Breusch-Pagan, Hausman, and total significance of group mean differences tests. The decision whether to reject or support the null hypothesis is made on the basis of the level of significance (p parameter). The results of the tests for the model are presented in table 2.

Table 2.*Results of statistic tests for estimated models*

Explained variable of model	Breusch-Pagan test statistic		Hausman test statistic		Significance of group mean differences	
	<i>LM</i>	<i>p</i>	<i>H</i>	<i>p</i>	<i>F</i>	<i>p</i>
<i>XI</i>	243.072	8.41356e-055	179.37	1,018e-037	64.5768	5.5338e-073

Note: Own calculation in GRETL – an econometric software package.

Analyzing the results, we can conclude that the OLS estimation is not appropriate for the model with the *XI* explanatory variable. A fixed-effects model should be used for model parameters estimation. Table 3 shows the estimation of the *XI* response variable model after adding the fixed effect.

Table 3.*Estimation results of the model with fixed effects for response variable XI*

Variable	Parameter estimate	Standard error	Student's <i>t</i> statistics	Significance level <i>p</i>
const	2.40752e+07	8.8564e+06	2.7184	0.00724
<i>X2</i>	79.758	25.3254	3.1493	0.00193
<i>X3</i>	5592.1	665.58	8.4019	<0.00001
<i>X4</i>	10095	1201.69	8.4007	<0.00001
<i>X5</i>	-83518.2	23344.6	-3.5776	0.00045
<i>X6</i>	-639.207	49.9509	-12.7967	<0.00001

mean of dependent variable 29225532 standard deviation of dependent variable 42776553

residual sum of squares 9.42e+14 standard error of residual 2353916

LSDV R^2 0.997413 Within R^2 0.713468

LSDV $F(29, 170)$ 2260.267 significance level *p* for F test 1.7e-204

Log likelihood -3201.854 Akaike criterion 6463.708

Schwarz criterion 6562.658 Hannan-Quinn criterion 6503.751

residual autocorrelation - rho1 0.338001 DW statistic 1.192380

Joint test on named regressors

Test statistic: $F(5, 170) = 84.6603$

p value = $P(F(5, 170) > 84.6603) = 2.64756e-044$

Test for differing group intercepts

Null hypothesis: The groups have a common intercept

Test statistic: $F(24, 170) = 93.0631$

p value = $P(F(24, 170) > 93.0631) = 6.53726e-085$

Note: Own calculation in GRETL – an econometric software package.

Modelling based on panel data suffers from the non-stationary elimination problem (Szajt, 2010), which is why four tests on the order of integration of analyzed variables were carried out: Levin, Lin & Chu (LLC), Im, Pesaran and Shin (IPS), ADF and PP. The results are shown in table 4.

Table 4.
Results of unit root tests for given variables

Variable	Method	Order of integration $X_t-I(0)$		Order of integration $X_t-I(1)$	
		Statistic	p	Statistic	p
$X1$	Levin, Lin & Chu t^*	-3.02593	0.0012	-3.02593	0.0012
	Im, Pesaran and Shin W-stat	3.28021	0.9995	3.28021	0.9995
	ADF - Fisher Chi-square	30.0590	0.9886	30.0590	0.9886
	PP - Fisher Chi-square	10.2181	1.0000	10.2181	1.0000
$X2$	Levin, Lin & Chu t^*	-1.13386	0.1284	-10.8847	0.0000
	Im, Pesaran and Shin W-stat	2.99989	0.9986	-0.87873	0.1898
	ADF - Fisher Chi-square	19.4408	1.0000	60.7703	0.1415
	PP - Fisher Chi-square	53.2623	0.3498	99.6802	0.0000
$X3$	Levin, Lin & Chu t^*	-11.4279	0.0000	-15.8046	0.0000
	Im, Pesaran and Shin W-stat	-1.53422	0.0625	-5.27215	0.0000
	ADF - Fisher Chi-square	79.0068	0.0055	119.045	0.0000
	PP - Fisher Chi-square	86.1032	0.0011	115.442	0.0000
$X4$	Levin, Lin & Chu t^*	1.91312	0.9721	-18.2003	0.0000
	Im, Pesaran and Shin W-stat	1.69689	0.9551	-3.01019	0.0013
	ADF - Fisher Chi-square	29.2203	0.7810	63.4584	0.0032
	PP - Fisher Chi-square	53.0292	0.0334	155.042	0.0000
$X5$	Levin, Lin & Chu t^*	-3.00515	0.0013	-25.3553	0.0000
	Im, Pesaran and Shin W-stat	0.86844	0.8074	-3.92422	0.0000
	ADF - Fisher Chi-square	23.1112	0.9211	44.8078	0.0061
	PP - Fisher Chi-square	37.7726	0.3009	95.7545	0.0000
$X6$	Levin, Lin & Chu t^*	-8.05379	0.0000	-32.5547	0.0000
	Im, Pesaran and Shin W-stat	0.14582	0.5580	-8.30565	0.0000
	ADF - Fisher Chi-square	56.0321	0.2589	128.123	0.0000
	PP - Fisher Chi-square	65.8613	0.0656	127.798	0.0000

Source: Own calculation in Eviews – an econometric software package

The LLC test shows that the majority of analyzed variables are stationary, with the exception of $X2$ and $X4$. However, the strongest IPS test reveals a potential existence of unit roots, so we can assume that the variables have an integration of order 1. Order 1 integration is also confirmed by majority of tests. That is why we assumed a common order of integration for all variables and tested the existence of cointegration in the given models. The results of these tests are shown in table 5.

Table 5.
Results of cointegration tests in given models

Model	Test	Statistic	p
Response variable: $X1$, explanatory variables: $X2, X3, X4, X5, X6$	Kao Residual Cointegration Test (No deterministic trend) Null Hypothesis: No cointegration	-6.676159	0.0000

Note: Own calculation in Eviews – an econometric software.

In the case of the $X1$ response variable model, the hypothesis about the lack of cointegration should be rejected. It can be assumed that cointegration exists in the analyzed set of variables. Therefore, an error correction model was proposed, and the results of the estimation are listed in table 6. The OLS method was used to estimate the cointegrating equation parameters (Table 1).

Table 6.
Error correction model for $X1$ response variable.

Variable*	Parameter estimate	Standard error	Student's t statistics	Significance level p
const	680038	182096	3.7345	0.00026
d_X2	85.5913	35.7789	2.3922	0.01784
d_X3	6005	923.16	6.5048	<0.00001
d_X5	-38400.9	20034.5	-1.9167	0.05696
d_X6	-272.856	87.2758	-3.1264	0.00208
Ecm_1	-0.0709889	0.0220057	-3.2259	0.00151
mean of dependent variable 913584.4 standard deviation of dependent variable 2449157 residual sum of squares 7.87e+14 standard error of residual 2157300 determination coefficient R^2 0.246427 adjusted R^2 0.224132 F (4, 169) 11.05300 significance level p for F test 3.19e-09 Log likelihood -2797.526 Akaike criterion 5607.052 Schwarz criterion 5626.041 Hannan-Quinn criterion 5614.754 residual autocorrelation - rho1 0.101079 DW statistic 1.627829				

*After the elimination of statistically insignificant variables.

Source: Own calculation in GRETl – a n econometric software package.

It was assumed that the endogenous variable is influenced by three variables determining the level of tourist infrastructure: $X2$, $X3$, $X5$, $X6$ (variables $X4$ turned out to be statistically insignificant). Therefore, it can be concluded that the increase in arrivals at tourist accommodation establishments depends on the number of establishments, bedrooms and bed-places, number of full/part-time employed persons, number of airports and number of hospital beds. Some specific data includes:

- the growth in the number of establishments, bedrooms and bed-places by a unit results in an increase in arrivals at tourist accommodation establishments averagely by 86,
- growth in the number of full/part-time employed persons by one thousand brings an increase in arrivals at tourist accommodation establishments averagely by 6005,
- growth in the number of airports by one brings an decrease in arrivals at tourist accommodation establishments averagely by 38400,
- growth in the number of hospital beds by a unit causes a decrease in arrivals at tourist accommodation establishments averagely by 273.

In the case of the approximated error correction model, the mechanism of imbalances correction is effective and can return to the previous trajectory of dynamic equilibrium.

3. Conclusions

The main goal of logistics is to shape all types of cost effective and quality aspects in a system, including tourism. The tourism infrastructure is an important element of both tourism and logistics, as it ensures a continuous and effective flow of resources. Therefore, the development of tourism infrastructure logistics should impact the volume of tourism in a positive way. It is assumed that the tourism infrastructure consists of such elements as the

number of establishments, full/part-time employed persons, length of motorways, number of airports and number of hospital beds. It has also been proven that the number of arrivals at tourist accommodation establishments is only influenced by the number of establishments, full/part-time employed persons, the number of airports and the number of hospital beds. This tells us that tourists have a greater interest in the quality of accommodation than in the quality of road transportation, which means that the journey to the destination is a matter of secondary importance. This is in line with the assumption that tourists choose their destinations for their cultural merits and, therefore, the issues of transportation seem less important. As the stay at the destination is longer than the journey there, the accommodation quality is held to a higher standard. In terms of logistics, it is longer stays that generate difficult problems to solve, especially as it creates the demands on infrastructure for long-term accommodation and catering, as well as proper emergency care and cultural facilities. In light of the above, the systematic approach of logistics should support tourism through ensuring the correct infrastructure, not only in the material sense but also in the context of effective flow of all tourism resources.

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PUBLIC-SOCIAL PARTNERSHIP: AN ANALYSIS OF INSTITUTIONAL CAPACITY OF LOCAL GOVERNMENT UNITS IN POLAND

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Abstract: The article reflects upon the concept of public-social partnership. Developments within the public sector, in particular shared public management and the aim to initiate civic and civic association activities associated with it, is the background of these considerations. Based on them, partnership is identified as a form of collaboration between the administration and non-government organisations featuring attributes that facilitate reinforcement of competences and performance of public sector operations. It is also connected to the concept of institutional capacity and development of Polish local government units. The primary objective of the article is to assess the functioning of Polish local government units in the area of public-social partnership as well as to analyse its importance to the development of their institutional capacity. The Institutional Development Planning method has been used to accomplish the objective.

Keywords: public-social partnership, shared public management, institutional capacity

1. Introduction

The problem of public-social partnership, interpreted as a model of relations between the state and the social sector¹, has become the subject of extensive literature and research work. It is in line with extensive deliberations on the collaboration between the two sectors as well as developments and modernisation in the area of public management. The search for ways of inclusion of the third sector in the accomplishment of public tasks can also be seen on a practical level. In this content, the analysis primarily focuses on the principles and forms of that collaboration, but it also focuses on the weaknesses and challenges accompanying the process (Makowski, 2011; Pacut, and Pokora, 2015). This study primarily complements the first of the indicated areas of investigations. The most essential question posed by the author is that relating to the scope of implementation of public-social partnerships and its importance

¹ In the article, the terms social sector, non-governmental organisations and third sector organisations are used interchangeably.

to the development of the institutional capacity of local government units in Poland. The attempt to answer is not the primary goal of the article. Theoretical considerations for its execution have been supplemented with the results of empirical research demonstrating the level of institutional development of Polish local government units (LGU's) in the area of public-social partnership. The article consists of five parts. The first part discusses premises and conditions determining the new framework of collaboration between the local government and non-governmental organisations. Then, the focus was on the problem of public-social partnership as a formula within which the above-mentioned collaboration is carried out. The third part is devoted to the partnership as a element method of institutional development planning (IDP). The fourth part presents the results of the analyses carried out applying the IDP method to local government units in the years 2014-2015. The last, i.e. the fifth part of the article, is a summary.

2. Conditions of collaboration between the local government and non-governmental organisations

2.1. Premises for collaboration between the local government and non-governmental organisations

Focus on the problem of cooperation and inclusion of non-governmental organisations in public sector operations is discussed in the source literature in the context of socio-economic processes relating to both the government and the social sector². With regard to the latter, the argument concerning isomorphication of the sectors and social organisations taking over tasks traditionally assigned to the state and primarily involving provision of public services is quoted especially frequently. At the same time, concepts exposing the value of joint action, of the pursuit of synergy, resulting from combining different resources and competences, are becoming more and more important. Conditions of the functioning of non-governmental organisations are also marked by the endeavours to professionalise, to verify the results of the action, and to assess social impact. Economisation, interpreted as the undertaking of economic activities and participation in the market by means of selling goods and services (Chomiuk, and Starnawska, 2016; Wygnański, 2008), is a clear direction of the changes within the civil sector. It ought to be noted that on the one hand those changes are dictated by the search for long-term development and pursuit of non-governmental organisations' independence from the subsidy system of financing. On the other hand, they derive from recognition of their

² Given the topic of the article and the author's focus on the institutional capacity of LGU's, the section covering conditions of collaboration between the local government and non-governmental organisations primarily discusses developments in the context of the functioning of the public sector. However, the author lists the factors and trends on the part of non-governmental organisations that affect evolution of the relationship between the two sectors.

potential in initiating socially important projects and complementing state deficits in response to social problems and needs. As a result, we can observe a new type of relationships emerging between non-governmental organisations and the administration. S. Mazur characterises them by considering non-governmental organisations as partners that can play an important role in the provision of public services, particularly in enhancing the efficiency and effectiveness of their provision, and by changing the existing model of financing non-governmental organisations from the subsidy system towards contracting that involves outsourcing of public tasks, but also evaluation of the quality of their implementation (Mazur, 2015b), subject to the fact that those new trends are also a consequence of modernisation processes within the administration which may in general be related to (Szczerki, 2004):

- a) creation of transparent and open structures of the state, involving citizens in governance processes,
- b) ensuring sovereignty while allowing for the interdependence between states which occurs both with regard to political process and the flow of resources,
- c) redefining the rules of social justice in the context of aging societies and increasing expectations as to the scope of the services provided by the state,
- d) maintaining civic order affected by increasing social inequalities and a low level of law enforcement.

