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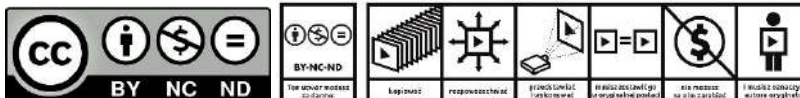
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# CSR ACTIVITIES IN THE PERCEPTION OF REPRESENTATIVES OF GENERATION Z

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**Introduction/background:** Modern management theories require organizations to recognize the expectations of the environment in order to improve the quality of their products and services. The ability to listen attentively to the needs of stakeholders is one of the key pillars of any company's competitive strategy. The concept of social responsibility, which is based on a long-lasting dialogue with stakeholders, sheds new light on the role of organizations in society, and social engagement promotes obtaining the precious intelligence employed in shaping new sources of value growth.

**Aim of the paper:** The aim of this paper is to present the results of research on the perception of representatives of the Generation Z in the field of corporate social responsibility. The research allowed gathering the information needed to determine the existing state of knowledge of people belonging to this generation with respect to their understanding of the subject of CSR.

**Materials and methods:** The research included 320 students of the Częstochowa University of Technology. The results were subjected to the chi-square independence test. On its basis, it was assessed whether the responses to given questions depended on the field of study of the respondent.

**Results and conclusions:** Only 75% of the respondents indicated that they held knowledge of the problem. Considering their declarations regarding the need to receive more information about CSR, education must be conducted skillfully using appropriate tools. Despite the average level of knowledge of the young generation in the field of CSR, they are positive about it and believe that organizations should be more involved in social activities.

**Keywords:** CSR, Generation Z, knowledge management, organization management, perception.

## 1. Introduction

Modern management theories require organizations to recognize the expectations of the environment in order to improve the quality of their products and services. The ability to listen attentively to the needs of stakeholders is one of the key pillars of any company's competitive strategy. The concept of social responsibility, which is based on a long-lasting dialogue with

stakeholders, sheds new light on the role of organizations in society, and social engagement promotes obtaining the inestimable data used to shape new sources of value growth (Losa-Jończyk, 2014).

The aim of this paper is to present the results of research on the perceptions of Generation Z regarding the field of corporate social responsibility. The research allowed gathering information needed to determine the existing state of knowledge of people belonging to this generation regarding their understanding of the subject of CSR. In focusing upon this generation, the author of the study made efforts to determine to what extent the idea of CSR penetrates their environment, how aware they are of the importance of corporate social responsibility, whether they are interested in this issue and what is their attitude towards CSR.

## **2. Generation Z – characteristic features**

Generation Z is now beginning to dominate the labor market. This is what we call people born after 1994, and who pose a challenge for employers, especially those who come out of the usual patterns of action. The new generation is already considered fully digital because, from an early age, they are perfectly aware of the possibilities offered by new technologies. These technologies allow them to function efficiently in the virtual world and quickly analyze information presented in the digital form (Biernacki, 2014).

The people of Generation Z are described as the children of wealth and comfort, and are notable for smartphones and tablets being extensions of their selves. Their ability to use these devices results from the fact that they were born in the years of the IT boom, hence they are well-versed with various types of technical innovations. Indeed, their entire lives are focused on the virtual world.

This is an instant generation – everything in their case must happen immediately, they do not wait for opinion or feedback, they do what they do right away. This will change the communication system in organizations. Generation Z is also transparent and does not fully understand the confidentiality of information (Pawłowska, 2013).

Generation Z researchers emphasize that they commonly multi-task – which is problematical in that they cannot focus on one thing at one time. Thanks to their continuous access to modern technologies, often without responsibility, they are noted for sharing raw information that should not reach a wide group (Młodzi 2011, 2011).

They are considered to be pragmatists because they are aware of the changes that come with future automation and lack of stability. By observing the surroundings, they learned that one should be flexible and ready for quick change or to expand held competences. They are practically oriented to their work and know that they will not achieve much without effort.

With this generation, employers will have to develop a new system of work and communication, a new way of functioning in the workplace (Stokowska, 2018).

### 3. CSR in the modern concept of management

Corporate social responsibility (CSR) is an important concept of management. According to the European Commission, it is described as "(...) the concept that companies voluntarily take into account social and environmental interests in their market strategies, as well as in relations with various stakeholder groups" (Bojar, 2013; Kwietniewska-Sobstyl, 2013). D. Kopycińska emphasizes that the concept of corporate social responsibility is not only the responsibility of the organization towards internal and external groups, but also the responsibility for the company. In this sense, social responsibility focuses on pursuing the interests of each party, excluding the possibility of benefiting at the expense of others (Kopycińska, 2001).

The European Commission, using the elements proposed by Freeman, assumes that the company is not an independent entity and operates in a specific closed environment. Stakeholders are, therefore, treated as all people who are in any way related to the company's activities, both from within and outside the enterprise. Most often they include employees, investors, shareholders, business partners, clients, public authorities, non-governmental organizations and the local community. Therefore, CSR is a process of managing the relations of organizations with various entities that in the long run may be a source of opportunities, innovation and competitive advantage. Therefore, it is emphasized that the management cycle using CSR should be considered in the category of long-term investment, and not as an unnecessary cost of operations (Bender, 2017).

The increasing pressure imposed by external and internal environments has compelled enterprises to take actions of an economic, legal, social or ecological character, taking into account the needs of various interest groups. The primary goal of organizations that practice social responsibility is to maximize their contribution to sustainable development (Charucka, 2015), as well as to the constant and harmonious development of the environment in which they operate (Baretta, 2002). The aim of the sustainable development activities is to minimize the harmful impact of production and consumption on the environment, contributing to the balance between economic development and the preservation of natural resources for future generations, and thus to improve the quality of life of people around the world (Krzepicka, 2013; Tarapata, 2013).

In the opinion of K. Davis and R. Blomstorm, CSR should be treated as an obligation for managers to choose decisions and actions that can contribute to the care for their own interest, as well as to protect and enhance social welfare (Jabłoński, 2013). CSR is a business model that

translates ethics, responsibility, high social and environmental standards into management processes towards employees, marketing practices, value chains and innovation processes that take into account the needs and expectations of stakeholders. The ethical sphere of business management in accordance with CSR includes the creation of an organizational structure, and one of the elements of the infrastructure implemented within the framework of social policy is the ethical program (Skrzypek, 2015). E. Jastrzębska notes that when the CSR concept is inscribed in the entire sphere of an entity's activity, its business strategy and management system will bring mutual benefits to both the company and all stakeholders (Jastrzębska, 2011).

#### **4. Knowledge management in the area of CSR**

In the era of permanent development of the organization, knowledge is more and more appreciated because it is the main factor responsible for the development of a given organization and a key element in achieving success on the market (Drucker, 2001). Hence, knowledge managed in a manner appropriate to the specifics of business operations of a given company generates profit in the financial and non-financial dimension. Knowledge in the context of CSR thus becomes the main and dynamic factor determining the strength and success of the company in the market, contributing to maintaining or improving its competitive position. Therefore, skillful knowledge management leads to improvement of the organization's effectiveness in terms of social responsibility. A good characterization of this type of action is made by P. Drucker, who writes that an entity's management should take care of transforming social needs into opportunities to create a thriving business (Klimczok, 2013).

In the literature on the subject, many definitions of knowledge management can be found, but for the purposes of this paper, a simple approach can be used, according to which it is ensuring that stakeholders have the right information at the right time to increase their effectiveness and the results of the entire organization (Preuss, 2009; Cordoba-Pachon, 2009). This interpretation shows that knowledge should be understood not just as information and data, but also inclusive of intellectual capital. This consists of:

- knowledge,
- experience,
- technologies,
- relations with clients (relational capital),
- skills (Pobrotyn, 2012).

The main carriers of intellectual capital are the employees of a given organization. Thus, they, in the knowledge-based economy, become the most important resource of the organization. It should be noted that the knowledge that employees have derived from various professional experiences may remain unconscious, and the task of knowledge management is



its "extraction" and reformulation in such a way that it is useful for the whole organization (Zych, 2012).

According to J. Fazlagić, knowledge management is defined as the management style of an organization that is characterized by (Fazlagić, 2012):

- taking into consideration the values preferred by the organization's stakeholders: employees, customers and suppliers,
- appreciating the importance of synergy effects (taking into account the relationship between many elements),
- having the desire to learn about and improve the holding and release of effective methods of employee intellectual work – especially creative work,
- building favorable conditions for creating knowledge,
- providing the right information to the right employees at the right time,
- creating conditions conducive to sharing knowledge and its use in such a way as to improve the operation of the organization.

The uniqueness of knowledge lies in the difficulty of locating, capturing, codifying, using it effectively and of continually updating it (Gołuchowski, 2007). Additional reasons for difficulties in skillful management of this specific resource should be seen in reaching hidden knowledge and transforming it into open knowledge. This problem becomes particularly noticeable in the context of knowledge management regarding CSR. The descriptive knowledge of social responsibility is only the basis for revealing the hidden knowledge that should be passed on in the master-student relationship. It is worth mentioning that there is a risk of a high degree of formalization of knowledge about CSR in documents, ethical codes, strategies that then becomes an obstacle to taking specific socially responsible actions, and good practices are doomed to replicate in a standard way, without providing the expected benefits to the organization (Ćwik, 2012).

Organizations that have included CSR in their strategy, and, hence, manage knowledge in a conscious and properly mapped-out way, contribute to strengthening the results in terms of social responsibility. To achieve this goal, employees should be provided with the right information in the right amount and at the right time so that they can effectively carry out the tasks entrusted to them, taking into account the CSR criteria and the strategy that the organization is directed towards. The information employees need is related to:

- specifications of what is a corporate social responsibility, why the organization implements CSR strategy and how it translates into the organization's results;
- CSR strategy, its organization and its implementation plan;
- tasks of a given department in the CSR strategy implementation plan;
- the key stakeholders for the organization, as well as the data needed to prepare social reports (Losa-Jonczyk, 2014).

Managing knowledge about social responsibility and sharing it with the environment is a significant challenge. This is because it directly translates into the achievement of defined CSR goals and programs, as well as the level of employees' competences and knowledge in this area. The implemented process enables an efficient flow of information about projects implemented by individual departments in the area of CSR, and it organizes resources related to this issue. It is also important to increase the level of employee involvement in activities related to responsible business when they know what CSR means (Makuch, 2012).

The basic channels for disseminating knowledge about CSR in organizations are internal communication tools, among them newsletters, thematic mailings, intranets, educational materials and team meetings. Frequent actions to support the development of employees' knowledge about responsible business also include internal and external training, thematic educational programs and co-financing for individual activities in this area. Responsible companies have access to training and e-learning that contain elements of knowledge about CSR. Those that are dedicated to responsible business present a broad spectrum of themes related to CSR areas, namely: workplace, labor market, social involvement and natural environment (Piwowar, 2012).

Careful management of the employee's knowledge brings positive effects to the company, but also to the employees themselves. Bearing in mind the benefits of knowledge management, organizations should ensure the creation of an organizational culture conducive to the free flow of knowledge leading to the continuous development of employees.

## **5. Purpose of research**

The aim of the empirical research within this article was an attempt to determine the perception of Generation Z in the field of corporate social responsibility. The research allowed gathering information needed to determine the existing state of knowledge of persons belonging to Generation Z, as to their understanding of CSR. Focusing on the group of the younger generation, the author of the study made efforts to determine to what extent the idea of CSR penetrates their environment, how aware they are of the importance of corporate social responsibility, whether they are interested in this issue and what is their attitude towards CSR.

The research was carried out in 2017/2018, using a questionnaire survey among students of the Czestochowa University of Technology. The research covered 320 students, 82% of whom were students of the Faculty of Management who participate in lectures in the subject of human resources management in financial institutions. The remaining respondents were students of other faculties of the university that expressed their willingness to participate in the study.

The study covered people in the age group of 20-23 years, i.e. representatives of the Generation Z who have just entered the labor market. This is a generation whose attitudes shape dynamically and whose current choices will largely determine the quality of future social and economic life in Poland. These people will decide in the near future how economic units will respond to development challenges. It is up to them to determine whether responsibility and ethics will become a standard in the practice of managing the organization (Odpowiedzialny Biznes, 2019).

The results were subjected to the chi-square independence test. On its basis, it was assessed whether the responses to given questions depended on the field of study of the respondent. The null hypothesis (H0) assumes that there is no statistically significant relationship, while the alternative hypothesis (H1) assumes that such a relationship exists. The level of significance assumed for the tests is  $\alpha = 0.05$ . The fields of study included Finance and Accounting, Occupational Health and Safety, Logistics, Management.

## 6. Analysis of the obtained research results

In the first part of the study, an attempt was made to determine the level of knowledge of the concept of social responsibility of the organization among Generation Z employees. CSR was interpreted as a series of activities, which are presented in Table 1.

**Table 1.**  
*Understanding of the CSR concept among Generation Z*

Characteristics	Percentage of responses	$\chi^2$	$\alpha$	Hypothesis
Maintenance and creation of jobs	62%	6.48	0.05	H0
Improvement of the financial conditions of employees	57%	35.73	0.05	H1
Caring for the professional development of employees	69%	7.61	0.05	H0
Application of ethical and moral rules in the workplace	42%	41.45	0.05	H1
Contributing to positive social change and improving people's lives	35%	17.58	0.05	H1
Protection of the natural environment	30%	1.59	0.05	H0
The allocation of income from the sale of products to social purposes by business owners	38%	0.66	0.05	H0
Engaging the company and its employees in pro-social actions	49%	7.44	0.05	H0
Engaging in activities for the benefit of local communities	32%	58.12	0.05	H1

Source: author's own research.

The obtained research results show that the young generation of employees shows interest in the subject of CSR, and adherence to the principles of social responsibility is an important aspect for them.

The research shows that a significant part of the research group –  $\frac{3}{4}$  of all respondents have come across the concept of socially responsible business. Among the surveyed students, the notion of CSR is known because they are people participating in lectures and exercises in the subject of human resource management and are professionally active people (12%).

Considering the respondents' opinions, it can be noticed that the issues most often indicated by them as important concerned the workplace and care for the employees of the organization, that is, running business in a way that would allow employees to take into account the ethical and moral principles in the workplace, and where compliance with the principles of responsible personnel policy should be the norm in relations with employees.

The young generation notes that corporate social responsibility activities should be addressed primarily to employee teams, and then to consumers and the environment. They perceive strength in teamwork due to the fact that its members can exchange competences and transfer held knowledge to each other. They attach great importance to the work environment. People belonging to Generation Z are oriented to their own development, which is why, as the reason for choosing an employer, they indicate the need to work in an organization ensuring the possibility of professional development. In their opinion, the socially responsible employer should invest in their development through the creation of financing programs and co-financing of education. Financial issues are the second most important factor mentioned by the respondents. Compliance with ethical and moral principles is an important aspect for 42% of all respondents.

Other frequently provided answers (49% of all indications) touched on issues related to the involvement of companies in pro-social actions to counter malnutrition and maltreatment of children, counteracting the exclusion of disabled people, creating equal educational opportunities for children from different environments and (38% of all indications) the allocation of income from the sale of products to social purposes by business owners.

A slightly smaller number of indications (32%) were towards engaging in activities for the benefit of local communities (financial support for charities, sponsoring sports and cultural events, promotion of culture) and environmental protection (reduction of pollutants below applicable standards, energy saving). Among the representatives of Generation Z, there are advocates of modern solutions created for the sake of environmental protection. Young people declare that they consciously choose energy-saving devices, and among them, there are supporters of environmentally friendly public transport, thanks to which the air in cities is less polluted.

Based on the chi-square test, it can be concluded that a statistically significant relationship can be found between the age of the respondent and the following responses: application of ethical and moral rules in the workplace, contribution to positive social change and

improvement of people's lives, protection of the natural environment, engagement of the company and its employees in pro-social actions.

In the further part of the survey, respondents were asked to mention companies implementing CSR projects, and the results obtained are presented in Table 2.

**Table 2.**

*Knowledge of companies and organizations implementing CSR strategies*

Responses	Percentage of responses
Public television, Polsat, TVN	16%
Tesco, IKEA, Coca-Cola, Danone, PKO SA	56%

Source: author's own research.

Obtained data show that the majority of respondents know and can name some companies or corporations that are associated with a socially responsible business (72% of all responses). People who had previously encountered the concept of CSR more often pointed to various corporations (56%), while 16% of all respondents associated only public and commercial television with the CSR activity.

An important part of the research was an attempt to recognize whether young people perceive corporate social responsibility as a risk or a benefit. The results are revealed in Table 3.

**Table 3.**

*Benefits from the activities of socially responsible companies*

Responses	Percentage of responses	$\chi^2$	$\alpha$	Hypothesis
Strengthening the company's image on the market	78%	3.65	0.05	H0
Gaining the trust and loyalty of stakeholders	60%	0.56	0.05	H0
Increase in employee activity for the organization	40%	8.86	0.05	H1
Cooperation with business partners	72%	10.58	0.05	H1
Satisfaction among consumers of using the company's services and products	34%	7.07	0.05	H0
Recognition of local authorities	70%	29.09	0.05	H1
Access to financing sources	65%	5.50	0.05	H0

Source: author's own research.

Based on the survey, it can be stated that young people see many benefits from applying CSR principles in an enterprise.

Building upon the chi-square test outcomes, it can be concluded that a statistically significant relationship can be found between the age of the respondent and the following responses: gaining the trust and loyalty of stakeholders, cooperation with business partners, access to financing sources.

Answers to the next question made it possible to verify the respondents' knowledge regarding contact between the younger generation and information on corporate social responsibility. The results are shown in Table 4.

**Table 4.**  
*Contact of Generation Z with information about CSR*

Responses	Percentage of responses	$\chi^2$	$\alpha$	Hypothesis
Workplace	32%	5.21	0.05	H0
University	79%	38.66	0.05	H1
Internet	26%	6.11	0.05	H0

Source: author's own research.

To the question as to where Generation Z encountered the term corporate social responsibility, they most often indicated the workplace (23%), University (79%), Internet (26%). The results of the survey show that a high percentage of respondents became acquainted with the subject of CSR while studying at university. From the question of whether or not this type of information was sought out of their own volition, one can deduce that the subject matter of corporate social responsibility was not in the sphere of their interests. Respondents, therefore, had had to familiarize themselves with this concept via the classroom, and as part of the preparations for the classes. However, they increased the knowledge in this area from the Internet and by analyzing the literature on the subject. Thus, it is optimistic that information about CSR permeates the higher education curriculum.

On the other hand, 26% of all people who previously had heard/read of this concept sought knowledge on it from the Internet on their own in order to satisfy their own curiosity. Therefore, the Internet remains one of the main sources of information for people participating in the study, so its high position on the list is not surprising.

As declared by 19% of all respondents – companies as part of in-house training seek to bring employees closer to CSR initiatives and identify basic issues related to CSR. This is to promote a better understanding of CSR.

Based on the chi-square test, it can be concluded that a statistically significant relationship can be found between the age of the respondent and the indication of a workplace as the place where the respondent met with the term CSR.

Organizations strive to build the best image of the employer by seeking the attention of the best job candidates. Creating good opinions on the local labor market is an indispensable tool for improving the image of the employer. At the same time, it is an area of corporate social responsibility. Companies trying to develop a well-known brand and to build a favorable image will be able to receive attractive applications. Therefore, an important subject of the research was an attempt to determine whether the activities of companies in the field of CSR are a motive for Generation Z in choosing a place of employment. The analysis of collected research material allows the conclusion that running a business in a socially responsible manner is not in itself a major factor for attracting the young generation of would-be employees. In line with their expectations, organizations operating on the Polish labor market should conduct socially responsible activities mainly in the sphere of employment. Factors that influence the choice of employer in the opinion of respondents are presented in Table 5.

**Table 5.***Factors affecting the decision of Generation Z on the choice of employer*

Responses	Percentage of responses	$\chi^2$	$\alpha$	Hypothesis
High salary	68%	7.68	0.05	H0
Training and the possibility of professional development	74%	1.06	0.05	H0
Stability of employment	62%	78.46	0.05	H1
Friendly work atmosphere	60%	6.33	0.05	H0
Compatibility of work with education or interests	55%	1.09	0.05	H0
Work-life balance	53%	22.61	0.05	H1
A positive opinion of the company among friends	32%	2.80	0.05	H0
Employers' rankings	16%	6.01	0.05	H0
Charity activities	8%	5.03	0.05	H0

Source: author's own research.

The results of this part of the study show what values are important for the younger generation of employees. Despite the changing situation in the labor market, this opinion remains unchanged. The most motivating factors when choosing a place of work for representatives of Generation Z are training and personal development (74% of all responses), earnings (68%), friendly working atmosphere (60%), work compliance with education or interests (55%). Beyond the top five, there is work-life balance (53%), which means that young people do not want to make work the center of their lives, but want to have time for their passions, family and friends. It is worth noting that jobseekers do not base their actions solely on advertising portals. An increasingly popular method of finding an employer is acquiring information about him from friends. Therefore, the obtained data in this respect are not a surprise when respondents declare that they are looking for information about employers among friends. Employer rankings and charity companies were notably of low rank. The rarity of taking into account information about charity activities by young people does not necessarily mean that they do not value such practices. The results of this part of the study reflect the positive attitude of the young generation towards a responsible employer using practices in terms of their social consequences in the sphere of employment.

Based on the chi-square test, it can be concluded that a statistically significant relationship can be found between the age of the respondent and the following responses: training and the possibility of professional development, the stability of employment, positive opinion of the company among friends, employers' rankings.

Representatives of Generation Z were also asked if they are willing to be involved in social activity while working for an organization. The results of the research on this issue are presented in Table 6.

**Table 6.**

*The affiliation of the Z generation to an organization that undertakes CSR activities*

<b>Responses</b>	<b>Percentage of responses</b>
Affiliation to a non-governmental organization with a social profile	2%
Volunteering or taking part in charity activities	10%
Cooperation with environmental organizations and volunteer centers	1%

Source: author's own research.

Participants in the study showed that they are not interested in being involved in activities of a social nature. It should be emphasized that people who previously came across the concept of CSR more often pointed positively to this type of activity.

## 7. Conclusion

The awareness of CSR issues among the younger generation is insufficient. It is, therefore, necessary to promote this topic. How to effectively inform about corporate social responsibility is a challenge for the education system, as well as for public institutions. Knowledge of the problem was shown by only 75% of all the respondents, and yet most of them already have or will have contact with business entities. Considering the respondents' declarations regarding the need to receive more information about CSR, education must be conducted skillfully using appropriate tools. Despite the average level of knowledge of the young generation in the field of CSR, they are positive about it and believe that organizations should be more involved in social activities.

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# APPLICATION OF SELECTED LEAN TOOLS IN AN AUTOMOTIVE SECTOR COMPANY

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**Introduction/background:** A special place in the development and improvement of the Lean concept is occupied by the automotive industry – the natural and primary environment of lean manufacturing. All manufacturers in the industry follow a pro-quality approach, regulated by the technical specification ISO/TS 16949, which points to Lean as the preferred form of production process management. Womack, Jones and Roos, in their book "The Machine That Changed the World", called the automotive industry an "industry of industries" pointing to the natural and primal environment for the creation, implementation and improvement of the Lean concept. Taking into account the operating conditions of modern production organizations, which force the design of production systems, and taking into account their flexibility, modularity and adaptation to specific customer needs, the application of the Lean Management concept should be stated, and especially Lean Manufacturing in relation to the current situation in the automotive industry. Lean Management is a management standard adopted in the automotive industry around the world. The essence of this concept boils down to increasing the quality of the product and raising the level of organizational culture, and individual tools are used to improve the production system. The result of the actions taken is the elimination of waste, which leads to lower production costs and improvement of the financial result.

**Aim of the paper:** The author of this paper has analysed a selected production line functioning in the automotive sector located in the Silesian region. In order to improve the flow of materials and information, as well as to enhance the production process, selected methods of the Lean Management concept were applied.

**Materials and methods:** The paper is an attempt to present the application of selected Lean tools (Kanban, Supermarket, Standard Operating Procedure) and it uses the observation and interview methods among company personnel.

**Results and conclusions:** It is assumed that satisfactory results can be achieved using this method, which would certify the improvement of work organization and increase the efficiency of individual tasks.

**Keywords:** Automotive sector, Lean Management, Kanban, supermarket, Standard operating procedure.

## 1. Introduction

In an age of economic development and growing competition, companies focus on providing high levels of customer service, short lead times, as well as the reduction of costs and stock. The latter aspect is important within the automotive sector, which is one of the most dynamically developing sectors in Poland. This is the second largest sector when it comes to turnover, just behind the food sector. Almost 10% of the Polish industrial production value and every sixth Polish Złoty in Polish exports comes from the automotive sector. According to estimates of the Polish Economic Institute, the value of Polish automotive exports in 2018 exceeded 31 billion EUR, i.e. about 14% of Polish cargo exports in total (<https://www.money.pl/...>).

Services performed based on Just in Time and Just in Sequence principles are key for the automotive sector. Correct performance of these services allows for reducing stock, meaning the reduction of warehousing costs. An important role is also played by shorter and stable lead times and increase of control over the procurement process on the recipient side. Continuous improvement of the key logistic processes leads to improvements in reliability and flexibility, and reduction of lead time (Kramarz, 2008).

Among many modern management concepts there are methods that contribute to solving logistical problems related both to physical and information flows. These are: Time Based Management and Lean Management (Liker, Franz, 2013; Liker, Morgan, 2011). Time Based Management is a concept that uses time as a factor in order to achieve a competitive edge as well as create and implement added value. Lean Management, in general, is a concept (philosophy) of company management that consists in adapting it to market conditions through its 'leaning' and eliminating various wasteful elements (Antosz, Stadnicka, 2017).

## 2. Literature analysis of selected terms related to Lean Management

Lean Management was created as a management concept focused on the elimination of all waste, and in relation to the production process it is called Lean Manufacturing. This term was first introduced to the literature in 1990 in the book "The Machine That Changed the World" (Janocha, 2016). Lean management is a method of company management that creates a working culture within an organization that makes all the organization's partners interested in striving for the continuous improvement of both the processes in which they work and themselves (Kiran, 2017; Protzman, C.W., Whiton, Protzman, D., 2018). Lean is the permanent, never-ending improvement of processes (Nor Azian, 2013) in order to enhance the level of products and services quality, reduce lead time and production cycles, and satisfy customer needs as far

as possible through the elimination of waste. The Lean concept recommends understanding customer needs and identifying the factors representing value within a product (Vinarcik, 2009). The literature on the subject provides some principles that characterize the Lean concept and specify the procedures according to the concept (Womack, Jones, 2001; Bednarek, Buczacki, 2014). The principles are as follows:

- precise definition of value with reference to specific products or services,
- focus on the value flow, i.e. the composition of all operations necessary to lead a given product through all stages in order to provide a customer with a finished product (Malinowska, Kurkowska, 2017),
- Total Flow Concept,
- striving of all processes for perfection (Pérez, Sánchez, 2000).

The source of the Lean concept resides in the Toyota Production System (TPS) (Lee, Jo, 2007). The basis of this concept includes Just in Time (JIT), Total Quality Management (TQM), Kaizen, management based on values and management based on competencies (Żebrucki, Kruczek, 2018; Plenert, 2007). Selected Lean tools are briefly described for the purposes of the process analysed in the paper.

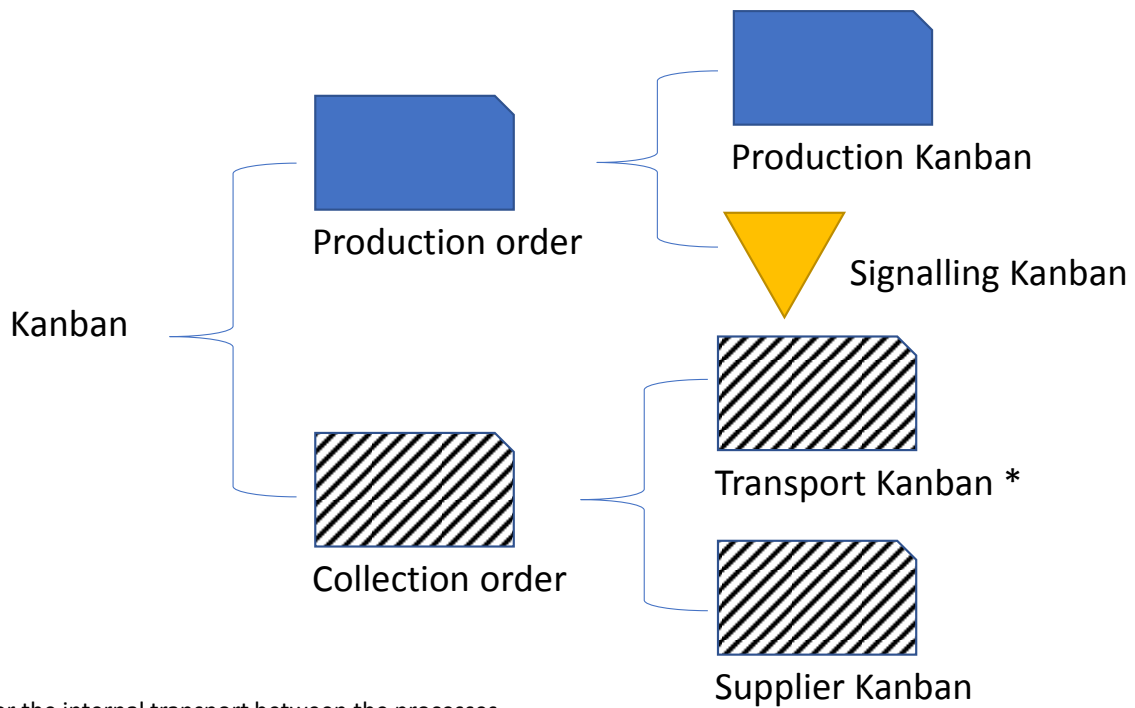
### **Kanban**

Kanban is a communication tool in the JIT system, used for batch-based production (Powell, 2018). The Kanban system focuses on reduction of stock in the production process. The Japanese term "kanban" can be translated as "information board" or "sheet, label", and in this case it means identifying a specified number of elements or products within a production line. It underlines the need to deliver a specified number of a given element. After depletion of all parts, Kanban returns to its source and then it becomes a new production order (acc. to the Kaizen Institute). Kanban is used to move the produced element from one processing station to another and is the carrier for the exchange of information included in it between individual production nests (Pałega, Staniewska, 2012). The basic assumptions of Kanban are as follows:

- high quality of offered parts, subassemblies and assemblies,
- preparation and production completion period as short as possible (e.g. machine retooling),
- optimum, standard size of a single production batch (Skowronek, Sarjusz-Wolski, 2008).

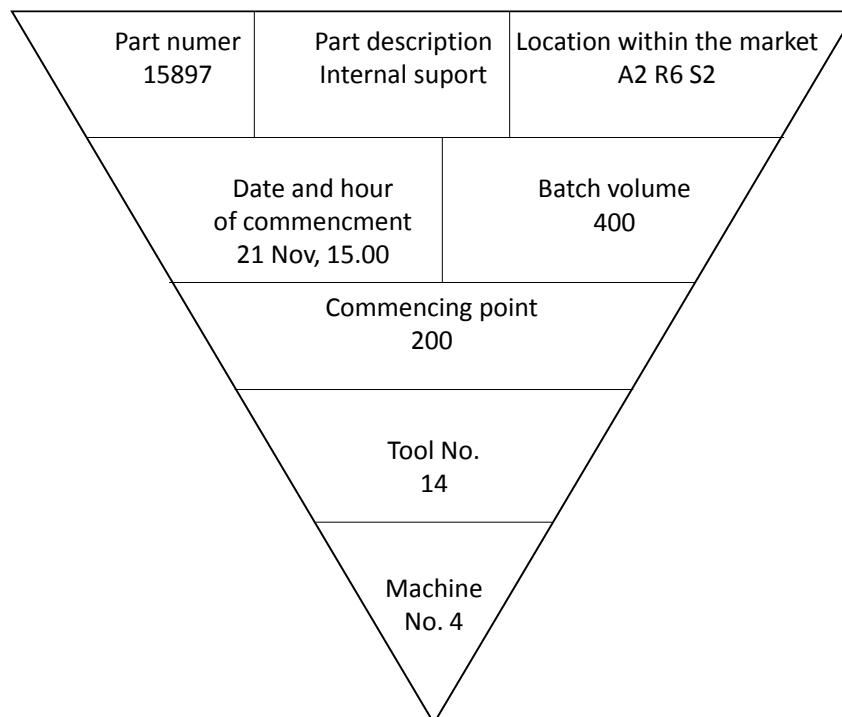
Therefore, Kanban is a continuous improvement tool that prevents overproduction (and excessive movement) of materials between the production processes (Penaa, 2020). Based on this, it is possible to control and reduce materials warehousing costs, increase raw material availability, and eliminate production downtime caused by missing goods (Galińska, Grądzki, 2015).

The literature on the subject provides the following Kanban types (figure 1) and an example of signalling (production) Kanban (figure 2).



\*For the internal transport between the processes

**Figure 1.** Kanban types Source: Developed based on Kaizen Institute training materials.



**Figure 2.** Example of signalling (production) Kanban. Source: Developed based on Kaizen Institute training materials.

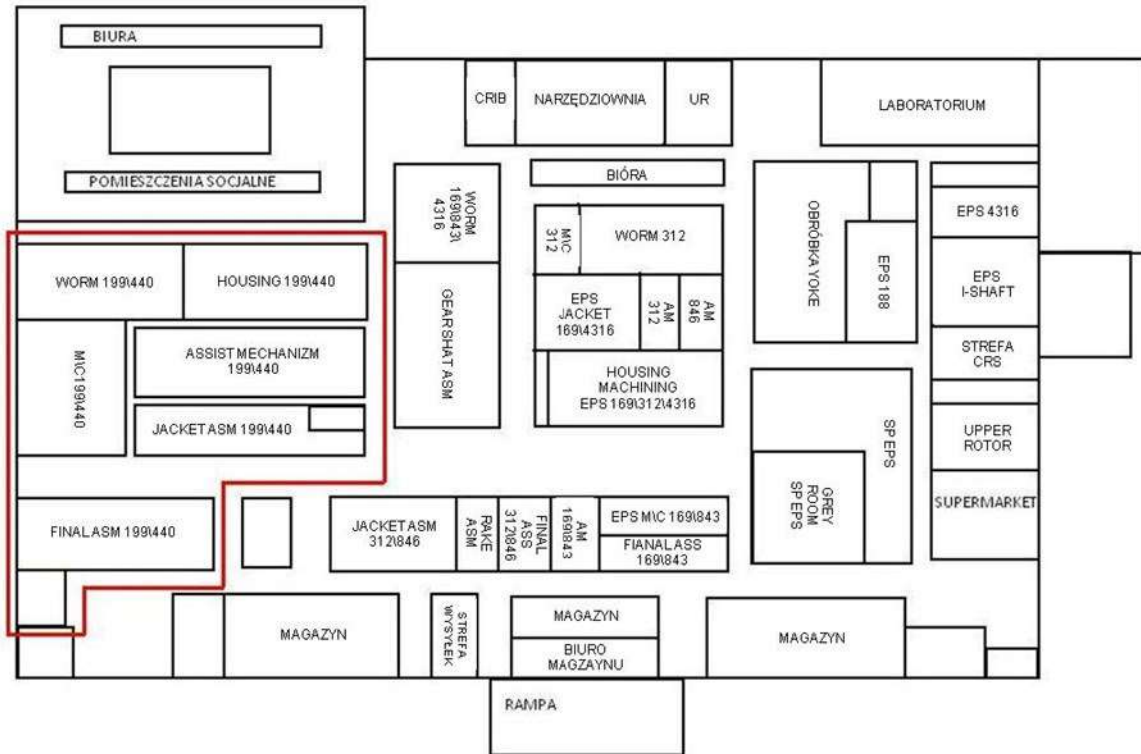
**Lean-Manufacturing supermarkets ([http://www.leancenter.pl/...](http://www.leancenter.pl/))**

The term was introduced into the Toyota Production System, inspired by the organization of the American supermarkets ordering those products that had been purchased and searched for by customers (Rewers, 2016). In factories or offices, these are locations for the temporary storage of products, and documents used within the next processes. Supermarkets are used between processes that differ with cycle times or where other problems are present that preclude continuous flow. The feature of supermarkets is also the ability to self-control the production. Production should commence and stop when the stock within the supermarket exceeds the determined minimum and maximum levels. Another feature is the application of FIFO queues that represent the orders and products storage queuing system identification. FIFO means First In, First Out, meaning that the first order entered into the system is completed first. A similar thing concerns production – an element that came from the previous process first is used as the first one (Lewczuk, 2012).

**3. Analysis of the production process in an automotive sector company**

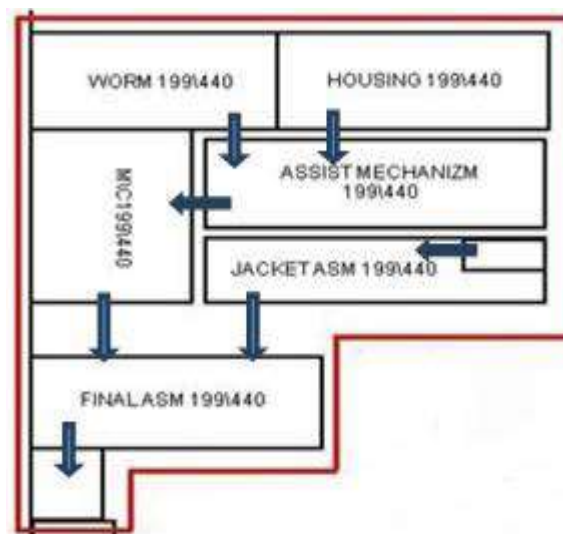
The analysed company is part of an American concern that has many divisions around the world, including two in Poland. The production plant is located in the Special Economic Zone in Tychy. The plant is oriented at the production of steering columns and gears for the following automotive customers: Opel, Fiat Group, BMW and PSA. The mission of the company is to become a world leader in automotive systems and derivative products. In order to achieve this, the company must cooperate with the personnel, suppliers and owners to provide the customers with the best solutions with simultaneous maintenance of profitability. The vision of the company is to be perceived as the best supplier by the customers.