In the context of this article, developments on the local government level are especially worth noting. The source literature categorises them in relation to the changes in the political sphere as well as applied methods of managing public affairs (Vetter, and Kersting, 2003, p. 13). The first of the groups is particularly characterised civic involvement in management, while the other is characterised by the pursuit of greater efficiency and effectiveness. This division corresponds to the typology adopted by S. Mazur, in which the first group of reforms is deemed to be the Shared Public Management, while the other group is deemed to be the New Public Management (Mazur, 2015a, p. 16). They are briefly described further on in this article, with the primary description covering the concept of Shared Public Management. This direction highlights solutions serving greater activation and participation of citizens, including social partnerships. In turn, the New Public Management reforms will be indicated due to the breakthrough which accompanied with them within the public sector. Not without significance is also the impulse they have provided to further modernise and transform the administration with a view to a more personal treatment of citizens.

2.2. The genesis of reforms and new public government concepts

Public administration modernisation processes are considered to be underlain by three primary premises: growth of the public sector, economic and political crisis, and a decline of the values typically attributable with to traditional administration (Zawicki, 2011, p. 22-23). The search for more effective solutions regarding state management was also motivated by the changes in the demographic structure, globalisation processes, and the trend towards more

active civic participation in public life and articulation of their needs and expectations addressed at, inter alia, public sector entities (Frączkiewicz-Wronka, 2009, p. 44). The changes were also driven by problems associated with ineffectiveness and overburdened public finances as well as the pursuit of excessive regulation of all the spheres of social and economic life (Bevir, 2011, p. 217).

A. Frączkiewicz-Wronka formulates her objections regarding the functioning of the state with respect to the following issues (Frączkiewicz-Wronka, 2009, p. 27-28; Mazur, 2015a, p. 12-13)³:

- government actions and its hierarchical structures being subject to the bureaucracy principle as one ensuring the most effective accomplishment of the objectives of the organization;
- adoption of the organisation management model determined by a set of procedures and rules as well as schematic and repetitive actions;
- excessive dependence on state intervention and the resulting supply of goods and services through a bureaucratic mechanism;
- belief in apoliticism and neutrality of administrative level employees;
- assumption that the interest of an individual and the public interest are the same;

The scale of the phenomena and the irregularity presented in the article results in endeavours to modernise and improve the public sector having been undertaken since the 1970s. Criticism, in particular of excessive regulation of the state operation, the manner of public service provision, with concurrent social pressure on reduction of public spending and maintaining a high level of prosperity, resulted in a search for more flexible solutions allowing for adaptation to changes in society and economy.

2.3. New Public Management

One of the first responses to so worded challenges proceeded according to the formula of public administration activity, interpreted as in line with the *New Public Management*, being subject to free market principles. Among others, devolution, improved regulation quality, flexibility and implementation of innovative and entrepreneurial behaviours in the public sector are considered to be the dominant idea thereof (Frączkiewicz-Wronka, 2009, p. 43). Compared to traditional public sector management, the new concept followed the following principles (Białynicki-Birula, Ćwiklicki, Głowacki, and Klich, 2016, p. 36; Osborne, and Gaebler, 1992, p. 43):

- adoption of entrepreneurial attitudes and promotion of competition in the context of public service provision,

³ In the source literature, reservations concerning the functioning of the state were also presented by S. Mazur. Among other things, he refers to poor legitimisation, inability to accomplish important social objectives, or inability to prevent public resource piracy by groups of interests.

- focus on outcomes and results as well as evaluation and evaluation of the activities carried out,
- orientation on goals and missions, not on compliance with rules and regulations,
- priority of market mechanisms over bureaucratic mechanisms,
- activation of the public, private and non-governmental sector cooperation in addressing social needs,
- not serving citizens but giving them the opportunity to meet their needs,
- devolution and enabling citizens to be involved in governance.

So designed changes resulted in, inter alia, increased efficiency and re-education of public service provision costs, reduced employment within the public sector, and increased empowerment of citizens. However, in many countries they also brought unintended and negative side effects. In this context, Drechsler (Drechsler, 2009, p. 9-10) mentions a kind of mismatch of practices and tools coming from the private sector to the specifics of the functioning of the state which is determined by, inter alia, attention to the common good and generation of social benefits and values which cannot be expressed in quantifiable measures. Mazur (Mazur, 2015c, p. 39-40) complements the list with the state's weakened ability to solve structural problems, both inside and outside of it, defragmentation which hinders effective management of public actions, and excessive focus on economic and financial issues, with other areas of the functioning of the administration being left out. Based on the so formulated criticism of the New Public Management, new directions and ways of improving the state functioning began to be sought. As Osborne says (Osborne, 2006, p. 377), as a result, the New Public Management was a transitional stage on the road of reforms towards *governance*⁴.

2.4. Governance

The new concept of governance is determined by the belief in existing interdependencies between the public, the private and the social. This is highlighted by, among others, Stoker (Stoker, 1998), who points out the emergence of a new style of governance associated with the blurring of the boundaries between sectors. He considers departure from the mechanisms which were only founded on power and authority, and which only accepted order based on coercion and resulting sanctions to be its primary characteristic. On the other hand, he recognises the possibility of accomplishing the objectives set and responding to social and economic challenges through solutions developed by both public and non-public institutions in collaboration with the society (Stoker, 1998, p. 17-18). When defining *governance*, Stoker (Stoker, 1998, p. 18) also pointed out power related interdependencies between the institutions involved in shared activities. In this context, Izdebski (Izdebski, 2007, p. 15-17) emphasises the importance of civil society and public administration subordination to

⁴ This text uses the terms shared public management and *governance* interchangeably.

a society consisting of many actors with different views and interests. Therefore, inclusion of dialogue practices in governance processes and pursuit of consensus is of crucial importance in that respect. Synthetic features of governance are also mentioned by Rhodes (Rhodes, 1996). In his view, it is particularly related to self-organising, inter-organisational networks within which they interact. They aim to exchange resources and coordinate shared objectives based on principles negotiated by network members (Rhodes, 1996, p. 660). In turn (Torfing, 2010), Torfing emphasises the specificity of so formulated governance with regard to implementation of public objectives which becomes possible through expression of interdependent, but operationally autonomous actors, acting within the framework of an institutionalised structure (i.e. interdependent ideas, concepts and rules) (Torfing, 2010, p. 98-99). In this context, Hausner highlights importance of the legal and organisational form, of the sense of identity and subjectivity, of the resources held and the context of the action as the criteria determining how individual actors interact within the network, and which eventually determine the quality of governance and the effectiveness of the measures taken within its framework. The concept also encompasses readiness to contribute to social space creation and the resulting responsibility shared by leaders and citizens (Hausner, 2015, p. 24-26).

One of determinants of *governance*, directly related to the aforementioned features of networking, readiness for compromise and dialogue, is also the striving to initiate and maintain civic and civic association activities as well as, in a broader sense, their empowerment in terms of affecting public governance. Thus, the state ceases to participate in the process of governance on an exclusive basis. Quite the opposite, there are more and more frequent interactions within that area between public, private and social actors (Mazur, 2015a, p. 21). What is more, in terms of governance, creation of conditions for and development of mechanisms facilitating exchange of resources and supporting accomplishment of interests of various social groups ought to be considered a specific task of the state authorities (Żabiński, 2015, p. 185). The substantial role of public institutions as initiators of the shared management process has also been indicated by Ansell and Gash (Ansell, and Gash, 2008, p. 544-545). Among other determinants of *governance*, they also identified:

- participation of actors from outside the public sector,
- inclusion of stakeholders not only in the opening but also in the decision-making process,
- adoption of formal rules of operation,
- striving to make opinions through compromise (even if it is not always possible to reach),
- focusing cooperation on two primary areas: public policy (Zawicki, 2014, p. 17)⁵ and public management.

⁵ Public policy means a system of actions and regulatory, legal and financial tools by means of which public authorities strive to solve problems of collective importance.

With respect to the foregoing postulates, collective nature of the governance process, interpreted as integration of postulates and visions of various actors in the field of public policies formulated, and those actors sharing responsibility for their results ought to be considered the underlying idea of governance. Its primary element, distinguishing it from other informal networks, is also its structured design which covers and orders stakeholders' joint actions and exchange of resources between them. It also enables relation management, inclusive of influencing trends shown by individual actors (Zawicki, 2014, p. 546).

The formula of governing, developed based on the *governance* paradigm, appears to play an important role in terms of the local administration. Its operations and execution of tasks are carried out in direct relation to local communities, their problems and needs, meaning in the context in which the pursuit of interoperability and integration of a variety of capitals to improve the quality of life is particularly justified. Moreover, the source literature emphasises that local government interest in the governance idea results from the search for innovative tools to develop local economy, allowing for the important role of enterprises in fostering the capacity and economic activity, and enabling their inclusion in decision-making processes. Also, the scale and complexity of social and economic problems which local authorities need to face further support application of *governance* solutions. In combination with increasing expectations as to the quality of public services, this creates a need for activities involving diverse resources held by diverse social actors (Peter, 2001, p. 11-13). Given the decreasing confidence in administrative actions and the administration's weakened legitimacy, treating a citizen not only as a voter, but also as a stakeholder, is becoming a need of local governments (Hausner, 2008), subject to the fact that the category is not only related to individual citizens, but also to any forms of their representation, i.e. NGOs, informal social movements, entrepreneurs, media, or public institutions (Löffler, 2005, p. 170).

Some authors define the foregoing change (John, 2001) as transition from the *local government* to the *local governance*, which has been summarised in Table 1.

Table 1.

Comparison of the concept of the local government and the local governance

Attributes	Local government	Local governance
Number of institutions in the process of governance	few	many
Structure of the administration	hierarchical, consolidated	decentralized, fragmentarised
Horizontal networks of cooperation	closed nature	significantly expanded
Scarce	international network	significantly expanded
Forms of legitimisation	elections	elections and new forms of legitimisation
Public policies	routine	innovative, created based on the mechanism of organisational learning
Role of the government	direct control	decentralisation, minor interventions
Leadership	collective	charismatic

Source: John P.: *Local Governance in Western Europe*. Sage, London 2001, p. 17.

Consequently, the role of the local government in the execution of public functions is more and more frequently related to the management of the process of service provision, not direct service provision to citizens, assuming that its goal is to develop the local community (Swianiewicz, 2005, p. 16). One might assume the following principles, also defined as good governance, are the key determinants of the foregoing action model (European Commission, 2001, p. 8): openness, participation, accountability, efficiency and coherence. Based on it, the article provides for the key term of public-social partnership, in this context interpreted as a participation mechanism setting objectives for the public administration and ways of accomplishing them (Wygnański, 2012, p. 13).

3. Public-social partnership

3.1. Public-social partnership: definition

When detailing the foregoing concept of partnership, it is worth pointing out a few essential impulses that have decided its recognition and dissemination, both in terms of scientific research and practice. In that respect, the observation of the growing complexity of social problems issues which cannot be solved by the state, the market, or the civil society (Swianiewicz, 2011, p. 24) appear to be of particular importance. This is highlighted by Frąckiewicz-Wronka and Bratnicki (Frąckiewicz-Wronka, and Bratnicki, 2013, p. 393), according to whom partnership is a new organisational project within the public sector, created in response to the challenge of public service provision in an economy changing under the influence of such phenomena as globalisation, development of new technologies, or knowledge-based economy. The resulting need for interoperability between sectors is also confirmed by the arguments referring to the rationalisation and improvement of state expenditures, effectiveness in accomplishing public policy objectives, and increasing the scale of individual benefits to the users of public services (Adamiak J., Czupik M., Ignasiak-Szulc, 2013, p. 23; Lowndes, and Skelcher, 1998, p. 313; Frąckiewicz-Wronka, and Bratnicki, 2013, p. 368). Emergence of partnership as a formula of public sector activity is also a practical expression of the trend in the public sector, described in the first part of the article, which involves networking, programming and implementation of projects with the use of a variety of coordination mechanisms: hierarchical, market and social mechanisms (Jones, Hesterly, and Borgatti, 1997). It became one of those ideas recognised on the European Union forum as referring directly to the idea of integration and cooperation which constitute its foundation. In this context, it is defined in two ways: as an idea popularising cooperation on different levels of governance: European, national, regional, and local (vertical approach), and as a concept referring to interoperability between different groups representing the public,

the private, and the social sector (horizontal approach) (Benington, and Geddes, 2013, p. 2). On the other hand, Swianiewicz (Swianiewicz, 2011, p. 22) stresses that it is but owing to popularisation on the European forum that partnership marked its distinct presence in the manner of implementation of the policy by the individual Member States. Among other countries, it was also the case in Poland, where this idea has been primarily developed in the form of partnerships established within the framework of programmes co-financed by the European Union. It was also regulated in the legislation, inter alia, in the act on public benefit activities and volunteering, the act on carrying out of the development policy, and the act on the promotion of employment and labour market institutions. At present, partnership is also seen in the context of the reform of the public administration, taking into account elements of governance, which is reflected in, inter alia, such documents as the 'National Development Strategy 2030' and the 'National Development Strategy 2020', in which participation and interoperability between different sectors are some of the important conditions for the modernisation of the public sector.

On addressing the issue of social public partnership it is useful to note various ways of how it is recognised and analysed in the subject literature. In this regard, each of the authors recalls especially the examples of cooperation between the public and non-government sectors in areas such as education, health, health care, employment, social cohesion, sustainable development or within the broader context the examples of improving the quality of public services or introducing innovative solutions in this regard (Brinkerhoff, 2003; Deserti, and Rizzo, 2014). The discussed issues also include the ones relating to the nature of connections and relationships that occur in the partnership as well as determinants which impact the achievement of the intended results (Brinkerhoff, 2002).

The examples of approaches to public-social partnership presented by Polish authors are also interesting. Their list has been contained in Table 2.

Table 2.

Public-social partnership according to Polish authors – examples of recognition

Publications	The presented recognition
Frączkiewicz-Wronka A., Tkacz M. and Arando S.: The Business Model of a Public Social Partnership: Contextual Determinants, [in:] Lewandowski M., Kozuch B., (eds.) Public Sector Entrepreneurship and the Integration of Innovative Business Models. IGI Global, Hershey PA, USA, 2017.	the manner to generate public/social value. The model of activity integrating social partners in the decision-making process in the public sphere.
Nitecki S.: Udział podmiotów niepublicznych w realizacji zadań pomocy społecznej, 'Roczniki Administracji i Prawa', no. 12, 2012 Tkaczuk, M.: Partnerstwo publiczno-społeczne jako etap ewolucji podmiotów polityki społecznej w Polsce, 'Annales Universitatis Mariae Curie-Skłodowska, Sectio H. Oeconomia', no. 42, 2008.	the form for activity to implement the tasks and objectives of social policy in Poland. the element of the provision of social services system, including the tasks of social welfare.
Herbst J.: O kategorii „responsywności” władzy i o pewnym warunku responsywności władzy w Polsce, 'Zarządzanie Publiczne', no. 4(6), 2008.	one of the basic conditions of a responsive state.

Broda-Wysocki P.: Analiza efektywności współdziałania państwa i organizacji pozarządowych w zwalczaniu ubóstwa i wykluczenia społecznego, 'Polityka Społeczna', no. 11-12, 2006.	the tool to prevent social exclusion and poverty.
Przygocki Z. (red.): EkoMiasto. Zarządzanie. Zrównoważony, inteligentny i partycypacyjny rozwój miasta. Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2016. Płoszaj A.: Współpraca międzysektorowa a wybrane problemy polskich miast, [w:] Borkowska A., Zielińska E. (red.): Układ otwarty. Miejskie partnerstwa międzysektorowe. ResPublica, Warszawa 2014.	the tool to develop local community. The tool for the participatory management of urban development and solution of urban problems.
Frączkiewicz-Wronka A., Austen A.: Menedżerowie w organizacjach publicznych – w kierunku zwiększania zatrudnialności, 'Zarządzanie Zasobami Ludzkimi', no. 3-4, 2015.	the formula to develop the competences of manager in the public sector
Jagoda A., Prudzienica M.: Partnerstwo publiczno-społeczne na przykładzie współpracy organizacji pozarządowych z instytucjami rynku pracy - studium przypadku, 'Management', vol. 16, No. 1, 2012.	the manner of cooperation between non-government organisations and the labour market institutions.
Kochańska E.: Wielokryterialna analiza rozwoju innowacji społecznych w kontekście współpracy nauki i gospodarki, 'Acta Innovations', no.2, 2012.	the catalyst of social innovation.
Wronka M.: Analyzing the Success of Social Enterprises – Critical Success Factors Perspective, "Management Knowledge and Learning", conference paper, 2013. Handzlik A., Głowacki J. (red.): Partnerstwo – współpraca międzysektorowa w realizacji celów społecznych. Małopolska Szkoła Administracji Publicznej Uniwersytetu Ekonomicznego w Krakowie, Kraków 2012.	the tool to develop social economy the factor of social enterprise success

Source: own elaboration based on the subject literature.

In conclusion, it may be said that the idea of public-social partnership affects different spheres of socio-economic reality. On one hand, it covers the entire spectrum of bottom-up initiatives, reflecting the desire for integration, development, social inclusion. On the other hand, it is the structure and form of planning of cross-organisational activities, which participate in the processes of public shared management. Each time, however, it is the matter of willingness of public authorities to acknowledge the roles of social partners in shaping the public policy and to enable them the real participation in the process (Boyd, 2002, p. 4).

This key observation is reflected in many definitions of public-social partnership. Benington and Geddes are among others, who refer to it, presenting the partnership as a formal organisational structure, which is established to determine the directions of particular public policies and their implementation. At the same time, they recognise its determinants to include (Benington, and Geddes, 2013, p. 3):

- mobilisation of different interest groups and encouragement of the involvement of various partners,
- common and multidimensional programme of action,
- potential to prevent such problems as unemployment, poverty, social exclusion and actions in favour of social inclusion and cohesion.

In another approach, partnership is seen as a formula for cooperation, with clearly defined roles of the organisations that constitute it, established to address and solve specific problems and challenges (Barczyk, 2010, p. 225). In turn, according to Brinkerhoff, it is 'a dynamic relationship between various actors, based on agreed purposes pursued in accordance with a division of labour adopted in relation to the resources held by individual partners

(Brinkerhoff, 2002, p. 21). So interpreted partnership is constituted around two axes, designated by the relationship of reciprocity and organisational identity, with the former meaning, *inter alia*, partners' right to equally maximise their benefits. It also refers to the interdependency between them, the resulting responsibility for the accomplishment of shared objectives, to mutual trust and respect. On the other hand, organisational identity is defined through the prism of mission and values of individual actors constituting partnership, but also through the ability to maintain those characteristics, in particular comparative advantages arising from the specifics of their operations. In terms of the foregoing characteristics and the level of their intensity, the following four types of partnership may be identified (Brinkerhoff, 2002, p. 22-23):

- a) proper partnership, determined by a high level of reciprocity and identity represented by each organisation;
- b) contracting, characterised by preserved institutional individuality of partners, with a concurrent low level of reciprocity and limited involvement of some of them in the decision-making process;
- c) expansion, meaning dominance of one of the partners, whose values and principles are imposed upon other organisations with low levels of their own identity.
- d) cooptation and gradual absorption, determined by the shared objective on the one hand, and concurrent disappearance of the organisational identity of some of the partners on the other hand⁶.

Thus, the concept of partnership is used to describe different phenomena and relationships between organisations. However, it is worth noting that its essential nature is manifested with the synergy effect accomplished through cooperation between organisations of differing resources and skills, pursuing shared objectives, which could not be accomplished if separated from their collaboration (Mackintosh, 1992, p. 210). In the Polish source literature, the concept of partnership is explained by Frączkiewicz-Wronka and Bratnicki (Frączkiewicz-Wronka, and Bratnicki, 2013, p. 416-417). They put it among network organisations which combine the capacity of the public sector and the social sector, and which coordinate efforts aimed at improving the quality of life of the local community.

In addition to the definitions presented hereinabove, one ought to further indicate four groups of factors influencing formation of partnerships (Brinkerhoff, 2002, p. 6):

- a) increasing effectiveness and improving efficiency of the actions undertaken by taking into account comparative advantages of individual partners and division of labour between them,
- b) providing solutions addressing complex social problems through involvement of numerous actors with different capacities and manners of operation (in particular,

⁶ In Polish studies, different types of partnership have been identified by, *inter alia*, (Sobolewski, 2007) and (Barańska, Eichner, Hus, Majewski, and Tomeczek, 2011). In that respect, they distinguished: network, coordinating partnership (strategic team for local development, acting on a long-term and wide-range basis), and executive (project) partnership.

it is about filling the gap related to individual organisations' inability to respond to contemporary problems),

- c) striving to develop solutions beneficial to all the actors involved in joint actions (in this context, partnership is, *inter alia*, a response to problems arising from collective action),
- d) involving a wider group of actors in the decision-making process.

So formulated motives for the formation of partnerships seem reflect benefits and advantages of this form of action at the same time. It appears that in this area they are also in line with needs and expectations concerning the reform of the public administration which have been mentioned in the first part of the article, and in line with the demands associated with good governance. J. Brinkerhoff, who has already been quoted in this article, also analyses partnership in relation to such aspects of *governance* as efficiency, legitimisation, and allowing for contradictory interests. She justifies appropriateness of implementation of such a model of governance with arguments related to, *inter alia*, reduction of external costs, addressing the problem of information asymmetry, building social capital, or stimulating greater identification with the common good than with particular interests (Brinkerhoff, 2007, p. 68-83).

3.2. Public-social partnership in the institutional development method

Using the findings concerning the main characteristics of partnership, and in particular its attributes which are in line with in the concept of shared public management, one may indicate its usefulness in the context of developing institutional capacity of the public administration.

Based on S. Mazur's opinion (Mazur, 2004, p. 59), it is assumed that the latter is determined by:

- ability to carry out strategic governance,
- organisational structures and operational procedures used to accomplish strategic objectives,
- efficient mechanisms to manage human resources,
- provision of public services based on adequate standards and evaluation of costs,
- efficient system of communication with the local community and mechanisms involving it in addressing local problems,
- ability to create framework and conditions to support local entrepreneurship,
- transparent operating procedures.

In general, it may be assumed that in the context of the public sector actors institutional capacity means so the ability to govern. Lynn et al. (Lynn, Heinrich, and Hill, 2000, p. 237) detail the concept, adding that it means the ability to translate *governance* solutions that pertain to, *inter alia*, implementation of individual public policies, into actual actions.

Other researchers are of the opinion that the institutional capacity of the public administration is proven by the ability to efficiently respond to arising changes, to efficiently make decisions, and to manage arising conflicts (Bowman, and Kearney, 1988, p. 346). The concept of public-social partnership which – as a mechanism founded on the basis of cooperation between various actors and their resources – reinforces competences and efficiency of the administration in the provision of high quality services and improves its ability to integrate citizens and involve them in decision-making processes corresponds with this line of thinking. In this sense, it is also an important element on the way of institutional development which in one of the concepts is defined as improvement of the functioning of the organisation aimed at an ever better use of possibilities provided by the existing institutional order (environment) (Zawicki, 2004, p. 112).

The foregoing public-social partnership presentation perspective is also reflected in the Institutional Development Planning (IDP) method⁷ which comprehensively covers the problem of improvement of the quality of public administration operations, in particular those carried out by local government units: communes and districts. On the one hand, it is aimed at analysing the public administration institutional capacity, on the other hand – at developing master solutions to be used to improve it. Thus, the IDP method covers the following sequence of actions (Bober, 2015, p. 12):

- diagnosis of the level of development in the form of an institutional analysis,
- development of an institutional development plan, including identification and planning of activities to improve the functioning of local government units,
- implementation and evaluation of implementation of management improvements.

In the light of this article, the first stage is the most important, as it is within its framework that the actions carried out by local government units and existing organisational structures and procedures proving the institutional capacity held are assessed. The foregoing evaluation is carried out within the management areas and criteria which have collectively been shown in Table 3. One of them is partnership, including public-social partnership.

⁷ The institutional development planning (IDP) method was developed by the Małopolska School of Public Administration of the Krakow University of Economics upon request of the Ministry of Internal Affairs and Administration, and further developed and modified within the framework of projects co-financed by the European Union. Detailed information on the IDP method can be found at: www.pri.msap.pl.

Table 3.*Public-social partnership in the Institutional Development Planning method⁸*

Governance area	Criteria
Leadership and strategy	1. Leadership 2. Strategic governance
Resource and process management	3. Finance management 4. Property management 5. Space management 6. IT management 7. Process management
	8. Project management
Organisation human capital management	9. Employment planning, recruitment and selection 10. Motivation, evaluation and promotion 11. Professional development 12. Ethics
Partnership	13. Social communication and public-social partnership 14. Public-public partnership 15. Cooperation with entrepreneurs and public-private partnerships
Public service management	16. Administrative services 17. Social services 18. Technical services 19. Economic development support

Source: (Bober, 2015, p. 13).

As presented in the IDP method, public-social partnership is interpreted as a *'model of the relationship between the state and the social sector, in which citizens and their organisations are actively involved in the process of shared network management as a partner for public actors, with the relationships between the network actors being based on acceptance, mutual respect and parties' will to cooperate. This model is used to shape civic attitudes, to create civil society institutions, and to promote civil dialogue and social participation, and – consequently – citizens' active participation in public life'* (Bober, 2015, p. 94). It is worth noting the first version of the method which dates back to 2002 covered public-social partnership in a less distinct and explicit manner. Issues related to cooperation with social organisations and citizens involvement in decisions regarding important problems of the community were, in fact, detailed criteria for local government activities carried out under the banner of broadly interpreted social participation. The change, which took place in this respect, it should be identifying particular aspirations for reforming the Administration and the progress in the field of management of public affairs.

From the perspective of evaluation of the Poland's local government units' capacity in the area of public-social partnership, further reference to the general logic of the IDP method,

⁸ The table shows a summary of commune management areas and criteria. The area shown as partnership, including public-social partnership, was likewise included in the version of the method used in the self-evaluation of districts and cities with district rights, so in their case the set of criteria has not been cited. However, the author notes that in the case of such areas as resource management or public service management, there are differences between individual levels of the local government. Detailed criteria for the evaluation of local government units in each case require reference to publications covering institutional analysis of the commune and the district, respectively, which are available at www.msap.pl or www.pri.msap.pl.

adopting a five-stage scale of institutional development, is also important. Stage 1 means that a commune or a district undertakes actions provided for in applicable laws. Stage 5, on the other hand, is characterised by the application of non-obligatory solutions, performance of their application result evaluation, and implementation of governance improving solutions. Table 4 shows the stages of institutional development for the criterion relating to social communication and public-social partnership. One of their important feature is their cumulateness, which in practice means that transition to higher levels means fulfilment of the conditions identified at lower levels in the first place.