Figure 3 presents the company layout, showing the production line identified in the red area. The line will be analysed in detail in order to present the materials flow.



**Figure 3.** Production hall and warehouse layout. Source: Developed based on materials.

The production line used for the production process of steering columns has been analysed because there was a problem with the smoothness of work on this line. There was a shortage of materials needed for the production of columns in due time. Therefore, the aim of this paper is to propose Lean tools that could solve this problem. The line consists of 6 assembly areas and 1 area of temporary storage of finished products before their transfer to the warehouse. Blue arrows in figure 4 show the materials flow between subsequent assembly stations.



**Figure 4.** Materials flow on the selected production line. Source: Developed based on materials.



The production line is divided into three sections that assemble, make or connect elements composing the steering column. Notice that each station is a client for the previous one and a supplier for the next one. That is why keeping regular and continuous supplies at each stage of production is so important. Faulty delivery of materials for production causes downtime on the line, and thus extension of the production process and delay in order completion for customers.

Many different models of steering columns that are similar in external appearance are assembled on the line but they differ in terms of components. Subassemblies composing the column may be divided into common for all types, common for selected types, and characteristic for a single type. An example model of the steering column is shown in figure 5.



**Figure 5.** Example model of a steering column. Source: <https://imged.pl/ford-focus-mk1-kolumna-kierownicza-15187391.html>.

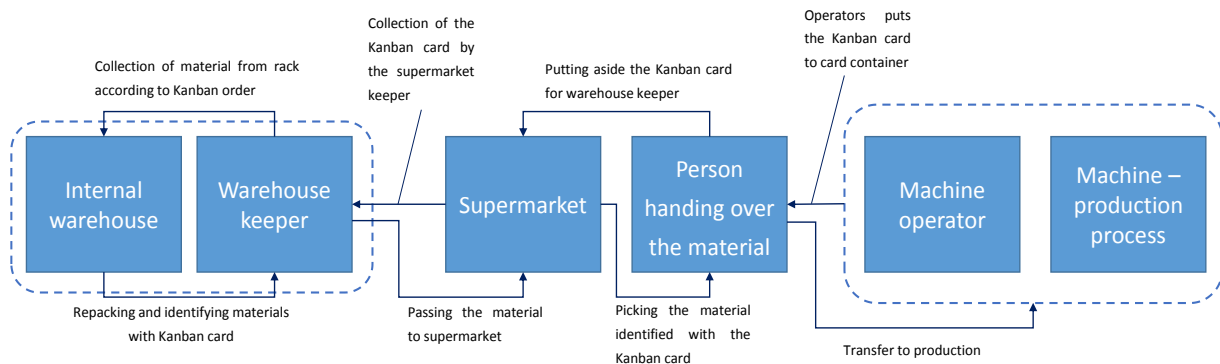
The warehousing system in the company is based on the internal warehouse with subassemblies in a quantity that suffices to cover the 12-hour production of each of the given models. The warehouse takes about 1/5 of the production hall area.

Parts for the internal warehouse are delivered from the external warehouse located within the logistic park in Chorzów. Paper FIFO labels are generated and printed from the system at the moment of accepting the goods from the supplier in the external warehouse. The number of printed paper FIFO labels is 1 label per pallet (regardless of the number of packages on the pallet). Then, the whole pallets are transported to the internal warehouse.

In the internal warehouse, according to the "supermarket" needs, reported by persons responsible for Kanban cards collection from the "Kanban" mail, collection of material from the "supermarket" and distribution of parts to suitable containers to the warehouse keeper, they are repacked/unpacked from the pallet to final packages. The sizes and weight of these packages allow for the safe transport and placement of parts on slides located at the production lines. Another step is the transport of the parts from the "supermarket" to the production line, according to the Kanban order. The situation allows for tracing the material from its delivery to the internal warehouse. At the moment of pallet unpacking, missing markings on individual

boxes hinders, or in most cases precludes, further correct tracing of the material flow and keeping the FIFO principle.

The process of material flow in the company is shown in figure 6.



**Figure 6.** Materials flow on the selected production line. Source: author's own work.

Taking the parts for production is initiated by the machine operator. Having collected material necessary for the production from the slide, he or she puts the Kanban card delivered together with the material in a dedicated container. The person providing the products, when supplying previously ordered goods, collects the Kanban cards put aside by operators and then returns them to the "supermarket" and collects the products ordered by the Kanban cards. The external warehouse employee who has handed over the prepared goods according to the "supermarket" order collects the put aside cards from the so called "Kanban mail". According to their content, he or she takes the parts necessary for production from the racks. After repacking the ordered material, the material is identified with a proper Kanban card and sent to the "supermarket".

Figure 7 presents examples of the "supermarket" and Kanban card.



KARTA KANBAN	
NUMER CZĘŚCI: <b>26086018</b>	
NAZWA: PINION ASM, BEARING	
SZTUK W OPAK.: <b>36</b>	KARTA: <b>2/2</b>
ADRES POBRANIA: <b>S-11-3</b>	ADRES DOSTAWY: <b>CORSA/MERIVA R1-1</b>
TYP POJEMNIKA: <b>KARTON</b>	PRÓG ZAMÓWIENIA:
 <b>S312220</b>	
<small>W PRZYPADKU ZNALEZIENIA TĘJ KARTY ODNIEŚ JĄ DO BIURA MAGAZYNU</small>	

**Figure 7.** "Supermarket" and Kanban card examples. Source: Developed based on materials from the company.

Based on the analysis of product flow and Kanban cards in the company, as well as on my own observations and interviews, it can be stated that:

The materials are accompanied by paper FIFO labels and Kanban cards. There are situations when the card is "lost", which might lead to nonconformity of the goods ordered with the actual needs of the line.

However, the information on the number of parts (elements) in the production process is missing. This results from the fact that until the ready product leaves the line, the parts composing the steering column are visible as parts waiting in the supermarket. In turn, this results from the situation that Kanban cards are not registered, and information on the number of parts in the company is kept in the SAP system. The number of parts is updated only in the system when the labels of the column type are scanned on the final station. Therefore, any part between the "supermarket" and the final station is identified as located in the external warehouse (missing differentiation of parts in the system between the internal warehouse and the "supermarket"). This situation means that the internal warehouse stores high buffers of stock. As mentioned, the warehouse is 1/5 of the production hall area.

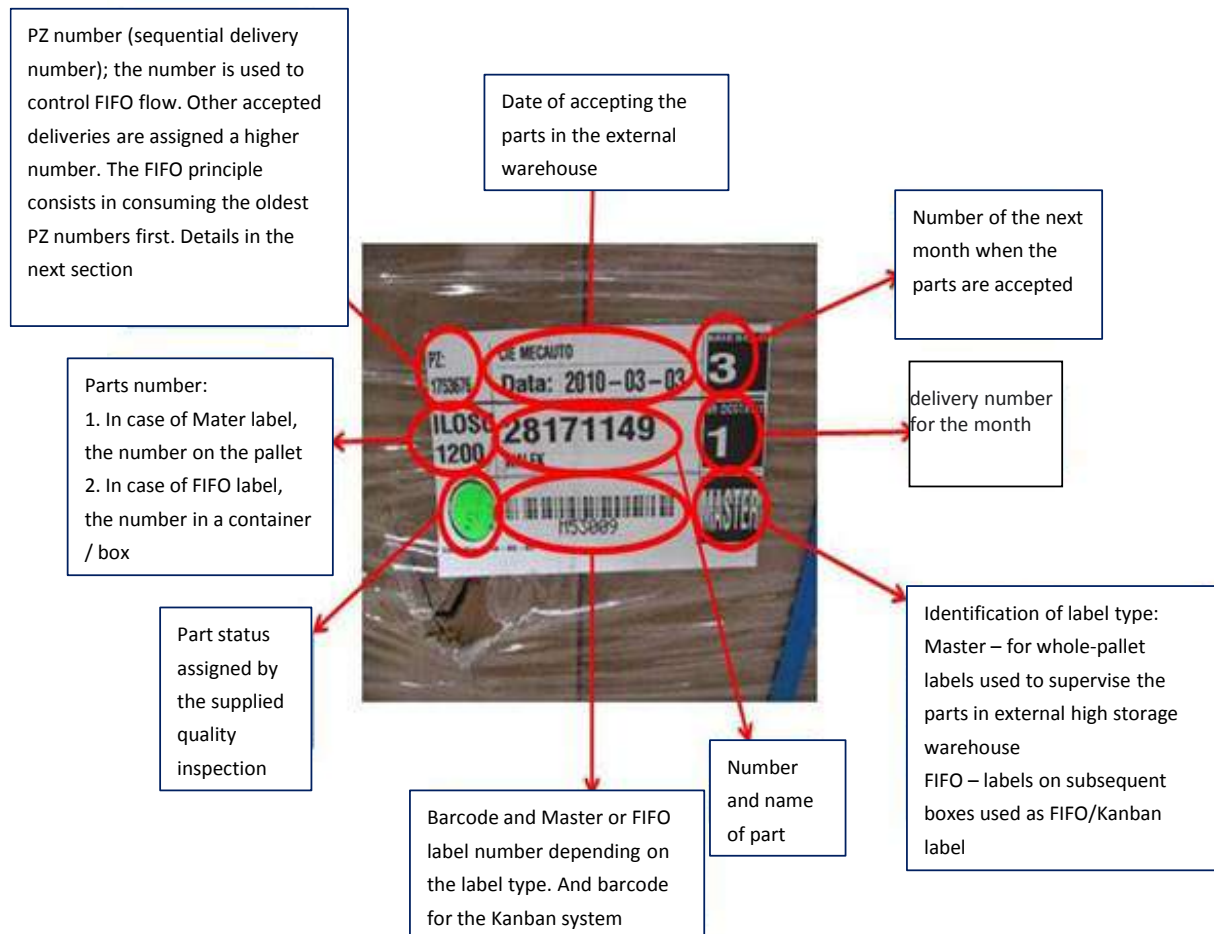
The Company has an external warehouse located 30 km away. The distance means that the time of waiting for the delivery to the internal warehouse may significantly extend. Missing data on the number of parts actually needed for the production and generation of analyses make it difficult to maintain the policy of continuous improvement of the transport processes. When it becomes necessary to retool the production line (production of another column model), and in the case of out-dated stock status, the lead time extends, too.

### **Proposed changes**

At the moment, the Kanban production organization method is based on plastic cards. Losing or damaging such cards is not only a cost for the company, but also contributes to delays in production. In turn, missing communication between the production and warehouse leads to delays and situations where the operator gets products he or she did not order. Therefore, it is proposed to use an electronic Kanban system on the production line. The main benefit of e-Kanban is the option to easily calculate when to add and remove cards used in the system, and to find lost cards (Czerska, 2014). This type of improvement should contribute to a faster (compared to the current solution) flow of materials and information inside the company and to its partners. The Electronic Kanban system significantly increases the accuracy and precision of the placed orders and lists, the manual generation of which would take much more time and in practice would be impossible with such accuracy. Using the electronic Kanban system makes it possible to control the materials flow in the production process using different identification technologies. E-Kanban differs from the traditional Kanban system in that the conventional elements such as Kanban cards have been replaced by barcode readers or RFID tags. Electronic Kanban is easier to reconfigure and it is easier to introduce the priority Kanban queue (e.g. heijunka principle) with the option of so-called "expropriation" – temporary cancelling of

the current Kanban, if the situation necessitates that, and its placement on the top of the kanbans awaiting implementation with simultaneous collection and implementation of another kanban in the queue ([http://metz.leancenter.pl/...](http://metz.leancenter.pl/)).

The currently applied material economy organization system requires using two independent labels at the same time (one disposable FIFO label and another multiple use Kanban label). Therefore, one can use labels containing information from both aforementioned cards. Figures 8 and 9 show a combination of FIFO and Kanban labels.



**Figure 8.** Combination of FIFO and Kanban labels Source: Developed based on materials from the company.

The introduced new label can be divided into: Master and FIFO/Kanban. The Master label dedicated to stocktaking of parts in the external warehouse will be generated at the moment of accepting the goods at the warehouse. In turn, the FIFO/Kanban generated in the QAD system (ERP software) will be related to the Master label. They are printed at the moment a given pallet is collected from the rack to the pallet unpacking zone where the warehouse keeper identifies all boxes on a given pallet with FIFO labels. After scanning, each label will be entered into the system in order to enable verification as to whether all labels/items from the previous FIFO have been used/scanned or possibly locked by the quality inspection.



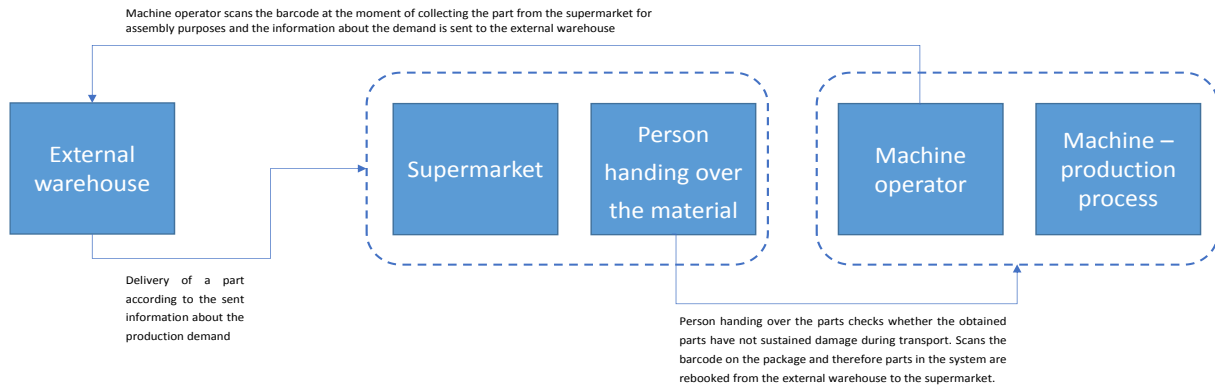
**Figure 9.** Combination of FIFO and Kanban labels. Source: Developed based on materials from the company.

Another proposal concerns improvement of warehouse stock control so that all parts taken for production are visible in the information system with the option to trace where they are currently located on the production line. This proposal will be ready for implementation after the introduction of barcode readers.

The change of external warehouse location from Chorzów to Tychy also seems necessary. This would reduce the time for the transportation of parts necessary for production.

Elimination of the internal warehouse, taking up 1/5 of the production hall area, and introduction of the principle of supplying necessary parts based on the JIT system are other change proposals. Elimination of the internal warehouse in the company does not mean the necessity to increase the area of the external warehouse because of the precise management of information concerning the volume of owned and necessary parts. At this moment, it is necessary to perform the Make or Buy analysis in order to make sure that such a solution would be beneficial. However, warehouse outsourcing may help in avoiding, e.g. costs related to keeping an empty warehouse area, or reduce employee-related costs.

After implementing the proposed changes, the process of materials flow and Kanban cards is shown in figure 10.



**Figure 10.** Materials flow in the line after implementing the changes. Source: author’s own work.

During observation of the production line flow, a situation related to the problem of battery replacement in a forklift was noticed. Lack of operator knowledge about the battery replacement extended the process of parts delivery to the line (even by 15 minutes). These, however, were sporadic cases but they occurred among newly employed persons, the rotation of whom was mostly too frequent. The Standard Operating Procedure tool has been proposed. In general, SOP is a detailed description of specific steps leading to required and expected results, i.e. nothing more but standardization of some processes. Standardization of work is one of the basic tools in the Lean Manufacturing concept within the scope of improving the work, stability and repeatability of processes. An example SOP concerning the replacement of a battery in a forklift truck is given in figure 11.

STANDARD OPERATION PROCEDURE (SOP)					
PROJECT	AREA	Station	Operation card number	Operation name	
ZF-BB	ALL	Battery replacement	SOP 3	Battery replacement	
 Wear protective glasses		 Wear protective gloves			 Battery charged
<b>Step 1</b>	Approach with the forklift truck to the site and choose the closest location that enables safe replacement of the battery. Wear protective glasses and gloves		<b>Step 2</b>	Unlock the truck cover. Remove the screws holding the battery cover and remove the brackets holding the battery. Disconnect the battery leads. Ask another operator to help you with the replacement.	
Before topping up the electrolyte, using the rectifier make sure that the battery is charged. Top up the electrolyte when the battery is fully charged only, immediately after disconnecting it from the rectifier. Never top up the battery electrolyte if you are not sure about its charging status					
<b>Step 4</b>	Topping the electrolyte in the battery		<b>Step 5</b>	Replace the battery in the presence of the foreman. Two batteries can be placed under the extraction hood at one time	
			<b>Step 6</b>	Operator, with the forks, takes the battery replacement sling and lifts the forks above the battery. Disconnect the battery from charging and connect the sling holders with the BLOCKS TOWARDS INSIDE	

**Figure 11.** Example SOP concerning the replacement of a battery in a forklift truck. Source: author’s own study.

## Conclusion

The results of the performed literature studies and the author's own work (observations and interviews with employees) show the ability to use the selected Lean tools to improve the production flow in a company from the automotive sector. These studies should also include some numerical results in order to show how the proposed changes affected the reduction of time and costs, and increase in production. This issue will be the subject of other studies. The proposed changes improved the general functioning of the examined company and provided an impulse for further changes and introduction of other Lean tools. Undoubtedly, only the companies that are able to eliminate waste from their processes and satisfy even greater expectations of their customers have a chance to succeed and develop in the future. It is worth mentioning that almost all the processes implemented in the companies depend on standardization. Because of that, it is easier to observe the processes, measure them, notice discrepancies, disclose problems and eliminate waste.

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# A RESEARCH TOOL FOR ANALYSIS OF KNOWLEDGE MANAGEMENT IN THE METROPOLITAN ASSOCIATION OF UPPER SILESIA AND DĄBROWA BASIN

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**Introduction/background:** Knowledge management is becoming of great importance in contemporary business. Diversified tools and methods to analyse business and knowledge processes are being implemented in organisations. In the article, the author presents his preliminary research in the area of knowledge management in the Metropolitan Association of Upper Silesia and Dąbrowa Basin. He focuses on the necessary study to identify knowledge deficits, which allows for the development of a research tool supporting the analysis of knowledge processes in the Metropolitan Association of Upper Silesia and Dąbrowa Basin.

**Aim of the paper:** The main aim was to elaborate upon a research tool for analysing knowledge management, i.e. a research questionnaire that enables one to analyse knowledge management deficits and necessary changes in knowledge management activities in the Metropolitan Association of Upper Silesia and Dąbrowa Basin.