Table 4.

Stages of institutional development within the 'Social communication and public-social partnership' criterion

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
1a) The commune carries out social communication and public-social partnership (PSP) activities in accordance with the requirements set in generally applicable laws.	<p>2 a) The commune has set the rules for communication with external actors, including the media.</p> <p>2 b) The commune makes public information which it is not obligated to publicise (for instance information about current affairs, plans and intentions, progress of investment execution, results of actions undertaken).</p> <p>2 c) The commune improves the quality of its information policy through implementation of at least three of the following:</p> <p>a) improvement of the existing and implementation of new communication channels (traditional and electronic, for instance the BIP (Biuletyn Informacji Publicznej),</p>	<p>3 a) The commune collects opinions from residents, commune auxiliary units, non-governmental organisations, social organisations and other groups on matters relevant to the commune, which it is not obligated to collect, as well as opinions regarding the quality of the information policy carried out.</p> <p>3 b) The commune developed and updates a map of activities carried out by non-governmental and social organisations operating within the commune, covering:</p> <p>a) a list of such organisations;</p> <p>b) the type and scope of organisation operations.</p>	<p>4 a) The commune carries out public consultation among residents, commune auxiliary units, non-governmental organisations, social organisations and other groups regarding matters in the case of which consultations are not obligatory, and:</p> <p>a) it applies a transparent consultation model;</p> <p>b) communicates consultation results;</p> <p>c) allows for consultation results when making decisions.</p> <p>4 b) The commune appoints working groups composed of representatives of the public administration, non-governmental organisations, social organisations and other groups to develop joint undertakings.</p>	<p>5 a) The commune appoints bodies comprising representatives of non-governmental organisations, opinion bodies, social organisations and other groups, the scopes of activities of which are consistent with the commune's priority problems.</p> <p>5 b) The commune carries out joint undertakings in collaboration with non-governmental organisations, social organisations, and other groups to solve the commune's priority problems.</p> <p>5 c) The commune regularly evaluates its social communication and public-social partnership related activities as well as all the tools and procedures used in that area, and evaluation results are used to improve PSP mechanisms.</p>

	Public Information Bulletin), newsletters, social networks); b) improvement of information clarity and transparency); c) optimisation of communication frequency; d) allowing for modernisation related demands reported by interested parties.	3 c) The commune supports civic initiatives through at least one of the following forms: a) co-funding of projects b) direct procurement; c) organisational assistance. 3 d) The commune analyses PSP project practicability and carries out activities regarding risk management in that area.	4 c) The commune implements PSP projects within at least two areas of public competence. 4 d) The commune regularly evaluates results of its actions in the area of social communication and PSP as well as all the tools and procedures used in that respect.	5 d) The commune continues to improve its social communication and PSP related activities through: a) systematic comparisons of organisational solutions and outcomes of its operations to accomplishments of other local government units; b) adaptation and implementation of solutions used by the best local government units.
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Source: (Bober, 2015, p. 97).

Description of the model status is yet another important element of individual governance criteria subject to evaluation within the framework of the IDP method. With respect to social communication and -public-social partnership, it is defined as follows: *'the commune informs the public about all the matters of importance to the local community through communication with external actors (for example, the media), using transparent rules which ensure treatment in terms of access to information. Prior to making important decisions, the commune also consults local communities or carries out public consultations on matters which it is not obligated to consult under the law. The commune stimulates local social development, developing a map of social activity and financially, materially or organisationally supporting civic initiatives. The commune initiates formation of working groups which are the platform for joint undertakings by the local government and civic groups. Together with third sector actors, the commune participates in the implementation of activities aimed at solving problems of importance to the commune, applying the public-social partnership formula to it. In order to solve particularly difficult and complex problems, opining bodies are appointed. All the activities that the commune undertakes in the area of social communication and public-social partnership are subject to evaluation, and conclusions from the evaluation are used to improve the commune's policy as well as tools and procedures applied within its framework. The commune uses benchmarking methods, which is manifested in the search for the best solutions in the field of social communication and public-social partnership, and intelligent adaptation of them to the needs and possibilities of the commune'* (Bober, 2015, p. 94).

In the light of the above, the essence of the IDP method may first of all be defined in terms of self-evaluation associated with determining the stage of development of local government units in a specific area. Secondly, it ought to be sought in the planning of changes

which will enable the authority to transition to a higher level of development, and then to implement the said changes.

4. Analysis of the level of institutional development of local government units in the field of public-social partnerships.

Results of the evaluation of the functioning of local government units in the area of public-social partnership, presented in this part of the article, were collected with the application of the institutional development planning method during the period from December 2014 to September 2015⁹ They cover a group of 32 communes and 17 districts located throughout Poland. Information on the stage of development of individual LGU's is related to social communication and public-social partnership, as these areas were collectively covered by the IDP method. However, a detailed analysis only covered the indicators which are related to public-social partnership and social consultations, an advanced form of which is co-decision, and which are an important component of partnership provided for in the institutional development planning method. The research was carried out in the form of self-evaluation by individual units. So obtained data reflect local governments' point of view and their opinion on the application of the public-social partnership model to the execution of tasks assigned to them.

Application of the IDP method to the group of local governments examined makes it possible to claim most of them are on a low level of institutional development within the area examined. This is confirmed by the data according to which nine units were at the first stage of development, which limits activities within the foregoing scope to those stipulated in legislation. In turn, within the analysed social communication and public-social partnership, 16 organisations were at the second stage of development. This means that they are characterised by formulated directions of communication with external entities as well as improvement of the information policy carried out. At the same time, however, they partially meet the conditions of the next stages that are related to the promotion of civic initiatives and analysing the feasibility of public service implementation in the public-social partnership formula (confirmation of fulfilment of the second condition was recorded in the case of 3 communes and 1 district). Similar actions can be observed within a group of 11 local government units at the third stage of development. All of them review their activities with respect to inclusion of other sectors' representatives in their execution. Irrespective of that, they provide assistance to active citizens and their associations, which most frequently takes

⁹ Institutional analyses of communes and districts were carried out within the framework of the project called 'System support for LGU management processes', co-financed by the European Social Fund within the framework of the Human Capital Operational Programme.

the form of organisational support. Consolidated results of the self-evaluation within the social communication and public-social partnership area have been shown in Table 5.

Table 5.

Stages of institutional development within the social communication and public-social partnership area

Stage of development	Number of communes	Number of districts
Stage 1	8	1
Stage 2	6	10
Stage 3	9	2
Stage 4	2	0
Stage 5	7	4

Source: own study based on research results.

In the context of the subject matter of this article, a more detailed insight into the local governments that were at the 4th and the 5th stage of development appears particularly interesting, as in their case one may refer to implementation of the public-social partnership model and extended communication with residents and non-governmental organisations according to the concept adopted within the framework of the IDP method, primarily highlighting participation of a wide range of actors in the local community governance process. Nonetheless, also units at lower stages of institutional development more and more frequently include elements associated with such a style of management in the scope of their activities. In view of the above, for the purpose of a further analysis, I shall verify the self-evaluation all those local governments in the case of which implementation of the indicators assigned to stages 4 and 5 in the area of communication and public-social partnership has been observed. Among them, the most important ones are: 1) appointment of opining bodies composed of representatives of non-governmental organisations, social organisations and other groups to develop common solutions to local problems, and then to implement them; 2) implementation of social-public partnership in the sphere of public tasks; 3) evaluation and improvement of the activities of the entity in the foregoing area. With respect to the first criterion, 17 communes and 8 districts declared fulfilment thereof. Apart from appointing bodies advising on priority problems, in all the 8 communes the conceptual phase has also taken the form of joint undertakings aimed at addressing the foregoing issues. In turn, the group of communes which undertake joint actions comprise 23 units, which is a greater number than the number of communes appointing opining bodies.

In response to a question about the use of the public-social partnership formula to implement tasks in at least two areas belonging to the realm of public tasks, a positive response was provided by a total of 29 entities studied, including 20 communes and 9 districts. A summary, reflecting the meeting by local government units participating in the study of the individual criteria for the inclusion of the public-social partnership model in the activities carried out have been shown in table 6.

Table 6.
Public-social partnership activities

Actions undertaken	Number of communes	Number of districts
Commune / district analyses possibilities regarding public task implementation in the public-social partnership formula and carries out activities regarding risk management within the area.	24	7
Commune / district carries out public consultation among residents, commune auxiliary units, non-governmental organisations, social organisations and other groups regarding matters in the case of which consultations are not obligatory, and:		
a. applies a transparent consultation model;	22	9
b. informs about the results of the consultation;	21	9
c. allows for consultation results when making decisions.;	20	9
Commune / district appoints working groups composed of representatives of the public administration, non-governmental organisations, social organisations and other groups to develop joint undertakings.	21	9
Commune / District implements tasks in the public-social partnership formula in at least two areas falling within the scope of public tasks	20	9
There is a regular evaluation of the effects of social communication and public-social partnership related activities carried out as well as of all the tools and the procedures used in that area.	16	5
Commune / District appoints bodies comprising representatives of non-governmental organisations, social organisations and other groups, the scopes of activities of which are consistent with the unit's priority problems.	17	8
Commune / District implements joint undertakings in cooperation with non-governmental organisations, social organisations and other groups to solve commune's priority problems.	23	8
There is a regular evaluation of social communication and public-social partnership related activities as well as all the tools and procedures used in that area, and evaluation results are used to improve PSP mechanisms.	9	5
Commune / District continuously improves activities in the field of social communication and public-social partnership by means of:		
a. systematic comparisons of organisational solutions and outcomes of its operations to accomplishments of other local government units;	17	7
b. adaptation and implementation of solutions used by the best LGU's	18	9

Source: own study based on research results.

A high level of local governments' declarations regarding consideration of public-social partnership as a potential way of accomplishing public tasks appears to be characteristic of the data shown in Table 6. 31 units confirmed implementation of such tasks. The tendency to appoint working groups consisting of representatives of different groups with a view to developing joint undertakings and carrying out public consultations on matters which are not mandatory, in particular reported by communes, ought to be viewed positively as well. However, omission of actions associated with improvement of the practices pursued and the tools used appears to be symptomatic in the case of most units. Within the commune group, only nine of them declared that they carried out regular evaluations of their own social communication and public-social partnership related activities to improve the solutions applied. In the case of districts, the level was 5 in 17 units.

Analysis of the results of the self-evaluation carried out by the local governments surveyed also makes one look into the generally low level of self-evaluation in the area of

social communication and public-social partnership, with a high level of compliance with level 4 and level 5 indicators directly regarding public-social partnership. It appears that many of them use higher level tools while neglecting issues regarding formation of a transparent information policy, improvement of the existing and implementation of new information channels. A more thorough insight into the problem of implementation of local government units and non-governmental organisations' joint undertakings, carried out in the form of additional questions addressed at the local government self-evaluation team, also reveals that the foregoing cooperation is typically carried out in the form of outsourcing public tasks to social partners. Consequently, in this content one may refer to some survey participants misunderstanding the idea of public-social partnership.

In the context of the institutional analysis carried out in the field of public-social partnership, one ought also to note that the local governments surveyed hardly tend to develop the area of their operations which entails residents and non-governmental organisations' involvement in the initiatives planned and undertaken. Within the commune group, only 8 out of 12 units declared willingness to develop and transition to a higher stage in that respect. In the case of districts, there were only two such units. At the same time, no local government followed up and decided to undertake any action for improvement.

5. Conclusions

The article attempts to systematise our knowledge of public-social partnership interpreted as inclusion of social actors in the public sector operations. Thus, the study covered different approaches defining the idea of the partnership and, within the framework of the phenomenon, identifying different relationships between non-governmental organisations and the public administration. Also, it noted conditions for popularisation of the idea and its connection to the changes arising within the public sector. In this context, the article especially highlights the attempts to initiate and maintain civic activity developed within the *governance* framework. Considering this perspective as the starting point, the article analyses Poland's local government units' tendency towards the use of mechanisms facilitating accomplishment of the interests of various social groups, public-social partnership in particular. At the same time, the problem is presented in the local government unit institutional capacity development perspective. Data obtained as a result of institutional analyses carried out during the period from December 2014 to September 2015 within a group of 32 communes and 17 districts only confirm that the local government units participating in the survey undertake actions fostering citizens' participation in public life. Noteworthy is the fact that most of the units analyse the possibility of applying this public-social partnership formula to implementation of public tasks. At the same time, however, it turns out that the

more advanced the forms engaging an element of cooperation and handing over of the initiative to social partners are interpreted within a very limited scope, and they are frequently misinterpreted as the already mentioned assignment of public tasks implementation to social organisations. Also, characteristic of the group of the local government units surveyed is the fact that their striving to improve practices applied in that respect is limited. This conclusion may be considered a reply to the question posed by the author as to the scope of implementation and importance of public-social partnership, as it turns out that public-social partnership in the form assuming residents and resident organisations' participation in the planning process, followed by joint implementation of improvement related tasks, is actually implemented to a limited extent, by a limited number of local governments. At the same time, at the present stage of improvement and reform of activities carried out by the administration, such issues as improving the quality of the services provided or skilful process management appear to be more crucial in the context of development of their institutional capacity. Consequently, Poland's development strategies mentioned in the first part of the article ought to be considered all the more important. Based on their provisions regarding public-social partnership, one may suppose that in the coming years it will be treated more extensively as a prerequisite for modernisation of the activities carried out by the public sector and for its improvement in accordance with governance related postulates. Verification of the conclusion may contribute to further analyses and studies covering the public-social partnership problem and identifying its participation in the institutional development of local governments in Poland.

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CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE SOCIAL IRRESPONSIBILITY

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Abstract: Expectations for contemporary corporations include not only their conduct in accordance with law and standards but also their social responsibility. However, even incorporation of CSR concept into strategy does not guarantee the absence of socially irresponsible practices. This paper presents a comparison of these two concepts – corporate social responsibility and corporate social irresponsibility (CSI) – and explains why they are not simply opposing approaches.

Keywords: CSR, CSI, business ethics, organizational behaviors

1. Introduction

Contemporarily a corporation which is said to be the most significant form of social organization is, in many aspects, treated as an artificial person (not only at law as it has its own personality (Krannich, 2005, p. 61-109), but also in management sciences as we analyze its culture (Sun, 2008, p. 137-141), values (Domker, Poff, and Zahir, 2008, p. 527-537), knowledge (Oluikpe, 2012, p. 862-878) or even a morality (Sheppard, 1994, p. 151-164)). Nowadays we are aware of enormous corporations' power as their decisions imply not only their business partners or the local environment, but they also control the global trade (UNCTAD, 2013) and influences changes in global natural environment. Corporations are considered as the most influential institutions¹ and are expected to take more active roles as citizens within society. Without an active approach of business entities, public governments will not be able to fight against significant problems such as poverty, environmental degradation, defending human rights, corruption, and pandemic diseases. That is why in the 20th century a pressing demand concerning the corporations' responsibility not only for their profits (stockholder orientation) but also for their stakeholders' interests (Carroll, 1979,

¹ See for instance 25 large corporations that are more powerful than many countries in (Khana, and Francis, 2016).

p. 497-505) occurred, and it was formulated as the concept of corporate social responsibility (CSR).

2. Corporate social responsibility (CSR)

The Commission of the European Communities defines CSR as "the responsibility of enterprises for their impact on society" (ec.europa.eu). Kotler and Lee in their book titled 'Corporate Social Responsibility' define CSR as a responsibility carried out for the sake of social benefit and interest with the help of business resources (Kotler, and Lee, 2006). They also defined it as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resource" (Kotler, and Lee, 2006, p. 3). Moreover, Husted and Allen define CSR governance as a set of organized actions of conveying and organizing resources towards the creation of social services and goods (Husted, and Allen, 2007, p. 594-610). The common modes as described by the authors are of three kinds: Outsourced CSR (through Charity and corporate contributions), Internalized CSR (which are managed in-house) and finally the combination of both (Mezher, Tabbara, and Al-Hosany, 2010, p. 744-760).

Corporate social responsibility assumes that enterprises should search for solutions that are economically valuable, but also ecologically friendly and socially responsible. All company's achievements as well as its aspirations should and may be measured, audited, compared and evaluated in those three aspects (Lewicka-Strzałecka, 2004).

These three dimensions (economy, ethics, society), named as the triple bottom line (Ellington, 1998; Rok, 2004, p. 11)², should be the base for company's appraisal of its attitude to sustainable development. However, these two notions – CSR and sustainability – should not be used interchangeably. The difference is explained clearly by Cohen (Cohen, 2010) who explains how CSR is "about businesses taking responsibility and being accountable for their impacts on people, communities and the environment. Obeying the law is not enough. CSR goes beyond the requirements of the law. Sustainability, on the other hand, tends to refer to the ability of the business to sustain itself through time, while contributing to the improvement of society and the planet as a whole" (Cohen, 2010, p. 16). Moreover, Taylor et al. (Taylor, Cohen, and Muller-Camen, 2011, p. 1-6) define sustainability as "the ability to meet the needs of the present without compromising the ability of future generations to meet their needs" (Taylor, Cohen, and Muller-Camen, 2011, p. 1-6). CSR includes activities that

² The notion was introduced by John Elkington in 1998.

Triple bottom line is a company's development strategy that covers the process of shaping the balance between economic, ecological and social dimension of business activity.

are taken by companies voluntarily and outline four types of appropriate conduct: economic, legal, ethical, and philanthropic (Carroll, 1979).

One of the most frequently cited definitions of CSR is the one of the World Business Council for Sustainable Development (WBCSD). WBCSD defines CSR as “the ethical behaviour of a company toward society ...management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business” (www.wbcsd.org). The concept is inseparably related to the stakeholder theory (Jamali, 2008, p. 213-231) as an enterprise incessantly interacts with its customers, suppliers or employees, but it is also influenced by shareholders (owners), investors, non-profit organizations, mass media or natural environment (silent stakeholder «Jastrzębska, 2016, p. 80-82»), that act in order to restrain the pathology of free-market economy and prevent from its negative effects. CSR is considered as a mechanism of business self-regulation as it compensates for the inadequacy of market mechanism (Crowther, and Aras, 2008).

Moreover, socially responsible business to some extent takes over the protective role of the state, as it regulates redistribution of goods, which may be even more efficient (as the responsible company knows better its direct environment, recognizes its real needs and best ways of fulfilling them) (Nar, 2014, p. 205-230). Some even think that government regulations may lead to socially irresponsible results in poorer countries (de Soto, 1989; Armstrong, and Green, 2013, p. 1922-1927). CSR is thus treated as a specific tax paid by corporations for its stakeholders, which additionally may positively influence the added value created by those companies, and which should be proportional to its power (Davis, 1960, p. 70-77).

The concept of corporate social responsibility has also its critics such as Milton Friedman (Friedman, 1970), who emphasized that the only socially responsible action of company is the maximization of its profits. He noticed that managers are responsible for the company entrusted to them by owners so their first obligation is to ensure high returns on invested capital. For Friedman the economic outcome is the priority, and the social objectives should be accepted provided that they justify its realization.

Another pitfall indicated by Friedman (Friedman, 1970) was the cost of CSR application. Moreover, in fact decisions are made not by the corporation but by its particular manager, whose knowledge of the appropriate allocation of goods may be limited (on the other hand, the same problem is connected with government regulations and even free-market processes). Some companies provide philanthropy or partnership with non-profit entities as superficial activity often lacking the expertise. There is also a risk of manipulation, if the stakeholders do not really represent the public.

Today corporate social responsibility is also criticized for being a too ambiguous, arbitrary and mystic concept (Clark, and Grantham, 2012, p. 23-41), which results in weak integration of CSR in corporate strategies and culture, as well as in lack of adaptation of measurement tools. Despite the fact that CSR has been a common corporate practice in the west, scholars

still fail to define CSR in a straightforward and clear manner. Some people also argue that it has been ever evolving since the 1930s when it was first discussed in 1932 by Dodd. He explained that “corporate managers have responsibilities to the Public as a whole and not just to shareholders” (Dodd, 1932, p. 1145-1163). As Hester (Hester, 1973, p. 25) notes that while “... there has been no general agreement as to the meaning of Corporate Social Responsibility or how it should be implemented ...businessmen enthusiastically have adopted the concept”. Sethi (Sethi, 1975, p. 58-64) also observed nearly 40 years ago, that the operational definition of CSR is extremely unclear and vague and suggested that it can denote many different things to people. That is why some companies adapt CSR just as a public relations strategy and focus on formulating CSR statements in their codes of ethics, without ‘walking the talk’.

However, the supporters of CSR concept do emphasize its long-term perspective and encourage managers to strive to maximize the long-term profitability subject to fair treatment of their stakeholders (Armstrong, and Green, 2013), which may result in internal advantages (related to inter-organizational relations, including relations with employees, such as corporate safety culture (Górny, 2014, p. 43-57), positive employer branding (Aggerholm, Andersen, and Thomsen, 2011, p. 105-123; Kim, Lee, and Kim, 2010, p. 557-569), as well as in the external ones (such as consumers’ loyalty (Mandhachitara, and Poolthong, 2011, p. 122-123), better relations with local communities (Tilt, 2016), investors’ attention (Hill, Anscough, Shank, and Manullang, 2007, p. 165-174) and the increase in competitiveness (Madueño, Jorge, Conesa, and Martínez-Martínez, 2016, p. 55-72)).

Corporate social responsibility may be perceived as organizational efforts for achieving the balance between economic, environmental and social demands, made without the necessity of ignoring shareholders expectations and with a contribution into the common wealth of the wider community (Gossling, and Vocht, 2007, p. 363-372; Papa, and Salanță, 2014, p. 137-146).

3. Corporate Social Irresponsibility (CSI)

The concept of corporate social responsibility focuses on business contribution to the society and emphasizes the positive dimension of company’s activity – namely it indicates “doing good” instead of “avoiding bad” (Lin-Hi, and Müller, 2013, p. 1928-1936). The concept of corporate social irresponsibility (CSI), which has been defined as “a decision to accept an alternative that is thought by the decision makers to be inferior to another alternative when the effects upon all parties are considered” (Armstrong, 1977, p. 185-213), helps to identify the boundaries of corporations’ socially responsible behavior.

CSI is “a socially harmful action that a manager would not knowingly undertake acting for his or her own welfare, or that a reasonable person would expect to cause substantive net harm when considering all parties” (Armstrong, and Green, 2013). Irresponsibility is associated with individual motives, organizational settings and public policy issues (Windsor, 2015, p. 79-101) and that is why it refers to individuals (executives and employees) operating within the organization. They may act in an irresponsible way intentionally as well as inadvertently (when the behavior involves an error judgment or action) (Windsor, 2015, p. 79-101).

Companies have often been accused of hypocrisy as they “often go to great lengths to promote their good works. (...) (S)ome firms behave irresponsibly while at the same time acting positively on some dimensions-corporate social irresponsibility (CSI) and responsibility can exist at the same time in the same firm” (Gonzalez-Perez, 2011), although they still exist at the opposite end of a specific continuum (Jones, Bowd, and Tench, 2009, p. 300-310).

While CSR is of a voluntary character, CSI often refers to norms and standards as it is mostly associated with law violation (Windsor, 2015). However, CSI covers also immoral (Greenwood, 2007, p. 315-327) and unsuitable conduct due to the exploitation of negative externalities (Clark, and Grantham, 2012).

Nevertheless, it is obvious that revealing “bad” attracts more public attention than promoting “good” and is much easier to discuss and define. CSI enables corporations to learn by their own mistakes. According to Duane Windsor, “[i]nvestigation into CSI is more about antecedents and consequences of socially undesirable behaviors and how to discourage such behaviors than about normative or strategic justifications” (Windsor, 2015) but the preventive nature of CSI considerations facilitates the formulation of organization or even sectoral codes of conduct, setting organizational norms and establishing policies. On the other hand, there are some critics who, instead of developing corporate and industrial solutions, advocate expanded government regulation (Windsor, 2015).

When comparing the promotion of socially responsible behaviors and the avoidance of socially irresponsible behaviors of business we may notice that they refer to another time perspective as the positive organizational effects of CSR may be visible in the long run, while disclosure of CSI entails a variety of immediate negative consequences (such as penalty and compensation payments, loss of customers, reputational damage) (Lin-Hi, and Müller, 2013) that directly affect profits. To the contrary of CSI’s profit orientation (which is viewed as profit-enhancing), CSR shows a focus on stakeholder’s needs (Murphy, and Schlegelmilch, 2013, p. 1807-1813) (which is viewed as profit-reducing). The demand for long-term perspective was also formulated by Armstrong and Green (Armstrong, and Green, 2013), who encourage managers to strive to maximize the long-term profitability subject to fair treatment of their stakeholders.

4. Conclusion

We should remember that “a case against CSI is not automatically a case for CSR” (Windsor, 2015) as these two concepts are of a different character. Corporate social irresponsibility is a specific organizational alert that causes some reactive remedial and preventing actions (a kind of risk management), while corporate social responsibility refers to proactive behaviors (that do not require the identification of boundaries). CSR and CSI may be incorporated in the same corporation, which is of course an example of hypocrisy, but it may be a result of a different perspective. CSR, as a systemic organizational concept, is associated with individual choices to a lesser extent, while CSI depends on short-term individual decisions. That is why these two approaches should be simultaneously applied in corporations’ ethical strategies in order to prevent the organization from irresponsible individual decisions and its harmful effects as well as to develop solutions that are positive for the organization itself and for its widely understood environment.

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HIGHER EDUCATION COURSES EXPECTED BY THE ENTERPRISES THE BUSINESS ACTIVITIES OF WHICH ARE RELATED TO SMART SPECIALISATIONS OF THE REGIONS (ON THE EXAMPLE OF THE SILESIA VOIVODESHIP)

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Abstract: The first objective of the research was to analyse employers' expectations with a focus on employers whose companies are related to the smart specialisations of the region of Silesia. The second objective of the research was to confirm the need for and development of the conceptual model of regional integration network (information network) of the system of education, higher education and companies, the region's authorities... in order to shape the supply of and demand for course-specific education; its priority would be to develop human resources for the regional industry in the perspective of economic changes. The hypothesis that "The creation of integration network of information for improving the effectiveness of development of major studies in higher education is desired by system of education, higher education, companies and public authorities" was confirmed on the basis of secondary and primary data.