**Materials and methods:** The research involves the analysis of source materials, direct interviews with managers and a comparative analysis of business and knowledge processes in manufacturing companies and in the Metropolitan Association.

**Results and conclusions:** The study proves the need to apply a research tool for analysing knowledge processes and knowledge deficits. Questionnaire surveys comprehensively covering all organisational entities of the Metropolitan Association are to be utilised to take appropriate measures to improve knowledge management, consequently resulting in higher operational efficiency of the Metropolitan Association.

**Keywords:** the Metropolitan Association of Upper Silesia and Dąbrowa Basin, knowledge management system, knowledge processes.

## 1. Introduction

Effective use of knowledge in business processes is crucial for the proper social and economic development of a country. It concerns both the private and public sectors. Increasing requirements in this area make decision-makers attach great importance to the implementation of broadly understood knowledge management tools and methods. Effective management in

any area of business operations is largely determined by the proper processing and use of knowledge (Desouza and Evaristo, 2003; Stachowicz and Olko, 2015).

The development of the importance of municipal government entities indicates the need to implement methods and tools of knowledge management in order to improve their functioning. A major challenge is faced by the Metropolitan Association of Upper Silesia and Dąbrowa Basin (GZM), for which knowledge processes are one of the key areas for successful organisation and management.

The Metropolitan Association of Upper Silesia and Dąbrowa Basin has been operating since 1 July 2017 on the basis of the Act of 9 March 2017 on the Metropolitan Association in the Silesian Voivodeship. The GZM consists of 41 member municipalities. The main objective of the Metropolitan Association of Upper Silesia and Dąbrowa Basin is to use the potential of member communes, stimulate the creativity of residents and inspire changes that accelerate social and economic processes. The objective should be achieved through the implementation of own tasks and developmental projects, with particular emphasis on the needs and problems of member communes, rational spatial planning and comprehensive management of sustainable development (Statute of the GZM, 2018).

The analysis of research presented in literature and own research carried out in the Metropolitan Association of Upper Silesia and Dąbrowa Basin indicates a limited advancement of knowledge management. One of the key areas of the Metropolitan Association's activity is project implementation, which requires professional knowledge of what the projects are and how to manage them properly. In the long term, it is essential to collect and use project management methodologies, tools and best practices.

In the article, the author presents the preliminary results of research in the area of knowledge management in the Metropolitan Association of Upper Silesia and Dąbrowa Basin, focusing on contemporary views on knowledge management and highlighting its key importance for the proper functioning of the organisation. In the further part, the scope of necessary research to identify knowledge deficits is determined.

The main aim of the conducted study was to elaborate upon a research tool, i.e. a questionnaire to identify current deficits in knowledge processes, which supports the undertaking of appropriate actions to improve the efficiency of knowledge management activities in the Metropolitan Association of Upper Silesia and Dąbrowa Basin (GZM).

## **2. Formal requirements for the functioning of the Metropolitan Association of Upper Silesia and Dąbrowa Basin (GZM)**

The Act on Metropolitan Association from 1 January 2018 defines the public tasks that are carried out by the Metropolitan Association of Upper Silesia and Dąbrowa Basin. The basic categories of public tasks carried out by the GZM include:

- shaping the spatial order;
- the social and economic development of the Metropolitan Association area;
- planning, coordination, integration and development of public transport, including road, rail and other rail transport, including sustainable urban mobility;
- metropolitan passenger transport services;
- cooperation in determining the course of national and voivodeship roads in the area of the Metropolitan Association;
- promotion of the Metropolitan Association and its area.

The shaping of spatial order aims to prepare, agree upon and implement a framework study of conditions and directions of spatial development of the Metropolitan Association (metropolitan study).

The social and economic development of the Metropolitan Association area includes:

- undertaking initiatives of supra-local importance aimed at increasing investment attractiveness, as well as improving the quality of life of inhabitants;
- supporting the promotion of scientific research findings and development projects and all forms of transfer of knowledge and scientific and technical progress to the economy;
- concluding agreements and arrangements which allow for common or coordinated execution of specific tasks, as they will contribute to increasing the effectiveness of their execution;
- concluding agreements and contracts which allow the Metropolitan Association to take over or manage infrastructure and other assets of supra-local importance;
- supporting the development of culture, sport and artistic creativity.

Planning, coordination, integration and development of public transport focus on the following tasks:

- development of a plan for the sustainable development of public transport in terms of transport modes, routes and networks in the Metropolitan Association area (transport study);
- undertaking activities which aim at improving the quality, cohesion and efficiency of public transport in the area of the Metropolitan Association;
- concluding of agreements and contracts in the scope of integration of all types of public transport means and creation of infrastructural and organisational and legal conditions

for modernisation and improvement of the quality of public transport in the area of the Metropolitan Association;

- coordinating sustainable urban mobility activities, including the development and implementation of plans to improve the quality and consistency of urban mobility in the Metropolitan Association area.

Metropolitan passenger transport services focus on the following tasks:

- preparation and implementation of a transport plan for the metropolitan transport network and, to the extent stipulated by legal regulations or agreements, concluded by the Metropolitan Association, as well as for other metropolitan transport services;
- creation of an integrated fare-ticketing system in the area of the Metropolitan Association, development and establishment of rules of mutual settlements for the participation of organisers of county, commune, county and commune and provincial passenger transport in the integrated fare-ticketing system;
- the organisation and management of metropolitan transport in order to improve the quality, accessibility and cohesion of the transport system, covering all modes and forms of public transport;
- cooperation in the forms as defined by law, planning, organisation and management of the public transport system in the area of the Metropolitan Association;
- participation in the development of public transport infrastructure, serving to further the cohesion of the Metropolitan Association area and access to its economic, educational, cultural, natural, service and recreational resources.

Cooperation in determining the routes of national and voivodeship roads in the area of the Metropolitan Association focuses on:

- delivering opinions upon the request of the minister-in-charge of infrastructure pronouncing opinions on the route of national roads, taking into account the cohesion of the Metropolitan Association's transport system and its links with the national road network;
- delivering opinions upon the request of the voivodeship's local government pronouncing opinions on the route of voivodeship roads, taking into account the cohesion of the Metropolitan Association's transport system and its connections with the remaining area of the Silesian Voivodeship.

Promotion of the Metropolitan Association focuses on:

- developing and implementing the promotional strategy of the Metropolitan Association in the country and abroad using all available forms of outreach and marketing communication methods;
- development and implementation of the internal communication system;
- development and implementation of a metropolitan visual identification system;
- investment promotion;

- coordination and standardisation of activities of member municipalities in the field of promotion of the Metropolitan Association area;
- building metropolitan awareness, increasing the social participation and influence of inhabitants on activities related to the Metropolitan Association area;
- participation in national and international associations and organisations.

Apart from the tasks mentioned above, the Metropolitan Association of Upper Silesia and Dąbrowa Basin may carry out public tasks belonging to the scope of activity of the commune, county or voivodeship municipal government or coordinate the implementation of these tasks on the basis of an agreement concluded with an entity or an association of entities of municipal governments (Act on the Metropolitan Association in the Silesian Voivodeship, 2017).

### **3. Knowledge management in an organisation**

Knowledge in an organisation plays a vital role, and it is extremely difficult to imagine an effectively functioning organisation without adequate infrastructure and personnel promoting efficient implementation of knowledge processes (Gumiński, 2012). Many researchers point out that knowledge is one of the key resources of an enterprise (Evans, 2005; Jashapara, 2006; Jemielniak and Koźmiński, 2008). The significant dynamics of changes in the scope of internal and external conditions of enterprise activity and the necessity to process a large amount of diversified information (Kisielnicki, 2008) requires the development and implementation of a coherent and comprehensive IT infrastructure, which will enable the supporting of knowledge processes and thereby achieve an improvement in the efficiency of enterprise functioning (Drew, 1997; Dohn et al., 2013; Dohn and Gumiński, 2012a; Stachowicz and Olko, 2015). Knowledge requires appropriate acquisition, collection and use. An important element is the appropriate selection of personnel in terms of quantity and quality, which enables the efficient implementation of knowledge processes, such as acquisition, accumulation, processing and use of knowledge in business and technological processes (Dohn and Gumiński, 2012b).

In the context of the existing functioning scope of the Metropolitan Association of Upper Silesia and Dąbrowa Basin, the most relevant definitions of knowledge management found in literature can be quoted. Researchers (Quintas et al., 1997) point out that "knowledge management is about discovering, developing, using, delivering and absorbing knowledge inside and outside an organisation through an appropriate management process to meet the current and future needs of the organisation". On the other hand, other authors (Allee, 1997; Davenport and Prusak, 1998) emphasise that "knowledge management is defined through the prism of processes of acquiring, maintaining and sharing both explicit and implicit knowledge of employees in order to increase efficiency and create value for the organisation".

A crucial part of efficient implementation of a knowledge management system is the personnel. Researchers indicate several key success factors determining the effectiveness of knowledge management implementation as follows:

- a trustworthy and open organisational culture (Davenport and Prusak, 1998; Wild et al., 2022; Moffett et al., 2003);
- leadership and commitment of the top management (Van Buren, 1998; Dess and Picken, 2000);
- employee involvement (McCune, 1999; Wilson and Asay, 1999);
- employee training (O'Brien and Crause, 1995; McCune, 1999; Moffett et al., 2003).

#### **4. The development of a questionnaire for research on knowledge processes in the Metropolitan Association of Upper Silesia and Dąbrowa Basin**

The research conducted in the Metropolitan Association of Upper Silesia and Dąbrowa Basin indicated numerous limitations and deficits in particular processes of knowledge management (acquisition, accumulation, transfer, use).

Acquiring knowledge is an essential part of the life cycle of organisational knowledge (Jemielniak and Koźmiński, 2008) in any organisation. Knowledge can be acquired by purchasing knowledge (e.g. recruiting employees with appropriate knowledge resources) or borrowing knowledge (e.g. from consultants or scientists) (Dohn et al., 2013).

Knowledge is gathered in three main knowledge repositories: employees' minds (in the form of tacit knowledge), paper documentation (in the form of explicit knowledge) and computer databases (in the form of codified knowledge) (Tiwana, 2001; Dohn et al., 2013).

Knowledge transfer enables employees to access the knowledge they need. In order to achieve this objective, an adequate IT infrastructure for knowledge transfer is indispensable. Transfer of codified knowledge is carried out mainly through electronic communication channels. In turn, the transfer of uncodified knowledge is carried out mainly in the form of formal and informal meetings of employees, knowledge fairs and mentoring programmes (Dohn et al., 2013).

The process of knowledge utilisation requires assuring the efficient implementation of other knowledge management processes, i.e. processes of knowledge acquisition, accumulation and transfer. Knowledge exploitation requires the appropriate processing of knowledge resources for a specific purpose supported by different IT systems, including data management systems, knowledge management systems and next generation systems (e.g. artificial intelligence systems) (Dohn et al., 2013).

The research study undertaken in the Metropolitan Association involves the following tasks:

- thorough diagnosis of executing business and knowledge processes;
- the determination of existing knowledge deficits;
- the analysis of a questionnaire applied to examine knowledge processes in machine-building companies (Dohn et al., 2013). The tool was based on the analysis of business and knowledge processes in an organisation (Kowalczyk and Nogalski, 2007);
- direct interviews with managers of the Metropolitan Association to analyse what is needed in the range of knowledge management processes;
- a comparative analysis of processes executed in the Metropolitan Association and in machine-building companies to decide about the final structure and contents of a questionnaire;
- the verification of a developed research questionnaire with managers of the Metropolitan Association.

As a result of the above-mentioned tasks, a research tool was created. A questionnaire was created to cover, in a comprehensive way, all important aspects of knowledge management in the Metropolitan Association.

The structure of the questionnaire includes a series of questions grouped into three categories (Kowalczyk and Nogalski, 2007; Dohn et al., 2013):

- integrative level;
- structural level;
- knowledge processes and tools level.

The integrative level includes questions about factors/areas/conditions that are crucial for the functioning of the GZM. Specific questions are used to gather information about the level of relevance of individual factors. The questions relate to the following aspects:

- human resources (technical competence, economic competence, IT competence, managerial competence);
- research and development (own technologies, licensed external technologies, technologies from co-operators, strategic alliances in the field of R&D);
- market/customers/clients (domestic market, international market);
- financial management (sources of financing of the Metropolitan Association's activities, financial engineering, investment financing).

This level also covers questions about the current state and the plans for investments/activities/decisions in the GZM on knowledge management in the following areas:

- knowledge audit;
- developing a knowledge management strategy;
- appointment of entities/persons to manage knowledge;
- the establishment of formal knowledge management procedures;
- the establishment of formal networks for knowledge exchange;

- best practices-sharing programme;
- design/improve knowledge management processes;
- motivation schemes for employees for sharing knowledge;
- knowledge management training/workshops;
- creation of knowledge maps;
- benchmarking;
- the creation and development of communities of practitioners.

The structural level includes questions about the current state and plans for measures/indicators characterising knowledge processes divided into acquisition, development, codification, knowledge transfer and utilisation. A further question concerns the updating of these measures/indicators.

This level also includes questions about the knowledge management problems observed in the GZM, with an emphasis on the following elements:

- no time to share knowledge;
- redundant information;
- unnecessary duplication of the same steps;
- lack of use of technology to effectively share knowledge;
- non-utilisation of ideas for improving the functioning of the GZM;
- lack of specialists;
- lack of funds to purchase licenses/patents;
- knowledge inadequate to the existing needs.

The level of knowledge processes and tools covers questions concerning the assessment of the state and plans for each knowledge process, i.e. division into the acquisition and development of knowledge, codification of knowledge, knowledge transfer and utilisation of knowledge.

Questions on the acquisition of explicit knowledge relate to the following tools:

- benchmarking;
- gaining knowledge of customers;
- participation in conferences;
- subscriptions to professional or trade literature for employees;
- training courses;
- economic intelligence.

Questions concerning the acquisition of tacit knowledge relate to the following tools:

- cooperation with other organisations;
- internships and apprenticeships in national companies;
- internships and apprenticeships in international companies;
- gaining knowledge of customers;



- training course/workshops;
- knowledge capture (recruiting new employees with appropriate knowledge and competences).

Questions about knowledge development relate to the following tools:

- creation of R&D initiatives;
- bringing people from different departments of the company together to create new knowledge and solutions;
- the communities of practitioners;
- professional networks.

Questions on codification of explicit knowledge relate to the following tools:

- paper document selection procedures;
- electronic document selection procedures;
- paper document archiving procedures;
- electronic document archiving procedures;
- paper document updating procedures;
- electronic document updating procedures;
- paper document accessibility procedures;
- electronic document accessibility procedures;
- document databases;
- project databases;
- best practice/ideas/solutions databases.

Questions on the codification of tacit knowledge relate to the following tools:

- employee education database;
- employee competence database;
- database of experts;
- database of certificates held;
- database of owned licenses/patents.

Questions on the transfer of explicit knowledge relate to the following tools:

- e-mail;
- Internet;
- Intranet;
- bulletin/newsletter;
- document workflow system;
- knowledge brokers;
- lectures;
- internal training;
- workshops.

Questions on tacit knowledge transfer relate to the following tools:

- internal training;
- best practices-sharing programme;
- teleconferences;
- videoconferences;
- debates/discussion forums/chat;
- mentoring programmes;
- knowledge fairs;
- knowledge brokers.

Questions on knowledge utilisation relate to the following tools:

- process innovation implementation procedures;
- product innovation implementation procedures;
- project/programme planning procedures;
- after-action review (AAR).

The level of knowledge and tool processes includes questions about the level of effectiveness of information resource management and communication in the GZM.

They concern the following technologies:

- Internet/Intranet/Extranet;
- portals;
- videoconferences;
- bulletin/newsletter;
- data warehouses;
- document management systems;
- decision support systems;
- group support systems;
- e-learning;
- content management systems;
- systems for locating knowledge experts;
- artificial intelligence systems.

## 5. Conclusions

As a result of the conducted research and analyses in the Metropolitan Association of Upper Silesia and Dąbrowa Basin, the following remarks and conclusions have been formulated:

1. As a public organisation, the Metropolitan Association of Upper Silesia and Dąbrowa Basin is responsible for the fulfilment of its statutory tasks. The effectiveness of its operation is determined by the appropriate use of knowledge, which requires the preparation and implementation of a knowledge management system.
2. Based on the conducted study, a research tool, i.e. a questionnaire, has been developed, which enables the assessment of knowledge management in the Metropolitan Association of Upper Silesia and Dąbrowa Basin. The survey facilitates the preparation of appropriate actions to design the concept and development, as well as the implementation, of a knowledge management system in the Metropolitan Association.
3. The questionnaire consists of three categories of questions focused on the issues of knowledge management in the Metropolitan Association of Upper Silesia and Dąbrowa Basin:
  - integrative level,
  - structural level,
  - knowledge processes and tools level.
4. Questionnaire surveys comprehensively covering all organisational entities of the Metropolitan Association of Upper Silesia and Dąbrowa Basin are to determine deficits in knowledge processes and, consequently, to take appropriate measures to improve knowledge management, resulting in higher operational efficiency of the Metropolitan Association.

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## APPLICATION OF GROUP SUPERVISION AS A METHOD OF DEVELOPING STAFF IN PENAL INSTITUTIONS

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**Introduction/background:** The article discusses the subject of group learning among prison service officers based on the example of group supervision.

**Aim of the paper:** Based on the studies of the subject literature and the authors' own research, an attempt was made to identify the benefits and barriers which accompany the implementation of group supervision within the framework of the prison system.

**Materials and methods:** The research was conducted in 2020, and the research method was individual interview with a standardized list of searched for information (semi-structured). The selection of study participants was carried out through purposive sampling; the respondents were prison service officers acting as psychologists with at least 15 years' experience in active service, defined as "experts".

**Results and conclusions:** The respondents agree concordantly that group supervision is a valuable method of group learning, emphasizing benefits such as: expanding awareness, understanding the dynamics of relationships with inmates, coping with difficult emotions, and obtaining valuable feedback. Among the barriers preventing officers from using this form on a permanent basis, the respondents mentioned: budgetary constraints in terms of financing, lack of regularity and cyclicity of meetings, and low awareness among superiors as to the beneficial aspects of supervision.

**Keywords:** staff development, prison service, penal institution, group supervision, group learning.

## Human capital improvement methods

Nowadays, the competence potential of staff is one of the key elements underlying the success of any organization which is systematically subjected to the influence of an unstable environment and dynamic economic processes resulting from technological, social, cultural, legal and economic changes. This applies to both businesses and public, non-profit organizations. The improvement of human capital is of particular importance, since it is related to such phenomena as the ability to learn, acquisition of competence, and the ability to apply those in the workplace. The requirement of permanent competence improvement results from destandardization (it will be increasingly diverse and unpredictable) and dynamization (a greater number of challenges, significant changes and biographical turns, including changes of the employer, profession or place of residence) of career path models (Worek, Turek, 2015, p. 81). The effectiveness of the improvement process depends on the selection of adequate methods. There are various criteria for the division of methods: formal ones (development in the workplace, coaching, mentoring, job rotation, formal training, personal development based on directing one's own learning with a manager) and informal ones based on the experience gained in the past during the performance of tasks, discussion or self-education (Mendryk, 2016, pp. 246-247). One could also use the criterion of the place of training, which allows for distinguishing the following: on the job training and off the job training (Kulkarni, 2013, p. 139). I. Mendryk (2016, p. 247) also distinguishes methods related to functioning in a workplace, related to functioning in the organization, and based on one's own activity, not related to professional functioning. When analysing the phenomenon of occupational improvement historically, it first consisted in acquiring professional practice, and over time learning through practice gained recognition as an important element connecting the theoretical and conceptual basis of formal teaching with knowledge derived from experience. At the same time, improvement based on relationships and trust is gaining increasing importance. These are the trends in staff development that group supervision is part of as a learning process through the assessment of experience in order to improve the skills and competencies of learners and teachers, since it is a two-way process which benefits both parties. What is of importance is the fact that this method is based on trust and collaboration but differs from consultation or mentoring. At the same time, due to the increasing complexity of management problems, an interdisciplinary approach is employed increasingly often, especially in terms of psychological or medical experiences. This also applies to the transfer of training methods and the possibility of implementing group supervision in the practice of human resource management. It allows both personal and professional development. It becomes a forum for critical reflection and improvement of professional identity. As a universal method of human resources development, it can be used both in businesses and in public organizations.



## Characteristics of the functioning of the prison service

The Prison Service is a formation which brings together staff who are diverse in terms of education, specialization, and professional tasks. Prison staff participate in the implementation of the rehabilitation function of the imprisonment punishment. According to Ciosek (2016), the organization and process of resocialisation in such a specific place as a penal institution – assuming that carrying out "this process in this place is possible at all, (...) depends primarily on prison officers, their traits, credibility, and authenticity, efficiency of message conveyance, etc."

In order to be able to perform the undoubtedly difficult job of working in direct contact with inmates well, one should have relevant qualifications, including formal education, prior to commencing the service (Kalaman, 2014). Pursuant to Art. 27 of the Act on the Prison Service, officers should demonstrate appropriate general and professional preparation, experience, a high moral level, and systematically learn and improve professional qualifications (Szatkowska, 2014). All forms of training ought to have the nature of practical occupational training, which should integrate knowledge and skills to apply the knowledge to the extent necessary for the position held in the service. These all serve to improve the quality of the Prison Service staff – possession of the knowledge and skills necessary and useful in everyday performance of the service (Szczepaniak, 2015). Professional improvement of the officers is organized by training centres and staff improvement centres in the form of: specialist courses, conferences, meetings and seminars, as well as general and department training. They are conducted in a system based on quartering in barracks, or an electronic distance learning system. The importance of the issue of lifelong learning in the Prison Service (PS) seems to be important as the officers who were asked in the survey about the main sources of stress at work mentioned, among others, the inability to achieve self-fulfilment (Pomiankiewicz, 2010).

Training at the district level, organized by district inspectorates and subordinate organizational units or organizational cells of these units, is carried out in the form of departmental training, in accordance with the needs established in this regard by the head of the unit. It mainly includes raising the level of the general professional or specialist knowledge and practical skills of an officer; familiarizing the officer with the current regulations pertaining to the operation of the Prison Service, or providing training to the extent necessary for the correct execution of official tasks and activities. District-level improvement is conducted by heads of units, heads of organizational divisions of these units, as well as officers, Prison Service employees and other persons with experience, knowledge, skills or instructor's qualifications. External occupational improvement is also organized and carried out by entities outside the Prison Service. The image, professional qualifications and level of education of Prison Service officers are changing. Recruitment to the service is also undergoing a transformation. Much emphasis is placed on the mental predispositions of the staff.

The system of educating prison staff required thorough qualitative changes. Traditional lecture forms have given way to practical classes, workshops and seminars. Today, an attendee of such training is not only required to possess theoretical knowledge, but also to be capable of applying it in specific professional situations. A crucial element of professional competence is knowledge of the mental state of inmates, emerging under the influence of prison isolation, and an awareness of social processes taking place in an institution as specific as a prison. Knowledge of the mechanisms responsible for the behaviour of people in conditions of social isolation and the influence of the total institution on the staff and inmates allows for predicting threats, diagnosing a problem, and counteracting the negative effects of prison. Therefore, it is very important to develop the general and professional knowledge of officers, support their self-education, consolidate their ability to analyse and evaluate the situation and their actions, as well as develop and maintain their physical and mental capacity to serve in the Prison Service in addition to the necessary interpersonal skills.

## **The concept of group supervision**

Supervision may be defined in various ways; for the purposes of this article, following Grewiński and Skrzypczak (2014), it can be stated that *supervision is a constantly changing learning process which takes place in the course of an interaction between a supervised person and the supervisor (person or group), if the content, duration and frequency, contexts and approaches are mutually agreed upon according to mutually agreed objectives*. Therefore, in order to simplify it, group supervision is a method of consulting one's own work with patients (or clients) within a circle of other specialists<sup>1</sup>. Aleksandrowicz (2010) emphasizes that supervision seems to be an essential part of training specialists in the field of psychotherapy. Its aim is to discuss in detail and gain insight into the phenomena occurring in the therapeutic relationship, in accordance with ethical standards, to ensure high quality therapeutic services. According to Gilbert and Evans, supervision is “the relationship between a supervisor and a supervisee, used in the joint search for solutions. It is a situation in which two people are considering the well-being of a third person (...)”. The aim of supervision is, first and foremost, the well-being of the patients treated by us in psychotherapy. Currently, supervision in psychotherapy is not only an innovative and very specialised practice of training psychotherapists. It has become a standard and universally applicable model for monitoring the process of psychotherapy and a place for training therapists. The main tasks of supervision are to ensure the possibility of using the knowledge and skills of the supervisor, providing the supervised person with experience in building a therapeutic relationship, and shaping the way

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<sup>1</sup> Depending on the presented modality, psychotherapists use the term – "patient" (e.g. psychoanalytically oriented ones) or client (e.g. those oriented towards the humanities).

this person functions as a psychotherapist. Supervision may be carried out both individually and in groups. Participation in supervision, especially in a group form, means participating in the process of giving – by bringing one's content on the relationship with the patient as well as receiving – support, feedback or tips from both participants and the supervisor. During the supervision, we share our difficulties and doubts with other psychotherapists, and we observe their work. Supervision is a mutual exchange of experiences, thoughts, joint reflection on the sources of difficulties, searching for the essence of the problem, finding new solutions and revealing one's feelings. As Anderson (2000) points out, supervision is based on three pillars – the connection between participants and supervisor, cooperation and co-creation. Often it is also the discovery of one's own previously unknowing feelings and beliefs. Supervision work focuses on a better understanding of phenomena such as resistance, transference, countertransference, etc. The therapist has an opportunity to increase their self-awareness at work, which in turn influences the quality of the health services provided by them.

### **Applications of group supervision in the prison system**

In 2016 the supervision of psycho-correctional treatments with respect to imprisoned persons was introduced into penitentiary regulations. Penitentiary regulations were updated in this respect and in Regulation No. 19/16 of April 14, 2016 issued by the Director General of the Prison Service Chapter 4 in §71, which defines the collective implementation of specialised interactions at a therapeutic department, and indicates that it consists in, among others, the supervision of the therapeutic team. At the same time, §84 theoretically imposes an obligation on the Director of the penal institution in which the therapeutic department operates to provide financial resources for the implementation of supervision as part of the financial plan of the penal institution. It is worth noting, however, that in the Polish realities, supervision is provided for people providing therapeutic services to inmates, which is limited to a group of psychologists. This form of support and learning does not include correction officers or the staff of the security department who face challenges in their daily work with inmates, such as aggressive behaviour or episodes of self-mutilation, which contribute to the increase of professional stress experienced by them (Steiner, Wooldredge, 2015). Winship et al. (2019) cites an example of applying group supervision in a prison, describing it as weekly hour-long meetings of a team of prison officers, during which there is space for them to share their reflections on the dynamics of the relationships between themselves and inmates. Here one can find references to the concept of learning by Kolb, who emphasises that the learning process is based first on experience and then terminates through applying in practice the knowledge stemming from the conclusions drawn (Kolb, 2007). As pointed out by Fereirra et al. (2014, p. 47) – *the process of supervision can be strengthened if the supervisor and the*

*supervisees are aware of their learning styles and are able to control their actions so that they will suit them.* The practical application of this knowledge, therefore, becomes another experience which can initiate the learning cycle from the beginning. He postulates that thanks to supervision, prison officers are able to, in a way, "learn how to learn", i.e. reflect upon the experience they have gained and, on the basis thereof, incorporate new conclusions into their professional functioning (O'Hara, 2009).

## **Research purpose and methodology**

The aim of the research was to answer the question of what benefits are brought by the introduction of the group supervision of the prison system and what potential barriers may hinder it. In order to gather material allowing this question to be answered, a decision was made to select the qualitative measure (Lucas, 2014); using the technique of individual interview with a standardised list of information sought (semi-structured). The interviews were conducted during the period August-September 2020. The selection of participants in the study was carried out through purposive sampling; the respondents were prison officers who had performed the function of psychologists with a minimum of 15 years' experience in active service. The respondents worked in various prisons throughout Poland. They are referred to as "experts" hereinafter. One type of instructions for interviews was prepared and it addressed the following issues: available methods of supporting PS officers in learning, the benefits of introducing group supervision, potential barriers to the introduction of group supervision, and activities aimed at making this method more effective for Prison Service officers.

## **Research results**

All the experts interviewed stressed the important role of group supervision as a method of learning and building the personal resources of prison service officers. It was also pointed out that the implementation of this method prevents professional burn-out – *it is an irreplaceable safety vent,"which allows for relieving tension.* The importance of supervision for understanding the dynamics of interaction with prisoners was also emphasised – *it allows for gaining insight into a relationship with a difficult client in prison isolation – inmate, a person deprived of freedom.*

One of the experts also emphasises the fact that participation in supervision allows one to broaden awareness of and include information from areas which are often abandoned due to "cognitive economy", such as non-verbal communication. As one of the experts emphasises – *the reason for participating in supervision is to have a better view of the patient and oneself in relation to them.* Apart from the benefits associated with supervisees coping with difficult emotions better, the behavioural aspect of supervision was stressed. In the opinion of experts, it can act as a kind of "toolmaker", which the participant reaches for when it is difficult for them to find a solution in a given professional situation – *owing to the experience of others, it is possible to obtain numerous suggestions for correcting the conducted interactions in order to make them more constructive.*

The respondents also indicated the possibility of receiving valuable feedback not only from the supervisor, but also from other participants. *It is valuable that in a safe environment I can learn what other co-workers, who know the realities of working in prison, really think.*

Despite the unquestionable benefits of implementing supervision as a learning method in the prison system, which the experts participating in the study agree on, there are certain barriers to their widespread implementation. The first one is the financial barrier, emphasized as significant by all experts – *not all of the psychologists willing to participate can use supervisions due to budgetary constraints.*

This barrier gives rise to an organizational barrier, which was mentioned by three experts as pivotal – *the hourly rates of remuneration for supervisors in relation to the funds we receive to cover them allow an average of four group supervision meetings comprising a maximum of eight teaching hours. In order to make supervision meaningful, effective and efficient, it should be, above all, regular.* The lack of a fixed schedule for supervision, and thus the feeling of not having satisfied the need for predictability, is a difficulty stated by one of the experts – *supervisions usually take place in the second half of the year (once a week), because the funds for them are probably allocated before the holiday season.* Another obstacle mentioned, associated with superiors' convictions about this form of support for officers, may be rooted in the organizational culture of the prison system. *A barrier may be posed by decision makers' unawareness of the need for supervision felt by professionals in the field of support.*

Additionally, it is also related to another difficulty, which is the proper preparation of supervisors and the knowledge of the realities of working with the client in isolation – *the situation is sometimes a stalemate, because supervision with a certified supervisor, a clinician from outside the prison walls," often results in the proposed solutions being impossible to apply due to the regulations and rules applicable in a penal institution. The solution is therefore a supervisor who is familiar with the realities of working with inmates, who is, for example, a retired officer. However, in such a case they do not have sufficiently well-established therapeutic experience.*

The experts proposed specific actions that could be taken to ensure optimal conditions for such a form of learning as supervision. Of primary importance is appropriate allocation of funds to ensure the continuity and regularity of supervision *-in connection with the requirement of accounting for the so-called earmarked funds until the end of November and their allocation most frequently at the turn of March and April, a forced "gap" of several months without supervision occurs, which should be eliminated.* The aspect of the place where the supervision should take place was also emphasized as an obstacle to the potential opening up of supervisees and bringing difficult aspects of their work to the meeting – *from my experience, it would be better if it took place outside the prison – at a competent supervisor's place.*

## **Discussion of the results**

The experts unanimously drew attention to the role of supervision as a mental health prophylaxis tool among officers. This conclusion is consistent with the reports from the research by Wallbank (2013), claiming that regular monthly supervision increases job satisfaction and reduces the level of emotional exhaustion. Earlier studies also demonstrated the existence of links between this emotional exhaustion and increased employee turnover (Cropanzano et al., 2003; Lee and Ashforth, 1996). Therefore, a conclusion can be drawn that group supervision appears to act as a tool supporting the maintenance of stable employment at a penal institution, as well as preventing premature departure of valued specialists, such as educated and experienced officers, from the profession.

The aspect of supervision related to efforts towards improving relations between officers and prisoners turned out to be significant. Similar conclusions were reached by Atkinson and Mann (2012), who created a focus group of prison officers. Its purpose was to isolate disturbing behaviours among inmates, which, however, escaped the attention of the remaining group of officers. As the authors demonstrate, this type of training increases the vigilance of prison staff, and also makes their observations extremely valuable, as they become an "untapped resource" in the prison system, which can be used to forecast changes in the functioning of inmates. Interestingly, research has shown that a safe, predictable and stable relationship between officers and inmates is associated with a lower rate of return to prison (Kennealy et al., 2012). As the authors emphasized, the work to impart such a character to these interactions was conducted, among others, during supervisory meetings.

The postulate of the cyclical nature of prison supervision is reflected in the literature on the subject, where regularity is cited as one of the basic principles for this form of work, constituting a sort of framework for its functioning (Tomlin et al., 2014). Another intriguing postulate is to take care not only of the aforementioned time frames, but also the space for holding supervision. It seems that it is often treated as a secondary matter, specific "technicalities", which, however,

significantly affect the quality and involvement of the supervisees in the supervision process. Creating a safe place outside the prison system may contribute to what, according to Józefik (2010, p. 16), is the basis of the supervision process, i.e. a good relationship between the supervisee and the supervisor, which comes down to accepting procedures, trust, and the possibility of openly sharing one's thoughts and emotions; Jelonkiewicz (2018, p. 78) holds a similar opinion, claiming that the supervision relationship can be considered a central and necessary element of the supervision work, and the supervisor themselves often plays the role of an adviser, teacher, expert and mentor. The role of group supervision as a support tool for newly employed officers seems to be an area worth exploring. Researchers (Dobrowolska et al., 2017) emphasize that nowadays young people planning to enter the labour market are at a greater risk of developing mental disorders than before, and therefore it is crucial to identify protective factors assisting in the adaptation to a new professional role.

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# MODEL APPROACH TO BRAND IMPLEMENTATION AS A PREREQUISITE FOR SHAPING THE CAPITAL OF A TERRITORIAL BRAND

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**Introduction/background:** A number of places have some difficulty implementing their brands due to the fact that there is no coherent framework within which they could expect some measurable results or monitor the process, and most importantly, they are totally incapable of controlling the return on investment in branding.

**Aim of the paper:** The article puts forward a model which, irrespective of the size of the place and the extent to which the brand has been developed, introduces order into the process of brand building, indicating the point at which a brand is and optimizing the way for a brand to become an asset and a part of the equity.

**Materials and methods:** The model is based on miscellaneous experiences comprising case studies, observations and results analysis of more than 15 place branding projects that were undertaken in Poland over the last 10 years. The project of building the brand of the city of Lublin has been based on this very model.

**Results and conclusions:** Any local government that has at its disposal limited financial, human or any other resources can successfully use this model owing to its flexibility, clarity and simplicity.

**Keywords:** territorial brand, place brand management, competitiveness, local development strategy, competitive advantage, place brand capital.

## 1. Introduction

Marketing orientation, which for over 50 years has been setting the main principles of competitiveness and functioning of businesses, and whose origins are increasing limitations on the demand side, has also been playing an important role for some time now in the management of other types of products than just their physical form. Consumers are offered an increasing number of cultural events, in which they can take part, ideas or people, even in political terms, seeking to exchange political promises for an electoral vote. Many places, including cities and regions, due to the progressing globalization, individualization of consumer needs and freedom of choice, are also forced to shape an increasingly interesting offer and shape their specialization.

Most cities and regions, not only in Europe but also worldwide, seem to respect traditional “thinking” when it comes to strategic approaches to development. The global concept of marketing is the origin of such an approach. However, this approach does not respond to the growing needs for choice, diversity and individualism. This means that places are confronted with a noticeable threat of losing their uniqueness and ability to evoke emotions (Ward, 1998). They become impersonal and anonymous. The final effect is a very low level of control over the dynamics of local community enrichment and the effectiveness of competition related to the acquisition of external resources, including unique ones, which ultimately determine the competitiveness of the place.

Currently, the abundance to adjust the offer to the individual needs of buyers forces suppliers to seek unique sales features more and more often<sup>1</sup>. This is not only the case for companies, but also for cities and regions. The development of places increasingly requires such an approach. Commonly used imports of concepts and schemes from different parts of the world are becoming inefficient in the long run. Freedom of choice is one of the most important achievements of the global society. It can be said that the current local development strategy is reduced to sanctioning the investment processes in resources, the current level of which can be described as “below the required” level, and to maintaining processes that have a sustainable impact on all or most stakeholder groups, including, in particular, residents and local businesses, as well as investors. This freedom of choice, which has suddenly increased global competitiveness, is often not even one of the criteria taken into account in the choice of direction and strategic objectives.

The approach to the place brand itself is similar in its lack of market orientation and creating a competitive advantage. In general, the process of building the place brand is limited to promotional activities in the area of broadly understood culture, organization of events and typical promotional communication (Markowski, 2002). In such an approach, a brand, together with its visual identification and advertising slogan, is an element binding the activity of a place directed to selected target groups and is used only at the operational level. Meanwhile, its role is and should be strategic.

The term “place branding” means the ability to choose and strengthen the position of a place in relation to similar places by creating a specific image, which is a source of both economic and symbolic added value (Hankinson, 2001). The very strengthening of the position and the lasting competitive advantage achieved through this process can be defined as the systematic implementation of a series of events and projects affecting the development of the unit by transforming values and benefits and increasing the satisfaction of the local community. The result of this process should be an increase in the status and prestige of a city as a tourist, residential and business location. It is worth noting that a brand is an element that identifies

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<sup>1</sup> Unique selling proposition – a term used for the first time by Terrence Reese to distinguish a product or group of products in a category.

a product, service, person or place and increases its value in such a way that the consumer perceives the object of purchase as having an important and unique added value, through which its needs are satisfied more effectively. When indicating the increased effectiveness, it should be diagnosed at the functional, emotional and symbolic level, as the brand image is an image of a given object in the heads of its recipients, so its psychological value plays a role on several levels (Morgan, Pritchard, Pride, 2002).