Keywords: higher education courses, smart specialisations of regions, IT system

1. Introduction

The most important factor and requirement of competitiveness and effectiveness of the company's activities is its ability to innovate. This ability is determined by the competence and skills of managers, employees and co-workers of the company. Their knowledge and competence affect the changes of the offer and structures of business models. Employer organisations and the National Training Fund (KFS) suggest that the education system and higher education should adjust the competencies of their graduates to the requirements of the dynamically changing economy and job market and draw conclusions from the arrangements of the Voivodeship Social Dialogue Councils (www.dialog.gov.pl) on education priorities at the regional level.

The first objective of the research was to analyse employers' expectations with a focus on employers whose companies are related to the smart specialisations of the region of Silesia.

Deficit occupations in Silesia and even in the individual poviats of the voivodeship were analysed. On the basis of the document "Occupational Barometer of 2016", it was concluded that the deficit of occupations is associated with the industry located in the voivodeship and in particular poviats (barometrzwodow.pl). Analysts of "Barometer" took into account the variety of occupations (e.g. in 2016 banks and financial institutions of the largest cities of Silesia showed demand for specialists, the shortage of whom could be observed on the labour market, as shown in the map of Silesian Voivodeship below). However, in their analysis they focused on the professions which one can be learn in the vocational school, vocational high school or technical high school.

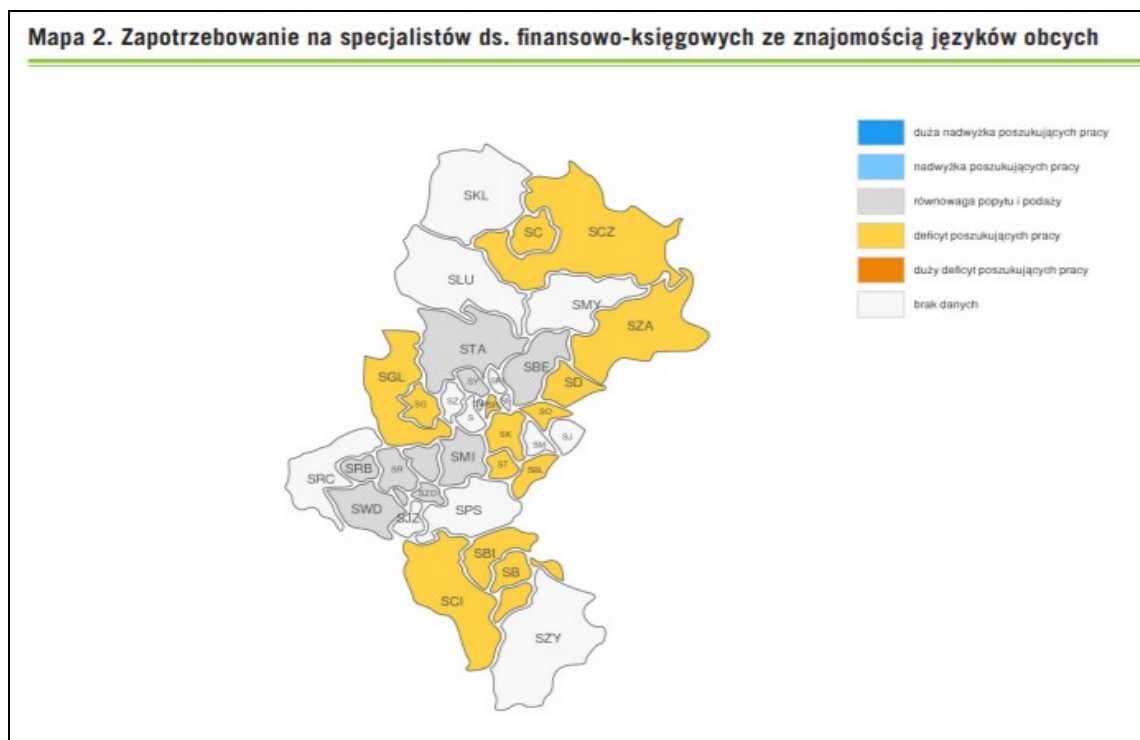


Figure 1. Map: the demand for specialists according to poviats of the Silesian Voivodship¹ in 2016. Adapted from: https://barometrzwodow.pl/userfiles/Barometr/2017/slaskie/Raport_wojewodztwo_slaskie.pdf.

There is a need of analyses that would allow universities to develop the offers of courses for students of the first and second-degree studies as well as of postgraduate studies. Numerous analyses show that there is a shortage of engineers in all industries related to production and heavy industry. For example, the study "Talent Shortage" carried out by Manpower in 2015, shows that engineers are the third most sought-after professional group in Silesia (after qualified physical workers and sales representatives). Investments in automotive, aviation and rail sectors are continuously increasing the demand for engineers in Silesia. The most popular engineering studies in the case of the Silesian University of Technology include: civil engineering, automatic control and robotics and transport. At the AGH University of Science and Technology: mechatronic engineering, automatic control and

¹ Voivodship the highest-level administrative subdivision of Poland, corresponding to a "province" in many other countries.

robotics and civil engineering, and in the case of Częstochowa University of Technology: mechanical engineering, electronics and telecommunications, and management and production engineering. Employers sign contracts with technical universities to organise studies intended for them (Fiat, Chrysler Automobiles signed such contracts with the Silesian University of Technology). Wielton and Rosomak also run courses within master's degree studies at the Silesian University of Technology.

The CSO data show that the number of students at technical universities in Poland increased only slightly from 2 893 000 in 1999 to 3 014 000 in 2015 (including 24 957 students at the Silesian University of Technology in 2015 (www.polsl.pl)). A variety of educational offers on the market (even of the leading universities), does not always coincide with the needs of the regional labour market. Disorganised information flows, that shape the supply of and demand for course-specific education, hinder the decision-making process. Analysis of the structured information (barometr.zawodow.pl) about the demand of the labour market is not enough for the decision-makers. The information is incomplete, out of date, and often false. Improvement of the information reliability will occur when the authorities of the regions and poviats, universities, high schools, entrepreneurs, students and pupils will participate in the process of shaping the supply of and demand for course-specific education. Organising the knowledge flow in a regional educational area will provide added value for all of the above-mentioned links of the network.

The second objective of the research was to confirm the need for and development of the conceptual model of regional integration network (information network) of the system of education, higher education and companies, the region's authorities... in order to shape the supply of and demand for course-specific education; its priority would be to develop human resources for the regional industry in the perspective of economic changes.

2. Concept of information network created to improve the effective shaping of courses in higher education

Joining the network of information will be beneficial for individual entities:

- companies – by transferring the data about the demand for employees with specific education to the network, will be able, in return, to obtain information (about courses, dedicated courses, graduate students) useful for the development of future and current own personnel of organisation/institution,
- schools, because they will be able to participate in the process of shaping the supply, promote the courses that are the most desirable in the region among students, and in return share information about the preferences of graduating students,

- universities that will be able to shape the supply of and demand for course-specific education more accurately,
- authorities of the regions and poviats, which will have an impact on the development of supply of and demand for course-specific courses in accordance with regional development policy and smart specialisations of the region,
- students will be able to learn what directions of professional development are desired in the region in which they live.

The development of the concept of the model would require to carry out a series of research and analysis, and in particular:

- the development of a detailed list, which would include potential members,
- the recognition of the information needs of potential members and external stakeholders (students, employees of the regional companies),
- the identification of the key members and their motivation to join the proposed network, as well as explore the possibility of any conflict situations in the network,
- the development of the principles of operation of the network including the processes of tacit knowledge and standard data flow, preparation of their statistical processing and information sharing (the development of the model of regional network of the system of education, higher education and companies in order to shape the supply of and demand for course-specific courses),
- the description of roles, skills and competencies of each link within the systems in the context of the network that is being created,
- the identification of potential system integrator/flows coordinator/information broker,
- the preparation of transparent rules of knowledge exchange that would affect the building of trust within the network,
- the examination of the network operation conditions (current and potential knowledge flows and their determinant, possible sources of funding the network, the necessary technical infrastructure, critical mass – the number of institutions and companies necessary to launch the network, personal resources, etc.),
- the identification and indication of the organisational units/work stations, which will be a part of the network,
- the recognition of the personal motives of people potentially responsible for the creation of the network,
- research of the impact of trust on relationships in the proposed network of systems integration,
- the development of a way to recruit key members (leaders) of the community and the newly incorporated organisations,
- the development of a plan for the adaptation of the structure and process control of the information flow,
- the preparation of the system of incentives to participate in the network,

- the development of a "marketing plan for critical mass acquisition" (conducted by the broker) that focuses on key members, potential new members and external stakeholders,
- the development of a monitoring and continuous improvement of activities (including the implementation of the pursued objectives (e.g.: the number of regional university graduates employed)).

The above-mentioned tests should be repeated. It is necessary to apply the IT/artificial intelligence system and to join selected institutions to the system.

3. Research methodology

The first objective of the research was to analyse employers' expectations with a focus on employers whose companies are related to the smart specialisations of the region of Silesia.

The second objective of the research was to confirm the need for and development of the model of regional integration network (information network) of the system of education, higher education and companies, the region's authorities... in order to shape the supply of and demand for course-specific education; its priority would be to develop human resources for the regional industry in the perspective of economic changes.

For the purposes of the article, a study limited to the confirmation of the main hypothesis was conducted i.e. the creation of integration network of information which aims at improving the effectiveness of development of education courses in higher education is desired.

Detailed hypothesis were also confirmed:

- The key condition for the process of creation and functioning of an efficiently running integration network is to identify the link that could serve as the initiator and the broker, responsible for supporting the development of the network.
- An important aspect of the processes of creation and development of the network is the selection of a suitable communication platform and communication tools that would ensure the effectiveness of the exchange of information and knowledge within the network.
- Increasing the density of the integration network is dependent on the creation of organisational culture based on openness and trust.

The basis of the scientific research includes:

- The analysis of secondary sources for the development of the concept of a network of cooperation in the area of the system of education, higher education, labour market and public administration,
- The analysis of the primary sources – data from direct interviews conducted among representatives of the tested systems, in order to create a database of determinants and

assumptions for the creation of the integration network of systems intended for the course-specific education.

Method of sampling and sample size. For the purposes of the implementation of the test, the sample size is as follows: two universities (national and private), five high schools (including one academic high school), ten companies from the energy, automotive, aerospace and biomedical engineering sectors, authorities of two poviats). The research was carried out among the organisations located in the Silesian Voivodeship, between the end of December 2016 and the beginning of January 2017. The following research aimed at the development of a model of information flow should be deepened and based on a bigger sample of the studied organisations.

A measurable result of the previous work is a confirmation of the above-mentioned hypotheses and, above all, the main one that the integration system is desired by all interested parties.

The measurable and documented effect of the implementation of the future project will include:

- The concept of the integration network of systems, containing objectives, scopes of tasks and ways of their implementation.
- The database of determinants and assumptions for integration network of systems (including: identification of problematic aspects of communication between network systems, and an indication of the marketing communication tools to support the flow of information between the them).

4. The integration network (information network) of systems of education, higher education, companies and the authorities of Silesia for the shaping of the supply of and demand for course-specific education – research results

Strategic challenges of innovative development of the Silesian voivodship play a significant role in the development of the strategy of innovation giving this strategy a particular, specific and appropriate character of the analysed region. The key strategic challenges for this strategy of innovative development of the Silesian voivodship are:

- risk management within the financing of innovative activity of companies,
- the stimulation of the innovation potential of groups of companies and industrial corporations,
- the elimination of the information asymmetry and knowledge management in the system of public support for innovation,
- the diffusion of innovation in the public service sector,

- the development of the knowledge economy infrastructure,
- the creation of smart markets for technologies of the future,
- shaping the culture of innovation.

There are two objectives of the development of the knowledge economy infrastructure. Firstly, the strategic objective 1.1 – Ecosystem of innovation of Silesia, based on dynamically changing innovative environments. Secondly, the purpose of this research, namely the development of the concept of the integration network of systems of education, higher education, companies and public administration for the purpose of shaping the supply of and demand for course-specific education, focused on the human resources development for regional industry in view of economic changes. Joining the network will be beneficial for individual entities of the systems. Transferring the data to the network will enable them to obtain specific information helpful in the development of future and current own personnel of the institution/organisation. Public administration units will be able to plan and organise the development of human resources for the region more efficiently.

The existing urgent problems that require the network development are described from the point of view of universities. It is primarily their responsibility to shape the supply of and demand for course-specific education.

Problems with the shaping of *supply* of course-specific education at universities

- **concerning the first-degree studies**

Overview of the structure of course-specific education (participation of students of particular courses within the total number of students) with data on the demand for work indicates slow and selective adaptation to changes in demand. Specialists in technical sciences are sought for on the market (specifically by the companies, as the work demand is mostly their field of research), however, universities, barely take that information into account when changing the offer. National universities, in their autonomous decisions on the shaping of demand, adhere to the knowledge on modern technologies and base on the experience of foreign universities (as the most important catalyst for innovation of the Polish industry and not necessarily of the regional industry). Private universities are preparing their offer adjusting it to the needs of high school graduates. Their financial situation is also significant. The selectivity of major studies is largely based on the costs of education. Detailed data show that the main expansion pertained mostly the courses that were and are "trendy", but also cheap, and thus easier to sell (because of what they are more available to buyers) in a impecunious society. Based on available data, it is difficult to say whether the structure of directional study corresponds to, or does not correspond to the expectations of the market. However, the data showed that there is an unmet demand for professionals in the construction, transport, communications and industrial processing sectors. Information about the needs of the regional employers is available, however, it is related to graduates of vocational schools mainly, and not to professionals – graduates of national and private universities. Perhaps the

changes will improve the labour market recognition and consequently – lead to greater compliance of the universities' offer with the needs of the labour market. Meanwhile, however, consulting firms (e.g. Manpower Professional, Sedlak & Sedlak), recruitment portals (e.g. pracuj.pl) and employers associations (among them: PKPP Lewiatan) are trying to fill the information gap (at the national level). Educational decision-makers (including the Ministry of Science) use occasional, one-off expertises. There are some courses (offered by a small number of universities, i.e. aviation) for which the demand for graduates in the labour market should be studied on the national scale but there are also some courses (offered by each of the technical universities, e.g. computer science) which formation would require the assessment of their demand on the regional labour market.