It is obvious that the implementation of a homogeneous city development strategy, one of the basic tools of which is the brand, will not be consistent with the interests of all stakeholders who have connections with a given center. The problem faced by local authorities is to find the right direction of development, which would allow them to extend the benefits to the largest possible group of recipients, but not at the cost of distinguishing the place from the closest competition.

The most striking example of such a situation is the interaction between the place and local businesses, to a lesser extent, those whose geographical area of activity is only a given place and, to a greater extent, those who go out with their products and services to the national or global level. Their key role results from the fact that this group of recipients, in fact as the only one, independently and consciously shapes its own image and the image of its products with the use of promotional tools (Dolata, 2002). Therefore, a potential conflict between marketing programs implemented by local companies at the corporate or individual brand level and activities related to the city brand may have the biggest business consequences. Synthetically speaking, this means that commercial brands have an impact on the city brand and vice versa. This marketing partnership is particularly important in the case of places with an unmarked, weak image. With limited financial resources of the territorial unit, close cooperation with local economic entities becomes strategic.

## **2. Problems in the process of managing the place brand**

So why, for the vast majority of territorial units, does the brand not enter the level of key resources, and why does it not take on the role of a creator of a competitive advantage? Three main reasons should be indicated:

1. Low level of awareness of the issue among local authorities, which results in treating the brand as a phenomenon with a promotional character only.
2. The term of office of the local authorities, which results in unwillingness to implement long-term projects with an unobvious result.
3. Lack of appropriate competences of persons directly responsible for the process of brand management, which determines the narrow and typical range of activities undertaken.

Nevertheless, at this point in time, it is necessary to point to a few important characteristics that make the territorial brand and its management process much more complicated and burdened with the risk of failure than the brands of products, services or even those with a corporate profile, i.e. forming the final image of an entire company. It seems that one of the most important factors is the limited influence of the territorial unit on the huge number of phenomena that takes place in the administrative space, including the quality of services offered and products manufactured by local companies, human behavior and events that are organized outside the local government sphere. This element is also connected with the following – legal and organizational limitations of the local government in brand management as an economic value and the use of its capital in economic terms. Often, in the process of designing the activities creating the place brand, the fact that it is very sensitive to the personal relationship with the customer is also omitted. One can even risk the statement that place brands are born, to the same degree, through their experience as through the communication that is conducted to its actual and potential users. The need to maintain this balance is particularly evident in the case of the tourist and residential functions of a place. In both cases, the brand value is finally verified through a direct and personal relationship between the consumer and the place. This relationship may be, to some extent, contingent on promotion, but in the end, it will always be stronger than the relationship (Lebiecki, 2002). The last factor specific to places is the multiplicity and multidimensionality of values at their disposal, which constitute the capital base for the brand, determine its image and are responsible for the credibility of its promise.

Each place, due to its often centuries-old existence, gathered inside in the form of objects, phenomena, events with a special dimension, people and processes, as well as outside in the form of an original image based on the signals sent so far, a huge number of resources, which, in the context of brand building, must be verified, selected and properly managed to form a coherent foundation for the target brand image (Metaxas, 2002). In this area, territorial brand managers usually face considerable financial problems and have great difficulties in making strategic choices, choosing which resources should be included in the brand equity and are constantly developed and invested in and which, despite their uniqueness, should be excluded from the process of brand management. At this point, it is worth quoting one of the models that serve the purpose of proper analysis of this issue. This is a model of the place brand capital by Keith Dinnie. Although it was developed for national brands, it also applies to city and regional brands.

All place brand assets are internal or external. Internal assets are directly linked to the place, namely all that are included in a given place. Internal assets can be experienced on the spot. On the other hand, external assets are all those connected with a given place but which we experience when we look at them from the outside. These first assets are connected with cultivating the direct experience of a given city or region. The second, however, is a derivative of investment in the perception of that city or region (Dinnie, 2008).

**Table 1.**  
*Structure of place resources*

<b>Internal resources</b>	
<b>Immanent resources</b>	<b>Created resources</b>
Symbolism	Internal acceptance
Landscape	Art support
Culture	Loyalty levels
Place image	Brand ambassadors
Presentation in pop culture	Diaspora
	Branded export
Derivative resources	Promoted resources
Internal resources	

Source: Dinnie, 2008.

### 3. Model of territorial brand implementation

As has been pointed out, every place, regardless of whether it is a large city with metropolitan aspirations or a small geographical region, has a complex structure of material and non-material resources, such as a different history, terrain, myths and legends, as well as natural resources and social phenomena. The starting level of the basic dimensions of a brand is also different, i.e. its knowledge of the brand. As far as brand management is concerned, Zakopane will be located at a different level than Biecz. The complexity of this issue causes local government units to have huge problems not only at the level of brand image design but, perhaps above all, in the area of brand management in the tactical and operational layer. The effects of these problems are visible to the naked eye, as in the last 20 years, only a few places have been able to permanently include the brand in their strategic resources and make it a driving force for development.

Cities and regions are like fingerprints. There are no two that are identical. This does not mean, however, that each of them, in the context of brand management, should be approached in a perfectly individualized manner (Kearns, Gerry, Philo, 1993). The branding process requires specific rules and practices that are consistent for each case. Below is presented the author's model of territorial brand implementation, whose basic advantage is the universality of application, regardless of the profile of the place.

**Table 2.**  
*Basic model of implementing a place brand*

STAGES/AREAS	Stage I revision	Stage II incubation	Stage III revival	Stage IV maturation
<b>ORGANIZATION (O)</b>	Benchmarking analysis and opening report	I.O Coordination center	II.O Key allies	III.O Involvement of stakeholders
<b>PRODUCT (P)</b>		I.P Flagship solution	II.P Selective adaptation	III.P Filling gaps
<b>COMMUNICATION (K)</b>		I.K Understanding the brand	II.K Acceptance of the brand	III.K Deepening relations
<b>EXPERIENCING (D)</b>		I.D Contact points	II.D Enrichment of experience	III.D Regeneration of assets

Source: own work.

The model divides the whole management process into four basic areas, which, together, are responsible for the final result to the greatest extent. Each of these is subject to a development process divided into three phases. The model can of course be used for brands at different stages of development, but it is nevertheless dedicated to those projects that are at the initial stage of implementation. In each case, there is an initial stage, also referred to as a revision stage. As part of this process, answers to two fundamental questions are sought:

1. Is the proposal of brand value and its main idea unique and possible to implement?
2. What key barriers can prevent such implementation?

At this point, both concepts that form the basis of the analysis should be explained. The most important goal of marketing is to create value. What is this value? Nothing abstract, but it is what the recipients value and what they are willing to pay for. To make people want to have something, experience something and want to pay for it, it is necessary to create and communicate this solution. The proposal of value is a clear, attractive, distinctive and credible description of what the recipient can expect in contact with the place and the products and services that a given place offers. It is worth remembering, at the same time, that the value sought must be important from the point of view of the recipient and not the brand manager. The proposal of value itself is created at the junction of three areas: internal resources and the concept of their use, expectations of customers and free space not appropriated by the competition. The best opportunities to create value are in the common part, i.e. they refer to unmet needs, use existing resources and competences and allow them to take up free and attractive space in the marketplace (Pogorzelski, 2012). The basis for the proposal of values is its main idea. The point of view and the declaration, which will distinguish the city or region from the competition and will be highly valued by the recipients, is one that binds together the whole proposal for a place. Ultimately, it will be the first association with a given place. A good example illustrating both the proposal of values and the main idea of a city is Kraków.



**Table 3.***Value proposition and the main idea of a place brand – an example*

Value proposition	Kraków – a city with a unique atmosphere, where people live more slowly in the shadow of great national history, as well as the cultural capital of Poland, or a pleasant place to live
Main idea	Magical Kraków

Source: own work.

Such a great importance of the revision stage is obvious – in the case of a negative verification of the value proposition and the main idea of the place, the whole process of designing the strategy should once again be started from the beginning. A positive diagnosis result triggers the implementation process, thanks to which a given territorial unit has a chance to reach, step by step, the level of brand development in which it becomes one of the key and, because of its non-copyability, most unique resources of a place. The degree of implementation of particular elements of the model and the verification criteria are presented in the table below.

**Table 4.***Characteristics of the place brand implementation model*

<b>ORGANIZATION</b>	<b>INCUBATION</b> COORDINATION CENTER	<b>REVIVAL</b> KEY ALLIES	<b>MATURATION</b> STAKEHOLDER INVOLVEMENT
	<b>TARGET STATE:</b> The brand is managed by a separate team with its own planning and control of the communication of the whole unit. <b>INDICATOR:</b> The degree of organization of a dedicated entity managing the brand and its legal form are assessed.	<b>TARGET STATE:</b> Leaders from a specific list and managers of key resources of the place accept and understand the brand and its main idea and are involved in its implementation. <b>INDICATOR:</b> <b>Internal and external partnership</b> The level of partnership in brand management is assessed.	<b>TARGET STATE:</b> The brand engages a wide group of stakeholders and plays an important role in the functioning of the place. <b>INDICATOR:</b> <b>Stakeholder identification</b> The assessment covers the degree of identification of influential units, entities acting on behalf of the brand in an informal way.
<b>PRODUCT</b>	<b>INCUBATION</b> FLAGSHIP SOLUTION	<b>REVIVAL</b> SELECTIVE ADAPTATION	<b>MATURATION</b> FILLING GAPS
	<b>TARGET STATE:</b> The main activity of the brand is indicated by three individual associations with the place in the target group. <b>INDICATOR:</b> The level of spontaneous recognition of the brand's products is assessed.	<b>TARGET STATE:</b> At least 50% of the relevant objects, events and processes within the place are integrated into the brand identification system. <b>INDICATORS:</b> <b>1. Product identification</b> The assessment covers the possession of a list of products of the place, verified in terms of the brand idea. <b>2. Degree of integration</b> The assessment covers the degree of integration of products into the brand system from the list of identified products.	<b>TARGET STATE:</b> The brand has a portfolio of products that is optimal for strategic functions in comparison with other brands in the strategic group. <b>INDICATORS:</b> <b>1. Identification of gaps</b> The assessment covers having a list of identified gaps in the strategic areas of the brand. <b>2. Filling gaps</b> The degree of filling gaps from the list of identified gaps is assessed.

Cont. table 4.

<b>COMMUNICATION</b>	<b>INCUBATION BRAND AWARENESS</b>	<b>REVIVAL BRAND UNDERSTANDING</b>	<b>MATURATION DEEPENING RELATIONS</b>
	<b>TARGET STATE:</b> The brand is indicated at the supported level as a representative of its strategic group. <b>INDICATOR:</b> The assessment covers the supported knowledge of the place brand in the strategic group of brands with analogous functions – associations with functions.	<b>TARGET STATE:</b> The brand's target consumer identifies the brand through its main idea in relation to the strategic group. <b>INDICATOR:</b> The assessment is carried out on the basis of the supported knowledge of the concept of the place among target groups in relation to the strategic group of the place.	<b>TARGET STATE:</b> Deep, emotional relation between the target groups and the brand. <b>INDICATORS:</b> <b>1. Emotional relation to the brand</b> The emotional relation between the groups of customers and the brand is assessed. <b>2. Co-creation of the brand</b> The degree of involvement of customers in spontaneous brand communication is subject to expert assessment.
<b>EXPERIENCING</b>	<b>INCUBATION CONTACT POINTS</b>	<b>REVIVAL ENRICHMENT OF EXPERIENCE</b>	<b>MATURATION ASSET RECOVERY</b>
	<b>TARGET STATE:</b> The brand obtains a minimum indication of 15NPS in the target group. <b>INDICATOR:</b> <b>Contact points</b> The management of at least 5 most important points of contact with the place brand is assessed.	<b>TARGET STATE:</b> The place obtains higher indications according to the GEW model than other places in the strategic group. <b>INDICATOR:</b> <b>Brand network experience</b> The degree of networking of brand experience and the level of satisfaction from network experience are assessed.	<b>TARGET STATE:</b> The place brand develops and implements plans for a comprehensive exchange of experience in line with the idea at the city level. <b>INDICATOR:</b> <b>Change strategies</b> Having strategic plans to solve problems while complementing the brand's core experiences is assessed.

Source: own work.

An attribute of the presented model is its flexibility, which does not force parallel and systematic work on each of the areas; however, the origin of its creation is related to the common problems that local government units have with proper brand management, including, in particular, its transformation into a source of both economic and symbolic added value for various groups of recipients of the place offer.

#### 4. Final result – capital to be used

An orderly, systematic process of managing the place brand leads to the formation of a relatively high level of its capital. In the dictionary of the Polish language under the term “capital”, one can find an explanation that it is “financial resources, tangible assets of monetary value, held by an enterprise, bank, company, etc.”, or colloquially – wealth, assets, a larger amount of money, cash. Brand also has its own capital, which is created by both the brand owner and its customers. The Marketing Science Institute defines brand capital as a set of associations and behaviors related to brand consumers, the corporation that owns the brand and

other entities involved in the brand, allowing one to generate more than average sales or margins and giving the brand a strong, durable and distinctive competitive advantage. A more synthetic definition is proposed by Kevin Keller, who points to the diverse impact that knowledge about a brand, i.e. its knowledge and image, has on consumer response to brand marketing (Keller, 1993). In the case of cities and regions, this impact should be considered in two ways. In direct contact between the consumer and the place, the brand generates a price premium for the products and services purchased during the stay, but it also supports and intensifies the emotions associated with experiencing the place. Outside, when the consumer comes into contact with a proposal, which can be a physical product, but which can also be an idea or even a cultural event exported from a given territory, a mechanism is triggered, which is defined as the effect of the place of origin. It should be considered both as a consumer phenomenon and as an attribute of a brand and product, which is an important factor in the market play for many product categories. In simple terms, it can be defined as the influence of the place of origin of a product or brand on the decisions and preferences of consumers. Consumers can treat the origin of a product as implicitly associated quality information or as part of the product image (Figiel, 2004). In the first case, this effect is more important for unknown products. In the case of products with a high level of knowledge, it is a strong component of the brand image.

To sum up, the brand is a very important phenomenon for every city and region. It brings out and strengthens its uniqueness and, what is equally important, allows one to observe the activities of directly competitive locations with peace of mind. As Professor Yoram Mitki said, "There is a treasure hidden in every city. There is question of its discovery". The brand is such a treasure.

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# A HOLISTIC APPROACH TO MERGERS AND ACQUISITIONS IN HIGH-TECH INDUSTRIES. DOES THE USE OF A HOLISTIC APPROACH REALLY AVOID FAILURE?

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**Introduction/background:** The aim of the article is to check whether the holistic approach in the case of high-tech industries is the optimal solution in the field of M&A process analysis.

**Aim of the paper:** Two research hypotheses were formulated:

H1 – It is impossible to create an effective universal holistic model for even a single high-tech industry.

H2 – The key element of the process of assessing the validity of M&A processes is the potential use value of the acquired knowledge and/or technology.

**Materials and methods:** A quantitative analysis of articles relating to holistic models and sources relating to the specificity of specific market M&A processes were used.

**Results and conclusions:** The results obtained revealed that the analysis of selected mergers and acquisitions allowed it to be stated that the key aspect determining the success or failure of the M&A process is the value of the acquired knowledge and technology and its applicability within the newly created organisational structures. It was also found that holistic models, apart from being cost-intensive and time-consuming, are also characterised by a lack of standardisation of the model and the lack of assessment at both the level of one industry and within a single branch of the economy. Thus, the creation and application of universal holistic models in high-tech industries may turn out to be ineffective and lead to decision errors at the level of the company's development strategy.

**Keywords:** holistic model, intellectual property, Mergers and acquisitions, determinants of mergers and acquisitions, intangible assets.

## 1. Introduction

Despite the fact that most mergers and acquisitions processes (hereafter M&A) are assessed negatively in the long term, most companies still perceive them as a traditional means of strategic development (Kumar, 2012). The implementation of M&A processes in high-tech industries is in many ways typical of other industries. To a large extent, it is the lack of understanding of the structure of the organisation and the processes taking place in it that determines the failure of the enterprise (Kohers and Kohers, 2000, Hagedoorn et al., 2000).

High-tech industries are particularly vulnerable to weaknesses because their most important product is knowledge and / or innovative technology, whose evaluation and assessment in terms of usefulness is extremely difficult except for experts possessing the requisite knowledge (Ahuja and Katila, 2001). In almost all sectors of the economy, M&A processes are driven by the need to acquire knowledge and/or technology quickly in order to maintain/gain a competitive advantage (Puranam and Srikanth, 2007). In the case of high-tech industries, wide-ranging activities in terms of patenting and intellectual property protection are particularly visible, as well as the orientation of R&D processes towards technologies with the highest possible degree of rapid applicability (Rossi et al., 2013). The lack of in-depth integration of decision-making, system and organisational processes results in the failure of M&A processes in most cases. This is evidenced by numerous case studies on M&A processes in high-tech industries (Ragozzino and Moschieri, 2014, Bannert and Tschirky, 2004, Laamanen and Keil, 2008, Clodt et al., 2006). In M&A data analysis processes, in order to reduce risk, at least two perspectives for assessing a potential M&A process should be adopted: technological and non-technological (covering a number of processes not directly related to R&D processes) (Gioia et al., 2000). The wider the spectrum of the process assessment potentially accepted by the analyst, the greater the chance that the assessment of a potential M&A process will be credible. Thus, in order to optimise the process, the analyst may apply a holistic approach to the analysed process (Agrawal et al., 2015). The key issue then becomes the parameterisation of the model, the number of analysed attributes and the period of analysis. Is the holistic approach a cure for all that ails M&A processes? Many authors, incl. Hull (2011), Krugman (2008) indicate that many failures in the largest M&A processes (AOL Time Warner, Daimler-Chrysler, Oracle-Peoplesoft) are simply due to the fact that analysts and process designers ‘see nothing but financial matters, forgetting about trivial matters such as work efficiency or organisational culture’. The question is, does the holistic approach solve this problem for each process? Contemporary holistic models provide the potential user with a set of tools that he must adapt to a specific case study. The level of involvement in specific areas of the analysis is also a key issue, e.g. an analyst may attach more importance to the issue of financial indicators than to indicators relating to strategic or marketing activities.