- **concerning the second-degree and postgraduate studies and training**

Informal contacts between universities and employers do not provide a complete picture of the demand for employees training. Only large companies (particularly international companies) cooperate with universities in the scope of employees' training. Managers of small and medium-sized companies are often not aware how much and how quickly the technologies in their industry change and how beneficial the acquisition of a specialists in production management or logistics can be.

The problem with the shaping of demand for course-specific studies results also from the difficulties that universities have with making education more practical (referring to training, workshops and apprenticeships). Entrepreneurs declare reluctance to accept students for apprenticeships, fearing an outflow of information to the competition and loss of time spent for apprentices. The admitted students (possibly not prepared enough by the university for an apprenticeship) perform the simplest tasks for the company, instead of focusing on creation of added value as educated professionals. This situation dissuades students from enrolling in the second-degree studies, it neither contributes to an increase of practical skills of graduates nor to the strengthening of ties between a student and his potential employer.

Employers' research showed, apart from inadequate adjustments of the course-specific education (insufficient number of graduates, and hence of the course-specific studies and of apprenticeships within the fields of those studies), also inadequacy of graduates' qualifications (e.g. the lack of: ability to work in a group and communicate, knowledge of foreign languages and IT tools, learning skills, desire for improvement, the ability to function between science and practice). These inadequacies point to the need for the introduction of an integrated/systemic studies planning (including the maintenance of balance between lectures, classes, seminars and design classes, with a greater participation of professional specialists), and to the need for a wider use of new methods and teaching techniques by university teachers.

Problems with shaping the *demand* of course-specific education at universities**• concerning the first-degree studies**

In the Higher Education Strategies' chapters devoted to educational activities one of the operational objectives reads: Improvement of the preparation of candidates for studies through a better coordination of activities in the systems of higher education and education in general. Rewrite such as - Both the too low Gross Enrollment Ratio and the results of the matriculation examination and entrance exams are problematic. The lack of coordination of the systems activities weakens the chance to increase the interest in high school graduates in technical courses (which are desirable on the labour market). The lack of cooperation does not result in changes of education programs and methods in these disciplines at a lower level of education, (the PISA test results also indicate the need for system integration). Public administration units as well as school are rarely interested in integration of the systems (they are busy with curriculum implementation and do not respond to promotional campaigns such as: universities' open days or guest presentations by universities' representatives). Popularisation of university patronage over high schools or even the creation of so-called academic high schools linked to universities are the solution to this problem.

• concerning the second-degree and postgraduate studies and training

About 53% of the graduates of the first-degree studies continue their education at a higher level. Most of the surveyed, among the important reasons to opt out of further education, mention the already discussed problem of making education more practical. Therefore, it can be stated that the extension of offers of various forms of training, workshops and apprenticeships will contribute to the growth in demand for the second-degree studies.

There are problems with the promotion of the the second-degree and postgraduate studies and training. Many universities, especially national, lack money for marketing activity intended for entrepreneurs and companies' employees. Despite various informal contacts of universities' authorities and their individual departments with companies as well as many initiatives such as: Student Careers Offices, Alumni Associations, the information about university education offer does not reach the persons potentially interested in supplementary education or employees' training. The demand for the second-degree course-specific education and training, increases only slightly, as a result of the promotional activities. The sharing of information with employers (about technology development in the industry in which they operate), managers (about new methods of management) on a current basis is needed, which will inspire them to increase their own and their workers' qualifications by acquiring knowledge at a university. A new provision which enters into force in January 2018 may be a solution. It indicates that both the acquisition of the results of scientific research and expert opinions, reviews, advisory services and parallel services should come from a science unit (konfederacjalewiatan.pl).

The described issues concerning the shaping of the supply of and demand for the course-specific education affect mainly universities. Design and implementation of the regional

integration network of systems would enable the identification and mitigation of these problems for the benefit of the remaining systems and their individual links (institutions and organisations).

The essence of research is to develop a concept of integration network of systems of education, higher education, business and public administration. The concept of the structure of the integration network of systems will be developed on the basis of assessment of possibilities of: ways of shaping the supply of and demand for course-specific education by the entities of the integration network, network management methods, information distribution within the network, methods for motivating to share information, ways to create task forces, ways of financing tasks, mapping of the processes within the integration network.

The secondary data analysis presented above will not be sufficient to effectively organise the network. Not only the information integration, but also social recognition impact the success of the project. The essence of the future research project will be the collation of goals and values of individual users after recognition of conflict of interests of all groups – users of the system. And then the creation of a campaign model that will alleviate conflicts and lead to the recognition of the benefits of the proposed solution for the region.

Before carrying out the detailed study a potential benefits of the integration network of systems for the systems' links were formulated (table 1). Examples of informational inputs and outputs (valuable information for making decisions concerning the development of human resources) are described below.

Table 1.

The benefits of the integration network of systems for the network links. Exemplary informational inputs and outputs

Education system	
The benefits resulting from the functioning of the integration network	<ul style="list-style-type: none"> • Ongoing access to information about the current and future needs of the labour market, which will help choose an annual technical courses, • participation in the development of and access to the standard programs and education methods in technical disciplines in secondary education.
The data transferred to the computer system	<ul style="list-style-type: none"> • The number of people willing to continue education at a higher level, including particular technical courses (divided into the second and third grades of high school), • applied and implemented changes in the vocational training proposed at www.konferencje.men.gov.pl
The information generated by the system which constitutes the decisional value (for directors, teachers, students)	<ul style="list-style-type: none"> • The number of vacancies offered by technical universities in the region, • the number of financed ordered technical courses, • the number of high school graduates in the region willing to continue education at a higher level on individual technical courses, • the schedule of events: open days, Student Record Book days proposed by universities/technical departments.

Higher education system

The benefits resulting from the functioning of the integration network	<ul style="list-style-type: none"> • Regular access to information about the current and future needs of the labour market, which will be helpful in the preparation of the major courses offer. • Participation in the development of programmes and teaching methods in technical disciplines on the upper secondary level of education, which will translate into the quality of education. • More efficient and more effective promotional activities addressed to high school students and employers. • Making education more practical thanks to the regular access to training and apprenticeships.
The data transferred to the computer system	<ul style="list-style-type: none"> • Current and future offer of technical courses (divided into first- and second-degree studies and full-time or part-time studies). • Current and future offer of education on financed ordered faculties (broken down into first- and second-degree studies and full-time or part-time studies). • The number of current and future graduates of technical courses. • The information about events: open days, Student Record Book days. • The scientific industry reports (on the technology development) prepared in order to inspire employers to acquire knowledge at the university, to educate employees etc. • Database of experts/scientists facilitating individual contacts between industry managers and scientists and individual training.
Information generated by the system, which has a decisional value (for rectors, deans of faculties, university teachers, students)	<ul style="list-style-type: none"> • Industry clusters, helpful when proposing and organising training sessions • Employers' offers arranged according to industry sectors (job offers, training sessions and apprenticeships for students). • Individual job offers for experts/scientists (offers of: training, expert opinions, assessments).

Employers/regional industry employers' associations

The benefits resulting from the functioning of the integration network	<ul style="list-style-type: none"> • Access to knowledge on technology development in the industry. • Access to experts/scientists. • Easy access to the apprentices and trainees; opportunity to choose from among the best, recruitment cost reduction. • Industry mergers of companies around universities; helpful in training (also through benchmarking).
The data transferred to the computer system	<ul style="list-style-type: none"> • Company data, number of employees, industry sector. • The present and future demand of the regional labour market/individual employers for engineers, master's degree holders and engineers (according to course-specific education). • The need for employees' training.
Information generated by the system, which has a decisional value (for associations of employers, employers, managers and employees)	<ul style="list-style-type: none"> • The number of current and future graduates of technical courses. • The number of places on financed ordered technical courses.

Public administration

The benefits resulting from the functioning of the integration network	<ul style="list-style-type: none"> • The opportunity to participate in the process of shaping the supply of and demand for technical course-specific education, and thus the impact on balanced economic development of the region.
The data transferred to the computer system	<ul style="list-style-type: none"> • The information on activities supporting the technical course-specific education, undertaken with the education system in view. • The information on activities supporting the technical course-specific education undertaken with the labor market and companies in view.

Information generated by the system, which has a decisional value for the regional unit of public administration	<ul style="list-style-type: none"> • All of the above information may be used by the public administration units to take regulatory action.
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Note. Own elaboration, requires primary research, deepening and confirmation.

After the presentation of the potential benefits to the respondents/decision-makers/managers, the study was conducted with the use of the interview method. Test results confirmed the main hypothesis: "The creation of integration network of information which functions in order to improve the effectiveness of course development in higher education is desirable by the interested persons". All of the respondents confirmed the need for the integration network described above. The region's public administration should be most interested. As stated: the role of public administration is not to choose between particular specialisations, but to involve different partners in the processes of their formulation, identification of complementary investment to the emerging specialisation and promotion of the integration network within the general technology of application between the different partners (Foray, 2009, p. 25). The veracity of detailed hypotheses was analysed:

- The key condition for the processes of creation and functioning of an efficiently running integration network is to identify the link that could serve as the information initiator and broker responsible for the support for the development of the network.

All of the respondents confirmed the need for appointment of the integration network's coordination body. Voivodship Social Dialogue Council (as it seems to the researcher) could act as the system's integrator. None of the surveyed respondents pointed to this authority. Three of the respondents pointed to this authority using its old name i.e. Regional Social Dialogue Committees (WRDS).

- An important aspect of the processes of creation and development of the network is the selection of a suitable communication platform and communication tools that would ensure the effectiveness of the exchange of information and knowledge within the network.

All respondents believe that if the network should come into existence, it must be accompanied by an IT solution i.e. a platform to which the data will be transmitted and from which they will be acquired "on-line".

- Increasing the density of the integration network is dependent on the creation of organisational culture based on openness and trust.

The respondents, in addition to the benefits of joining the network, saw a series of risks associated mainly with the transmission of information, which, as they think, can weaken their competitiveness (companies, research institutes, universities). The respondents did not negate the possibility of joining the network, however, they believe that the integrator will have difficulty in gathering regional partners around the vision of the future oriented towards a higher level of education that would lead to the development and prosperity of the region. Moreover, they fear that the transmission of data to the network will become an obligation,

and that routinely processed data will have little input. The respondents are waiting for solutions which enable the natural intermingling of the thematic systems with non-routine integration networks and cooperation between the actors of the regional education system in order to create the innovative region. A partnership in the training of creative staff is achievable, according to the respondents, only by means of mutual trust. The surveyed entrepreneurs underline that they want to be involved into the development process, actively check the actual education possibilities and to share their opinion on them. They want to consciously take part in the development of education programmes and assess their results.

The results of the subsequent research will include:

- The database of determinants and objectives for the development of the integration network of systems.
- The concept of the structure of the regional integration network of systems.
- The model of communication paths between the entities of regional cooperation network.
- The description for the IT tool creation. The basis of the solution will be the global World Wide Web network (which functions as a collective memory through the hyper-media architecture and strengthens the most frequently used connections). The tool will be prepared so that the competition between the universities, individual system units or groups of systems is not an obstacle in the network integration. The arrangement of units into groups and sharing their data with the use of statistical tools will protect the single information transmitted. The network will be based on a simple condition that the system's link will be allowed to use it only if it provides specific knowledge in return. The best way to convince the future customers of the network to use it will be to create documents that will be interesting for the user (users can be motivated to use the existing network resources and to add their data with promotional instruments outside of the network as well). In addition to the analytical function (by means of which you will be able to get information on: the current and anticipated needs of the labour market, courses offered in the region, high school graduates' preferences in the scope of the future courses, apprenticeships, workshops, and training for students of specific university courses, schedule for educational events, promotional information addressed to high school students, employers and employees who plan further training, industry innovations and new technologies carried out in the cities, at schools and universities, training for workers and companies), the tool will enable the users' interaction (e.g. a student, who, through the tool, can ask the tenderer to be accepted for the apprenticeship, or a company asking a scientist preparing information about the latest industry technologies or for experts recommendations). The model will be constructive and selective. The users will choose only those addresses that they will need. The designated integrator (individual system's integrators) will be able to forward the mail to recipient groups via Newsletter.

- The design of the promotion campaign (rising awareness about the global/regional benefits of the proposed solution, mitigating any conflicts between the systems). The effect of the implementation of the integration network must be a social system. This requires not only the integration of knowledge, but also integration, overview and publicising of the objectives and values of different users.

The development of the integration network of systems supported by the IT system and the motivation changing the attitude toward sharing information may lead to the expected development of the region's human resources in the future.