This article focuses on the potential application of a holistic approach to the analysis of M&A processes in high-tech industries. The lack of a uniform definition of the holistic process makes it impossible to formulate a universal definition. For the purposes of this article, it was found that a holistic approach is one that assesses a given process from various perspectives of various stakeholder groups (this definition is based on Feix [2020] and Agrawal et al. [2015]). For this purpose, the parameters used in holistic models were revised, and the needs of M&A process assessment in high-tech industries were adjusted. In this work, two research hypotheses were formulated. One maintains that it is impossible to create an effective universal holistic model for even a single high-tech industry and the other claims that the key element of the process of assessing the validity of M&A processes is the potential use value of the acquired

knowledge and/or technology – thus, the author wants to check the validity of the claim by the duo of Puranam and Srikanth (2007). The cognitive goal of this work is to determine the specific parameters of high-tech industries that determine the success of M&A processes. The structure of this article can be broken down into five main parts. The first part is an introduction that outlines the problem at hand. In the second part, an analysis was undertaken of specific aspects related to M&A processes in high-tech industries, such as a specific form of employee remuneration or the need to maintain technical support for products removed from the acquiring company's portfolio. The third part presents a short description of the holistic models. The fourth part is a presentation of the author's own research relating to the analysis of M&A processes in high-tech industries. The work ends with a summary, which presents the final conclusions related to the author's own research and the verification of the two research hypotheses.

## **2. M&A processes in high-tech industries – characteristics**

As already mentioned in the introduction, M&A processes related to high-tech companies distinguish them significantly from other companies. This is visible, for example, in the method of financing M&A processes – in the case of high-tech industries, acquisitions are most often made with cash, and the profile of the acquired entity is to complement the company's available portfolio in a justified way (Koene, 2019). The growth potential and the uncertainty associated with unproven and unexplored technologies mean that research into the potential path of income growth or market share is often based on data of questionable quality (Kohers and Kohers, 2000). Thus, even a partial understanding of the new technology and the structure of the organisation in which the innovation is created is crucial. The continuous diffusion of innovation that reaches investors in many cases refers to secondary innovations and those based on interpretation of research and test results (Diamandis, 2015). Potential investors receive numerous forecasts of future revenues that often do not have a rational basis for forecasting. The completion of the M&A process may be dictated by the company's periodic strategy (Graebner et al., 2017). The most frequently sought-after enterprises are young, often underfunded and without long-term plans to generate positive cash flows (Ranft, 2006). In the case of such acquisitions, both explicit and tacit knowledge are sought. A Ranft study of 75 high-tech companies shows that tacit knowledge transfer is both desirable and difficult in technology acquisitions. The author points out that the employees of the acquired companies, in order to maintain their autonomy, voluntarily limit the transfer of knowledge, while at the same time rich communication and retaining key employees and ensuring their job stability facilitate the transfer of knowledge during takeovers. Cho et al. (2018) noted that numerous technological acquisitions are aimed at shortening the supplier chain for the final product.

The buyer thus aims to save operating costs by sharing common resources between the buyer and the acquisition target. Cost savings can therefore result from economies of scope as well as of scale. At the same time, the potential buyer may intend to improve and/or develop the product. The knowledge and skills transferred from the acquired entity may enable the buyer to improve the quality of the product or extend the line of available products. The buyer may also intend to acquire an additional customer base in order to expand the market, penetrate the market or enter a foreign market if it is not yet operational or has a structure of questionable quality. These actions are essentially aimed at increasing the revenues generated in the long term, with partial decline in profitability in the initial period. Gomes et al. (2013) indicate that the lack of connectivity and fragmentation of research negatively influences further research on M&A processes. The authors point out that there are dynamic relationships between different perspectives of M&A processes and critical success factors. Identifying these relationships can help deepen our understanding of the results of mergers and acquisitions.

It is extremely difficult to assess the validity of the M&A processes carried out in a wide time interval – research shows contradictory conclusions (this was noted, among others, by Bower, 2001, Zollo and Meier, 2008). Previous research relating to mergers and acquisitions in high-tech industries has distinguished two types of technological acquisitions. One, where the purpose of the acquisition is to exclude the acquisition of knowledge and/or technology, and the other, where intellectual property is treated as a typical element of the company's assets (Ahuja and Katila, 2001). The assessment of the course of the connection depends mainly on the adopted perspective. For example, you can use an approach based solely on financial indicators (knowledge as an asset), but you can also adopt a broader perspective where non-monetary factors will also be assessed (e.g. knowledge as a future benefit). Then, regardless of whether the discriminant model or the factor model is adopted – the results can be extremely different.

### **2.1. A variety of perspectives for assessing the merits of M&A processes**

So far, there is no clear line between the holistic and non-holistic approaches in the analysis of M&A processes. In the consulting industry, a holistic model in the assessment of the M&A process is one that takes into account "non-financial values" in the analysis of the entire process (Stamford, 2017). In turn, Feix (2020) and Agrawal et al. (2015) define a holistic model as one that also assesses the legitimacy of the process or only "from many" non-financial and qualitative criteria. Steynberg and Veldsman (2011) make a distinction based on the use of a process approach, on the basis that a holistic approach requires the design of an assessment process and a potential improvement of this or future process.



In the case of non-holistic models, there is a wide variety of methods for assessing the legitimacy of M&A processes – various methods are used in the research that generate extremely different results. It should be noted that most of the available studies were national in nature, thus the economic and legal specificity of a given country may also turn out to be a specific factor.

Porrini (2004), using a regression model, identified the key determinants of mergers and acquisitions, such as the aforementioned requirement to acquire new knowledge and technologies as well as the desire to diversify activities and processes and to obtain innovation in organisational structures.

Zollo and Meier (2008), with the support of consulting companies advising in M&A processes, undertook the creation of a structural model covering many planes of decision making. They determined that the key to success is to maintain the existing customer base and the synergy of the implemented processes. These two key activities are to achieve satisfactory financial results of M&A processes in the long run. At the same time, the authors point out that any evaluation of the process should be made only in the long term, because in the short term most of the successful mergers and acquisitions did not have favourable strategic and financial indicators. Thus, the usefulness of short-term indicators in assessing the efficiency of the M&A process is negligible.

Das and Kapil (2016) focused on the impact of place – of country and region – on the success of the M&A process. They noted that the main drivers of mergers and acquisitions in China, Taiwan and Hong Kong are different from those in M&A in advanced economies. At the same time, large companies (most often multi-industry conglomerates) with low debt are more vulnerable to takeover attempts regardless of their technological strength.

Tarba (2009) and Chakrabarti et al. (2007) undertook the assessment of the impact of the cultural dimension on the success of a merger. They prove that the failures of M&A processes are found in the lack of integration of systems and human resources. This problem is particularly visible in the case of international M&A processes.

In his study, Grimpe (2007) divided the types of integration of post-acquisition firms into the fundamental categories of symbiosis, absorption and regulation. The obtained results allowed him to conclude that if the goal of the process is to acquire new knowledge and introduce a new innovative product, the optimal approach is either to quickly absorb all the newly acquired resources or to have both entities coexist in symbiosis. Thus, intermediate solutions, e.g. preserving partial autonomy, are ineffective from the point of view of profitability of the completed process.

The study by Cummings and Teng (2003) made a significant contribution to the development of research on M&A processes in high-tech industries. As part of an international study that covered 15 technology industries, they determined that the integration of R&D departments as well as the creation of tools optimising the process of knowledge transfer in both directions is of key importance.

Laamanen and Keil (2008) in their study focused on acquisitions by the largest high-tech entities in terms of market capitalisation. They proved that the size of the acquiring company has a negative impact on the entire M&A process. The changing scope of the acquisition process, as well as the 'artificial' creation of relations between entities in accordance with the acquirer's plan, have a particularly negative impact on the course of the process.

As part of his research, Dalziel (2008) conducted numerous interviews with both parties to the M&A process. The analysis of the interviews and questionnaires allowed him to conclude that both parties to the process evaluate it in the longer term with completely different criteria. In the case of acquired companies, the decision-makers in them assess the legitimacy of the process only in financial terms, realising that a potential partnership is a short-term solution. At the same time, the majority of respondents believe that sooner or later they will be completely absorbed into the existing structures of the acquirer. The other party to the transaction, i.e. the buyer, puts more emphasis on strategic and social issues related to the ongoing process than on financial issues. In many cases, the buyers realise that they are paying an inflated price for an acquisition.

Ensign et al. (2014) analysed case studies of technology acquisitions and mergers focusing on non-financial factors. They determined that the success of M&A processes mainly depends on the geographic, procedural, and organisational similarity of both entities. The similarity in these aspects determines the quality of the process of knowledge transfer and diffusion of innovation.

Garrie et al. (2014) undertook a summary of numerous studies in the field of technological mergers and acquisitions. They determined that most of the M&A processes performed are failures, and the failure rate is in the range of 50-80%. The authors determined that M&A processes neither add nor create new value, but often result in significant financial losses for the merging or acquiring entities.

The conducted review suggests that it is currently not possible to create a uniform and coherent theory for assessing the merits of mergers and acquisitions in high-tech industries. Rossi and Tarba (2013) also reached similar conclusions. There are also some aspects of mergers and acquisitions in high-tech industries that have not yet been widely covered in the literature. They often relate to legal relationships related to employee remuneration issues, as well as issues related to the financial structure of the business.

## **2.2. Specific issues related to technology companies**

In technology industries at an early stage of enterprise development, employee share ownership is often encountered (Liu et al., 2014). Potential promotion of employee shareholding can have a negative impact on both the employee and the company. This leads to a large dilution of decision-making processes within the shareholder community, as well as a long-term reduction in the results achieved by the company. At the same time, employee shareholding results in the fact that M&A processes, in a way, create multi-millionaires who,

as employees of the acquired entity, are a valuable shareholder (Huang et al., 2016) – such cases are particularly visible in the case of American and Asian companies. In the case of potential M&A processes, the acquiring company may also acquire Poison pills (Hull, 2015). Examples of such poison pills are, for example, extended product support following a merger or acquisition, the ability to recover part of the fee paid for software purchased after a merger or acquisition, or stock options for employees whose exercise is conditioned on a potential acquisition. The use of the so-called poison pills is most often the result of advice, for example, from investment banks, which advise interested companies/groups of shareholders on how to defend themselves against a potential takeover. The use of the so-called poison pills in recent years has been increasingly restricted. They are illegal in many countries, and where they are permitted, such security products can only be issued upon their approval by the majority of shareholders.

Another rarely discussed aspect of M&A processes in technology industries is the difficulty in, for example, accessing preliminary research related to the technology (Wassermann, 2015; Kelley et al., 2017). For about 20 years, dynamically developing young technology companies have more and more often decided to help marketing companies in creating an image for the purpose of attracting future investors. For this purpose, for example, a non-binding opinion of a scientific centre about the innovation and usefulness of the proposed solution or authorised interviews with management in business magazines are used. Potential investors, encouraged by marketing activities, are in most cases interested in making the technology available, for example in a closed space, so that they can see the innovation and usefulness of the proposed solution with their own eyes, and would like to learn at least some of the documentation relating to the safety of the technology and its reliability. A qualitative case study and a quantitative study by Wassermann (2015) show that over-control of the resources of young tech companies is often linked to the person of the founder who has excessive control over resources. Such companies have much lower valuations than those in which the founder has relinquished control. This is especially true when the tech startup is three years old or more and the centralisation of power is still unchanged, hence the so-called the control dilemma between private benefits and corporate benefits.

Another rarely discussed aspect is the analysis of the profile of clients and capital providers for the acquired entity. In the case of small technology companies that may become the target of takeover, there are often connections with the financial sector – whether as a recipient of a solution or a liquidity provider, e.g. in the form of a loan (Deloof and Vanacker, 2018). The authors stated that in times of economic slowdown, startups dependent on financial institutions on both levels are particularly vulnerable to liquidity constraints, which may limit further development or lead to insolvency. Thus, the issue of diversifying the portfolio of both clients and capital providers becomes important.

Another relatively new aspect taken up in research on technological M&A processes is the structure of connections between the characteristics of the assets held and the methods of financing activities (Mann and Sanyal, 2010). The authors found that young technology companies with more tangible assets, or those whose management runs other similar companies, are more likely to use external debt in the financial structure because these assets have a high liquidation value. On the other hand, entities in which intellectual resources have the main value have a lower probability of using debt, which is consistent with the higher specificity of assets and lower value of the collateral of these assets. The authors also examined the influence of the gender and education of the founders on the structure of the entity's financing. They determined that financing from external sources is dominant among founders with higher education, at the same time the gender of the founders does not have a significant influence on the choice of the financing structure. Similar conclusions were obtained in her study by Badulescu (2011).

Ebben (2009) focused in his work on the impact of using leverage at an early stage of enterprise development and its medium and long-term impact. He found that the use of leverage at an early stage of development negatively affects the financial results generated in the future. The author, using the bootstrapping approach, states that understanding the aforementioned method may allow the company to maintain smooth development while taking proactive, not reactive, activities in terms of financing the conducted activity.

In their work, Land et al. (2005) undertook an analysis of the impact of information systems integration on the success of the analysis of mergers and acquisitions. They noticed that the key element influencing the success of the entire process is to define a realistic vision of the future integrated system, as well as how to obtain it at the point where the analysis of the merits of a potential M&A process is undertaken. For this purpose, it is possible to use both available IT methodologies as integration models as well as consultancy by IT practitioners. It is also important to create knowledge about integration based on previous experiences in the implementation of similar processes (Cho et al., 2016). This significantly reduces the cost-consumption of the entire process.

In summary, the wealth of acceptable aspects requires a prudent investor to apply a holistic concept as an attempt to comprehensively capture the various aspects of a technology company subject to an M&A process. The review of the research results from different periods shows that the given aspects of the company's operation have a various impact on the assessment of the company's functioning depending on the given study. This may result from both macroeconomic reasons relating to the study sites and the changing specificity of the evaluation of the activities of technological entities. Thus, it is extremely difficult to create a universal model adapted to each technological entity.

### 3. Holistic models in the technological processes of mergers and acquisitions in high-tech industries

This part of the work presents holistic models that can be used in M&A processes in high-tech industries. A common feature of many holistic models is the fact that they were developed on the basis of past mergers and acquisitions. In some cases of holistic models, they focus only holistically on a certain aspect of functioning, e.g. on employees, while others involve many resources using one common holistic approach. Andriuskevicius and Ciegis (2017) indicate that holistic models are not something completely new, but only the result of a certain development process of M&A process evaluation methodology. In the opinion of some researchers, they can also be described as a temporary trend. Susan et al. (2012) go a step further in their criticism of the holistic approach, claiming that due to numerous methodological gaps it currently is not possible to create a merger and acquisition theory, and thus to distinguish the currents within this theory. They indicate that a holistic approach is simply a combination of other solutions on the basis of some exploration, done repeatedly and without adapting tools to a specific problem. Agrawal et al. (2015) also see the problem of the freedom to define the M&A process assessment framework. The flexible structure of selecting parameters for holistic models may make it difficult to compare projects, e.g. within one industry. Modifying the assessment framework may relate to the circumstance, company, industry or environment.

Steynberg and Veldsman (2011), examining the causes of failure of M&A processes, found that in most cases the human factor is responsible for failure. Thus, they focused on the development and validation of a comprehensive, holistic model of the process of integrating people during mergers and acquisitions. They developed a 4-phase model consisting of the following phases: strategic evaluation of the project, preparation and trial of the process, integration and transmission, and ongoing monitoring and possible coordination to improve the process. Basically, most holistic models follow a similar pattern – hence the exact specification of most of the models presented below has been limited. Figure 1 shows a simplified human resource integration model based on the Steynberg and Veldsman model.

As part of their model, the authors also determined that:

- the speed of the employee integration process is influenced most by the geographical aspect;
- macro trends influence integration at the resource assimilation stage;
- industry trends determine activities within the first two phases of the process, i.e. strategic evaluation of the project as well as preparation and trial simulation of the process;
- the assessment of the proprietary supply chains should be part of phase 1, i.e. the strategic assessment of a given project.



**Figure 1.** A simplified model of human resources integration based on the Steynberg and Veldsman model. Own elaboration based on: Steynberg and Veldsman (2011).

Steynberg and Veldsman (2011) also indicate that the mere application of a holistic model does not guarantee the success of the entire undertaking. The key is to adopt multiple perspectives for assessing a given element and on this basis alone to define a sequence of strategic activities.

Mahajan (2019) also sees positive aspects of using a holistic approach in M&A processes. Among the advantages of a holistic approach, he mentions a positive environment in which participating companies will benefit with a high degree of certainty as well as stimulate the growth and development of society. At the same time, Mahajan (2019) focuses in his work on the high value of knowledge in the process of enterprise integration.

Moore (2011) presented a rare approach to holistic ethnography. The author noted that both the holistic and traditional models ignore the ethnographic aspects that are extremely important for many employees. The holistic ethnography approach should have some proportionality in the M&A planning processes, meaning that different ethnic groups should have an influence on the design of the project. Until now, the power of decision has rested with the headquarters of both entities, or high-ranking managers of both companies selected by the management of their employers.

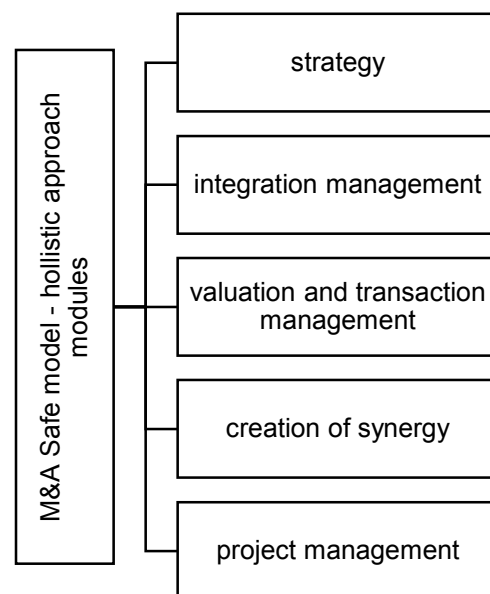
In their holistic model, Vistnes and Sarafidis (2013) also considered the change in the bargaining power of the acquiring company. They noticed that the intensification of M&A processes may have a negative impact on the bargaining power of buyers of products and/or services. They notice that with the following M&A processes, the negotiations between the two parties to the transaction become progressively unequal. This problem applies to both domestic and international processes.

Kode et al. (2003) indicate that a solution is to be had by way of the holistic approach that supplies synergy in the given case. The potential benefits of synergy are most often an argument for huge bonuses over and above the independent value of the acquired companies. The authors indicate that the lack of a well-thought-out approach to integration and excessively high

acquisition costs are the most common reasons for the failure of an entire acquisition process. They recognise that the popularisation of holistic approaches may result in diminished consideration for the financial aspects that nevertheless retain a key role.

Chanmugam et al. (2005) recognise that the holistic approach is a good solution for entities that already have some experience and knowledge base in the field of M&A processes. Having a set of good practices in this regard can significantly accelerate the process of potential integration of the structures of both entities. The authors, at the same time, define the location (within the existing organizational structure) of the strategic integration process in a fashion quite other than that outlined by Steynberg and Veldsman (2011). According to Steynberg and Veldsman (2011), strategic integration (its evaluation) is the final goal of the M&A process. On the other hand, in the model of Chanmugam et al. (2005), it is a continuous element at the subsequent stages of the process implementation.