5. Conclusions

System approach was designed by Ludwig von Bertalanffy for the first time – he developed the general theory of systems and by N. Wiener – creator of cybernetics. Contemporary understanding of the system is derived from the works by T. Parson. This approach is manifested in the look at the nature of reality in the methodology of it being studied as well as in the methods of the impact on such reality. The essence of this approach is to treat the tested objects as open systems, in other words, the sets of related items in such a way that they form a new whole which stands out in a particular environment (Kozmiński, 1996, p. 693). System approach to the analysis of an organisation, imposes it to be treated as a compact structure with a variety of inputs and outputs. Inside this structure there are smaller elements (subsystems) which enable the conversion of inputs into outputs in line with the objectives of the system. Key elements of the organisation are the regulation subsystem (management) as well as the implementation subsystem. Regulation subsystem consists of the following elements: organisational structure, fundamental values, objectives and tasks of the management system. The system approach, is not only the profitability of individual products, but also the interrelationship among departments, branches, branchings, which together form the structure of dependencies (Grontkowska, and Klepacki, 2006, p. 56).

Literature of the subject and, above all, numerous current developments on the management of education, higher education, projects such as "European funds for learning-learning for Poland", Actions 8.1.3 POKL, Services like: www.funduszeonline.pl, www.proregio.org.pl, www.naukawpolsce.pap.pl touch upon the issues of system integration. However, there are no networks and information technology tool integrating the system of education, higher education, employers and public administration operating in the region. There is also no integrator of the proposed network. In the theoretical perspective the original solution will be to develop the structure of integration system network. The scope of its tasks and the ways of their implementation will be developed. The new solution is the regional network of integration systems created to support the formation of supply and demand for

major studies. Reciprocity of services in the proposed network is evident and only the freedom of relationships created with it may be the obstacle. Utilitarian solution would be a prototype of information technology tool supporting the operation of network and the campaign promoting the solution. The tasks of efficient information and knowledge management are other than at the level of enterprises and the appropriate microeconomics-related implementation of solutions and instruments applicable to enterprises or other organisations is not enough. J. Zhao and P.O. de Pablos point it out, claiming that "management of knowledge in the region is more strongly focused on the management of innovative knowledge and the management of knowledge related to the region development, and it is targeted at such type promotion of innovativeness, stimulation of external effects, course and dissemination of knowledge as well as the increase in regional competitiveness in order to achieve the maximum level of benefits and it must be noted to deliver the benefits for the region as a whole" (Zhao, De Pablos, 2011, p. 39).

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HAVER ANALYTICS AS A TOOL TO MEASURE ECONOMIC GROWTH IN POLAND AND THE UNITED STATES

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Abstract: This publication presents the results of the comparative analysis of economic growth in the United States and Poland using Harver Analytics. It takes into account factors such as GDP, industrial output, consumption expenditure, investment, exports and consumption expenditure of the government.

Keywords: economic growth, innovation, management tools, GDP, production, consumption

1. Introduction

The aim of the paper is to analyse and compare economic growth in Poland and United States in Poland and in USA using Harver Analytics Tool. Haver Analytics, a premier provider of time sensitive data for the global strategy and research community, has been chosen to define eight methods for measuring economic growth in the Euro Area (including Poland) and the United States (US). In the US, Haver Analytics' eight output indicators to measure economic growth are as follows (en.oxforddictionaries.com; Knopp, 2007; Grebski, and Wolniak, Wolniak, and Grebski, 2017):

- gross domestic product,
- industrial production,
- unemployment rate,
- gross domestic product growth,
- personal consumption expenditures,
- investment and inventories,
- net exports of goods and services,
- government consumption and investment.

In the Euro Area (including Poland), the indicators vary slightly (Michna, and Kmiecik, 2012, p. 203-2016; Brzóska, 2012, p. 27-47; Rydarowska-Kurzbauer, 2016, p. 155-165;

Rydarowska-Kurzbauer, 2015, p. 93-101; Pałucha, 2015, p. 353-366; Pacana, Pasternak-Malicka, Zawada, and Radoń-Cholewa, 2016; Lew, Pacana, and Kulpa, 2017, p. 124-129).

They include the following:

- gross domestic product,
- industrial production
- unemployment rate,
- consumer price index,
- private consumption expenditures,
- investments and inventories.
- net exports of goods and services,
- government consumption expenditures (ECB, 2011; haver.com).

2. Gross Domestic Product (GDP) as a Method to Measure Economic Growth

Gross Domestic Product (GDP) is the total value of goods produced and services provided in a country for one year. GDP as compared with gross national product (GNP) is more than the combined gross domestic product (GDP) of 150 nations. This information is also used to estimate the gross domestic product (GDP) per region. GDP as defined by the Business Economics Association is the total value of final goods and services (table 1). This information is also used to estimate the gross domestic product (GDP) per region. GDP as defined by the Business Economics Association is the total value of final goods and services (en.oxforddictionaries.com; www.bea.gov).

Table 1.

Comparison of gross domestic product between Euro Area and the United States (percent change over previous year levels) (ECB, 2011, p. 70-72, 76; haver.com)

Euro Area

3%					
2%				2.00	
1%		1.95	1.25		1.70
0%					
-1%	-1.25				

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

United States

3%					
2%		2.50	2.50		
1%	1.40			1.90	1.70
0%					
-1%					

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

Note. Haver Analytics.

The Gross Domestic Product (GDP) growth for 2015 shows that Euro Area (Poland) maintained an even level at approximately 1.7% while the United States dropped below 1.5% before rebounding to 1.7%.

In recent years, the United States economy averaged around 3% growth. GDP was measured by the following five criteria (informationstation.org).

1. rise in labor participation (hovers around 63% which is a 40 year low),
2. discovery of new resources (oil, lumber and natural gas due to fracking).
3. increase in labor specialization (more human capital, skills, general knowledge, and educational reform).
4. new technology/innovation (Krzemień, and Wolniak, 2016, p. 155-165; Wolniak, 2013, p. 524-534).
5. increased trade (reducing regulations, tax policies, trade restrictions).

3. Industrial Production as a Method to Measure Economic Growth

Industrial Production is the action of making/manufacturing from components/raw materials, or the process of being so manufactured as characterized by industry. It is also defined as the measure of output of an industrial sector within the economy, such as manufacturing, mining, and utilities. Although these sectors contribute only a small portion of gross domestic product (GDP), they are highly sensitive to interest rates and consumer demand. A comparison of industrial production was difficult because Euro Area industrial production was indexed while the United States' industrial production was measured in percentage change.

Production levels measured by gross domestic product (GDP) is the total dollar value of the goods and services produced in a year which in turn leads to job creation and more employment (table 2) (en.oxforddictionaries.com; en.wikipedia.org).

Table 2.

Comparison of industrial production between Euro Area and the United States, 2013-2017 using percentage points (ECD, 2011, p. 78, 81; haver.com)

Euro Area

6%				6.00%	
5%					
4%					4.8%
3%					
2%			2.1%		
1%		1.9%			
0%					
-1%	0.75%				

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

United States

6%					
5%					
4%					
3%			3.9%		
2%					
1%	1.9%	1.9%			
0%					-0.5%
-1%				-2.0%	

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

Note. Haver Analytics.

There were very dynamic changes within any given year. In many years, the changes did not show such dynamic changes. A closer look at the data shows major difference in industrial production between the Euro Area and the United States. In some cases, the data would need to be analyzed month-by-month. Industrial production as a measure of economic growth needs to be analyzed in both the short term and the longer term.

4. Private/Personal Consumption Expenditures as a Method to Measure Economic Growth

Private/Personal Consumption Expenditures (PCE), or the PCE Index measures price changes of consumer goods and services (Hąbek, and Wolniak, 2016a, p. 339-420; Hąbek, and Wolniak, 2016b, p. 560-570). Expenditures noted on the index include actual expenditures and expenditures that are attributed to households in the United States. Data that pertains to services, durables and non-durables is measured through the index. Sharing similarities with the Consumer Price Index (CPI), the PCE is part of the personal income report issued by the Bureau of Economic Analysis of the Department of Commerce. The definition of consumption is simply the action of using up a resource (table 3).

Table 3.

Comparison of personal/private consumption expenditures for the Euro Area and the United States, 2013-2016 using percentage points (ECB, 2011, p. 77-83; haver.com)

Euro Area

3%					
2%					
1%			1.00%	1.50%	
0%		0.50%			0.80%
-1%	-0.50%				

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

United States

3%			3.00%		
2%		2,25%			2.00%
1%	1.25%			1.75%	
0%					
-1%					

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

Note. Haver Analytics.

The 3rd Quarter of Private/Personal Consumption in Euro Area (Poland) rose slightly after a significant gain in the 1st Quarter and a sharp drop in the 2nd Quarter. Meanwhile, the USA had a slight drop in the 3rd Quarter after consecutive drops in 2015 and a slight drop in the 1st Quarter of 2016. There was a significant rise in personal consumption expenditures in the 2nd Quarter of 2106.

5. Investments and Inventories as a Method to Measure Economic Growth

Investment can be considered from three different perspectives. It can be either the action or process of investing money for profit, a thing that is worth buying because it may be profitable or useful in the future or an act of devoting time, effort, or energy to a particular undertaking with the expectation of a worthwhile result. *Inventory* (from an accounting perspective) is the entire stock of a business, including materials, components, work in progress, and finished product. *Inventory* is the investment in raw materials, work in progress and finished stock.

In contrast with fixed investment, inventories are constantly being turned over as the production cycle repeats itself, withdraw materials being purchased, converting these materials from work in progress into finished goods and sold as products. The level of inventory and investment can result in an unsold goods build up or a decline of demand. Expectations are not met and inventory must be depleted (table 4). Firms use investment and inventory as a factor to measure economic growth (en.oxforddictionaries.com/definition/investment; financial-dictionary.thefreedictionary.com/inventory+investment).

Table 4.

Comparison of investment and inventories between the Euro Area and the United States, 2013-2017 using percentage points (ECB, 2011, p. 73-74; haver.com).

Euro Area

3%					
2%					
1%		1.75%	1.00%		
0%				-0.40%	0.60%*
-1%	-1.25%				
-2%					

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

United States

3%					
2%	2%				
1%			1.75%		
0%				-0.40%	0.50%
-1%		-1%			
-2%					

2013 2014 2015 2016 (1stQ) 2017 (3rdQ)

Note. Haver Analytics.

Investments and inventories showed a dramatic contrast between Euro Area (Poland) and the USA. Euro Area (Poland) ended the 4th Quarter of 2015 at approximately 2% while the United States percentage points dropped below 0% and remained at negative percentages until the 3rd Quarter of 2016.

6. Net Exports of Goods and Services as a Method to Measure Economic Growth

Net Exports of Goods and Services are the difference between a country's total value of exports and total value of imports. Depending on whether a country imports more goods or exports more goods, net exports can be a positive or negative value. An export can be defined as the selling and sending out of goods or services to other countries (table 5).

Table 5.

Comparison of net exports of goods and services between Euro Area and United States, 2013-2017 (ECB, 2011, p. 78-79; haver.com).

Euro Area

(Percentage points)

3%					
2%					
1%			1%		
0%	0.50%	-0.75%		0.60%	-0.30%*
-1%					
-2%					

2013 2014 2015 2016 (1stQ) 2016(3rd Q)**United States**

(Percentage points)

3%					
2%					
1%		1.25%			
0%	0.30%			0%	0.80%*
-1%			-1.80%		
-2%					

2013 2014 2015 2016 (1stQ) 2016(3rdQ)

Note. Haver Analytics.

Net exports of goods and services were positive in the Euro Area (Poland) until the 3rd Quarter of 2016 with a 0.3% loss. In the meantime, the USA rebounded in the first three quarters of 2016.

7. Government Consumption Expenditures as a Method to Measure Economic Growth

Government (final) Consumption Expenditure (GFCE) are the aggregate transaction amount on a country's national income representing government expenditure on goods and services that are used for the direct satisfaction of individual needs (individual consumption) or collective needs of members of the community (table 6).

Table 6.

Comparison between the Euro Area and the United States of government consumption and investment, 2013-2017 (haver.com).

Euro Area

(Percentage points)

3%					
2%					
1%					
0%	0.10%	-0.10%	0.20%	0.50%	0.40%
-1%					
-2%					

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

United States

(Percentage points)

3%					
2%					
1%					
0%	-0.90%	-0.10%	0.50%	0.25%	0.10%
-1%					
-2%					

2013 2014 2015 2016 (1stQ) 2016 (3rdQ)

Note. Haver Analytics.

Government Consumption Expenditures in the Euro Area (Poland) were consistently positive from 2013 through the 3rd Quarter of 2016. In the USA, the government consumption and investment dropped to negative percentages from 2013 through the 1st Quarter of 2014. There were negative drops in the 4th Quarter of 2014 and the 2nd Quarter of 2016 with a positive rebound, +0.1%, in the 3rd Quarter of 2016.

8. Conclusion

In summary, the latest output indicators (February 27, 2017) for measuring economic growth in Poland and the United States show the most significant difference in unemployment data. Industrial production was not measured in January 2017, so there is no comparison for this indicator (table 7).

Table 7.

Summary of Poland and United States methods of measuring indicators of economic growth: 2016-2017 (financial-dictionary.thefreedictionary.com/inventory+investment; en.wikipedia.org/wiki/Industrial_production).

Output Indicators	Poland	United States
GDP (change on a year ago)		
Latest	+2.3 Q3	+1.9 Q4
Quarter	+7.0	+1.9
2016	+2.8	+1.6
2017	+3.2	+2.2
Industrial Production		
Latest	+9.0 (January)	Not available for January
Consumer Prices		
Year ago	-0.9	+1.4
2016	-0.7	+1.3
Unemployment	8.6 (January)	4.8 (January)

Note. Author's analysis.

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