Feix (2020) proposed an extremely interesting approach. He decided to use the holistic model and the theory of process management to create a universal holistic model based on a modular structure. Figure 2 shows the modular structure of this model.



**Figure 2.** Simplified holistic Feix model based on: Feix (2020).

The author points out that regardless of the industry, most M&A processes should be treated as technological, because more and more often the transferred resources are digital and constitute intellectual property. Thus, the importance of fixed assets, which until recently played the role of the main acquired asset, is diminishing. Feix (2020) recognises the growing role of the digital competences of the people responsible for M&A processes, as well as how an economy based on digital resources changes the approach to assessing the legitimacy of the implementation of M&A processes. It should also be pointed out that it is extremely difficult to assess how the integration process of digital solutions related to the M&A process has proceeded. In the published financial statements and the accompanying additional information, descriptions of problems in connection with the lack of IT systems integration are extremely

rare, so it is difficult to independently assess the integration of such systems. In their work, Hanelt et al. (2020) used regression methods to determine that there is a significant relationship between digital mergers and acquisitions, the digital knowledge base of the buyer, and the consequences for digital innovation and company performance.

To sum up, the main difference that distinguishes traditional models from holistic models used in the analysis of technological M&A processes is the degree of focus on certain aspects. In traditional models, the superior function is performed by issues that are usually measurable with financial resources, while holistic models also analyse (most often with greater intensity than financial issues) non-monetary aspects that relate to issues related to people (the management of them, their satisfaction, their motivation). Both types of models are criticised in many respects by many authors, so it cannot be assumed that there is one appropriate approach to the analysis of M&A processes for at least one narrow branch of the economy. Undoubtedly, however, it can be said that the holistic approach allows for a better presentation of the M&A process in the eyes of stakeholders not focused on future cash flow forecasts. In addition, it should also be noted that many of the processes / results of activities related to M&A departments submit to prediction by any model; instead, there is a certain randomness to unpredictable events that may impact the evaluation of the process in a wide variety of ways (Andersen, 2007).

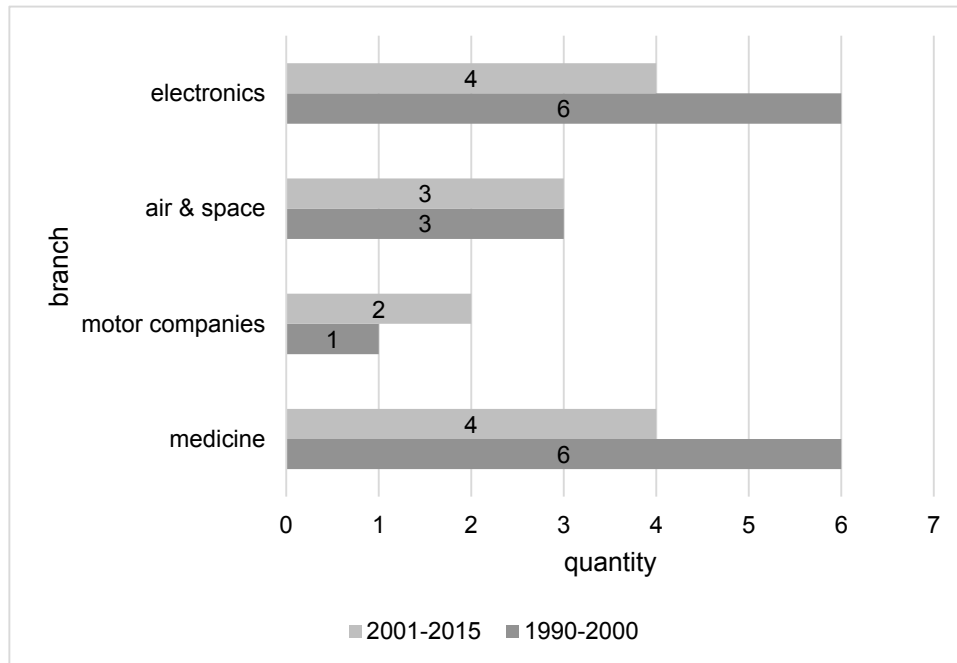
#### **4. Holistic approach to mergers and acquisitions – own research**

As part of the author's research, the validity of two formulated hypotheses was checked. One hypothesis claims that it is impossible to create an effective universal holistic model for even a single high-tech industry, whereas the other hypothesis holds that the key element of the process of assessing the legitimacy of M&A processes is the potential use-value of the acquired knowledge and/or technology. As part of the analysis of the case studies, the frequency of occurrence of specific attributes within 40 M&A processes on an international scale was determined (threshold entry into the research sample – the size of acquisitions above USD 20 billion from 1990-2015). A significant limitation of the obtained results is the various definitions of the strategy element within M&A activities. Some researchers believe that if strategic aspects are taken into account, then the M&A process is holistic. High-tech industries have been classified into four categories of enterprise – electronics, aviation and aerospace, automotive, and medical technologies – in order to discover the deeper specificity of particular industries.

The first presented study refers to the presence of the knowledge/innovation factor as the main determinant of M&A processes. Overall, 40 entities used case studies and/or interviews with decision-makers behind the M&A processes. Figure 3 shows the frequency of the



knowledge/innovation attribute as the main determinant of M&A processes divided into high-tech industry categories over two time periods: 1990-2000 and 2001-2015. The time division was made to check if the relevance of knowledge/innovation varies over time in the perspective of the process analyst's assessment.



**Figure 3.** The frequency of the knowledge/innovation attribute as the main determinant of M&A processes. Own study based on a sample of  $n = 40$ , 10 samples from each of the four categories, number of successes  $p = 29$ , where success is an attribute of knowledge/innovation as the main determinant of a given M&A process. Success rate without breakdown by industry = 72.5%.

The presented data on the frequency of this seemingly key attribute in the decision-making process indicate that in the case of the medical and electronic industries, knowledge resources are a key attribute. In all the surveyed companies from these industries, knowledge/innovation was indicated as the main determinant of mergers and acquisitions. In the case of the automotive and aerospace industries, the importance of this attribute is lower – in the case of aviation and aerospace by 40%, and in the automotive industry by 70%. At the same time, it should be mentioned that the significance of this attribute does not change significantly over time. Thus, it can be confirmed that the importance of knowledge and innovation that is acquired along with other assets is of significant value in the decision-making processes.

The next study sought to determine the main causes of failure of M&A processes. Most often, the failure of M&A processes is assessed through the financial prism, e.g. in the form of falling market capitalisation (Attah et al., 2020). The study presented below looked at 14 mergers in technology industries that did not increase shareholder wealth as measured by market capitalisation (and the rate of inflation) and attempted to identify key factors (and their frequency) that contributed to the failure of M&A processes.

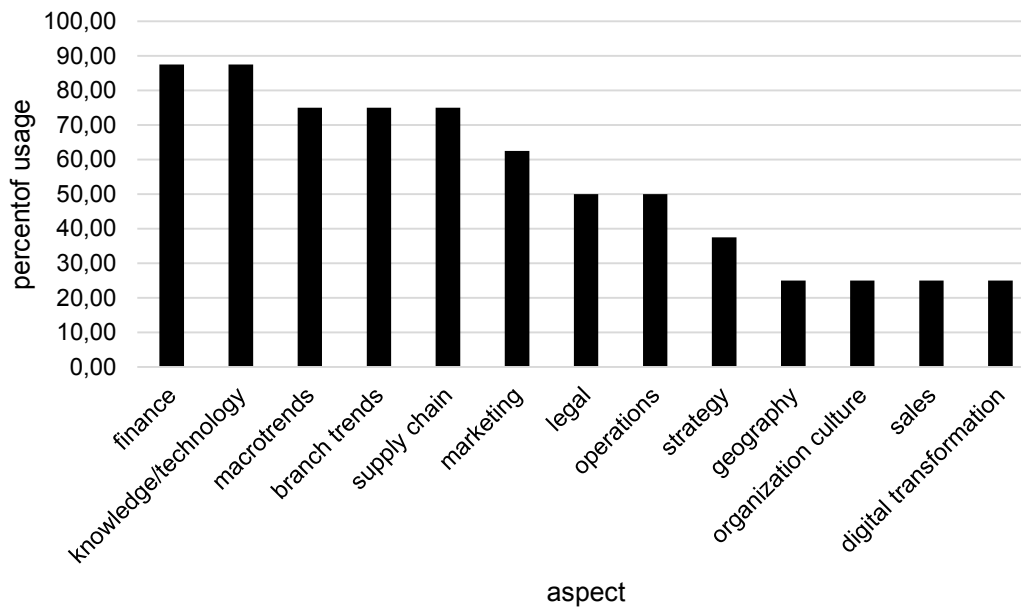
**Table 1.**

*The main factors behind the failure of M&A processes. Own study based on a sample of  $n = 14$ , for one examined technological enterprise from the research sample, there may be many key factors*

<b>analysed period/ high-tech branch</b>	<b>medicine</b>	<b>motor companies</b>	<b>air &amp; space</b>	<b>electronics</b>
<b>2001-2015</b>	finance (2) organisation culture (1)	technology (1) organisation culture (1) communication (1)	technology (1)	strategy (3) communication(1)
<b>1990-2000</b>	technology(3) organisation culture (2)	technology (2) strategy (1) macrotrends (1) finance (1)	technology (1) macrotrends (1) IT (1)	human resources (1) technology (1) strategy (1) macrotrends (1) IT(1) communication (1)

The results presented in Table 1 indicate that merger failures most often result from a mismatch between technologies and the macroeconomic situation. Issues related to employees and their environment played a relatively small role in ‘building failures’. These findings may suggest that social issues do not play a key role in shaping shareholder value. It should be noted that the attribute of technology in the study was interpreted in several variants: mismatch between the technology acquired and the assets held; rapid depreciation of the acquired knowledge/technology resources; and extraordinary costs related to the maintenance of support for the technology acquired (in this case, for example, providing technical support for products sold before the takeover in the acquired entity, a problem especially visible in the automotive and electronics sectors). The obtained results also indicate that the specificity of failures of M&A processes in each of the examined high-tech industries is diverse and variable over time. Thus, were it created, a uniform holistic model (even for a single industry) for the evaluation of the project would like turn out to be ineffective. This is due to two issues. The first is, in-depth holistic analysis requires expert knowledge in many areas, which significantly increases the cost-consumption of the process and its duration; the second is, the holistic model is not able to determine how the potential benefits, even those of a strategic nature, will retain their value in the future. To sum up, the costs of process design, the duration of the process and the lack of certainty as to the direction of development in the future mean that the holistic approach is not always the optimal solution to the question about the evaluation of the selected M&A process.

The next study that was performed was to analyse the factors used in holistic models to assess M&A processes. As part of the study presented below, it was decided to present the frequency of specific groups of attributes. Universal models without regard to industry were analysed. Figure 4 shows the results of examining the frequency of specific groups of attributes within 8 models considered as holistic (percentage approach).



**Figure 4.** The frequency of occurrence of selected aspects of M&A processes in holistic universal models. Own study based on a sample of  $n = 8$ . Entry threshold – the presence of at least 25% of universal holistic models tested.

As shown in Figure 4, in universal models the factors that often determined the failure of mergers and acquisitions are of marginal use or are attributed other aspects. Examples of such activities may be the marginalisation of the importance of organisational culture or combining IT and human resource management aspects with other issues/aspects. Marginalization of the meaning of these seemingly important attributes by including them in other aspects only in a limited spectrum (e.g. within factor models) may significantly distort the analysis of these issues. In addition, despite the use of a holistic approach, the above-mentioned issues may not be analysed as a whole. This may be due to the fact that various experts, who are not actively involved in the communication process with other experts dealing with seemingly unrelated aspects of the process, are responsible for specific issues within the holistic process. Thus, another fundamental disadvantage of holistic models appears, namely the depreciation of the importance of both internal and external communication. The conducted literature review indicates that communication has a significant impact on the failure of certain technological M&A processes. However, the issue of communication was nevertheless not considered important in both traditional and holistic models. In summary, the review of the holistic models shows that despite the use of a holistic approach, many aspects are neglected or treated superficially, which may result in an incorrect assessment of a potential future M&A process.

## 5. Summary

A review of holistic methods for assessing merger and acquisition processes allows us to believe that many aspects of these processes are still not properly taken into account. Holistic methods, despite numerous advantages, are also time-consuming and cost-intensive, which may mean that they are rejected as the basic tool for assessing the M&A process. Returning to the question posed in the introduction, is the holistic approach a cure for all that ails M&A processes? Undoubtedly, had the holistic approach been applied to what instead became the failure of the largest M&A processes known to us today, would have reduce to the magnitude of the failures, but would it have served to prevent them? The key role here is played by the designer of such a model who, due to cognitive limitations, will never be able to create a fully holistic model. The final conclusions related to this article fall into two parts, one related to the literature review, the other to the author's own research.

Conclusions relating to the literature analysis:

- the holistic approach is a desirable approach in a rapidly changing economic reality where the interconnectedness of seemingly independent factors is growing. At the same time, the effectiveness of the solution largely depends on the design of the model, i.e. the mere use of a holistic approach does not reduce the probability of failure;
- this is largely due to the enterprise owners view that an acquisition is a quick and relatively safe solution to lack of development/innovation;
- previous research on M&A processes has focused on various aspects with an emphasis on those selected in the creation of a given model. So far, little research has attempted an analysis of the overall process;
- acquiring knowledge and technology are the main goals of M&A processes, regardless of industry;
- the problem of real valuation of acquired intellectual resources is an extremely important issue that determines the success of M&A processes.

Conclusions relating to the author's own research:

- acquiring knowledge and technology is the most common determinant of M&A processes;
- the application of universal holistic models may turn out to be ineffective in the knowledge-based economy;
- specialisation of the economy imposes additional obligations on experts assessing the M&A process, requiring them to have specialist knowledge related to various aspects of the acquired entity and interactions between them.

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# THE COVID-19 PANDEMIC AND THE DIRECTIONS OF CHANGES IN THE POLISH SPATIAL MANAGEMENT SYSTEM

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**Introduction/background:** The COVID-19 pandemic has significantly changed many conditions for the functioning of local government units. This also applies to the sphere related to the spatial management system. Both formal and informal institutions play an important role in this system. The circumstances related to the pandemic give rise to the question of the scope of necessary modifications. Of course, the point is not to forcibly change most of the provisions (which, moreover, already required at least a fragmentary amendment) or impose new practices from above (the more so as such actions would only be effective to a limited extent).

**Aim of the paper:** The aim of the article is to determine – on the basis of theses and conclusions made in literature on the subject covering various countries – the key directions of changes in the Polish spatial management system in connection with the COVID-19 pandemic (and its consequences).

**Materials and methods:** The optimal scope of changes in the Polish spatial management system in relation to the pandemic was determined (treating statutory changes separately and changes related to planning practice separately), as well as their connection with the previously presented concepts of integrated development policy and flexibility in planning. In the face of the diagnosed challenges, the optimal directions for further discussion and possible directions of changes in regulations concerning the spatial management system were indicated.

**Results and conclusions:** The issues associated with the pandemic further expose a number of previously diagnosed spatial planning problems. At the same time, they allow for a more precise orientation of both the optimal directions of legal (and informal) changes, as well as further scientific discussion. It should be noted that at this stage, we rely, to a large extent, on more general diagnoses.

**Keywords:** Spatial management system, COVID-19 pandemic, governance failure, environmental protection.

## 1. Introduction

The COVID-19 pandemic has significantly changed many conditions for the functioning of local government units. This also applies to the sphere related to the spatial management system. Both formal and informal institutions play an important role in this system. The circumstances related to the pandemic give rise to the question of the scope of the necessary modifications. Of course, the point is not to forcibly change most of the provisions (which, moreover, already required at least a fragmentary amendment) or impose new practices from above (the more so as such actions would only be effective to a limited extent). Nevertheless, the social, environmental and health changes caused by the pandemic are so important that they require some consideration in the formula of spatial policy tools.

There is a wider discussion on these changes in literature (one of the first participants was Richard Florida), which covers various scopes (with varying degrees of detail) and is based on diverse data. Nevertheless, despite the reservations indicated, its key directions can be distinguished. Most of them apply to the case of Poland. However, this constitutes a basis for wider considerations.

The article aims to determine — based on theses and conclusions made in literature on the subject covering various countries — the key directions of changes in the Polish spatial management system with the COVID-19 pandemic (and its consequences). The optimal scope of these changes was determined (treating statutory changes separately and changes related to planning practice separately), as well as their connection with the previously presented concepts of integrated development policy and flexibility in planning. The views presented should constitute a basis for further discussions — both of a theoretical and practical nature.

## 2. Changes in Spatial Policy Caused by the COVID-19 Pandemic

The directions of considerations regarding directions of spatial policy (in this case, urban policy) were presented in March and April 2020 by Richard Florida and Steven Pedigo (Florida, Pedigo, 2020; Florida, 2020). They focused primarily on new problems and changes caused by the pandemic (including social distancing and stationary work limitations). It requires a modification of both the transport infrastructure and a significant part of public spaces. In line with the above concept, both the layout of city centers (including main streets) and the functioning of key public institutions (hospitals, universities, etc.) need to be modified. All these activities should be undertaken with care for the most vulnerable communities. These diagnoses played an important role, but they were *ad hoc* — partially related to the state after the pandemic. Still, it was difficult to define this state (anyway, the problem with the

precise description of the post-pandemic state still remains). From the current perspective, they seem very fragmented.

Nevertheless, they constitute a certain basis for further considerations, deepened in various thematic sectors. The question of the role of public spaces in the present and in future circumstances seems to be of particular importance. Even before the pandemic, a discussion on the form and tasks of the indicated spaces had been widely conducted.

The subsequent months of the pandemic enabled the development and targeting of the indicated diagnoses (both in individual publications and in special issues of journals containing collections of such diagnoses). There is no doubt that the pandemic will have long-term consequences (Boschetto, 2020), requiring in-depth interdisciplinary research (Chigbu, Onyebueke, 2020), including a broader discourse within politics — science — society (Bishoy, Wayenberg, 2020). It is good that in literature on the subject, this dimension was emphasized more strongly during the pandemic. Even before that, the spatial management system required much broader interdisciplinary approaches. In this context, attention was drawn to the fact that the pandemic may change the principles of perception of property rights (and the role of this right), which may be particularly important from the perspective of the spatial management systems. During crises, public authorities have the possibility to enact both short-term and long-term changes to property rules. In the current formula, this boils down to imposing new obligations and bans on the owners (also of service facilities) and removing disproportions in such restrictions occurring on a country-wide scale between similar areas (Jacobs, Pellissery, 2020). A discussion on the scope of property rights in the context of the spatial development system has also been going on for a long time. Considerations are being made on what prevails and under what circumstances: protection of individual rights of property owners or protection of spatial order (and how to balance the proportions in this respect). From the perspective of the value of the spatial management system, special emphasis should be placed on the second of the indicated threads. Nevertheless, in practice, in many countries (from the United States, through Spain to Poland), the dominant perspective is that it emphasizes the need to protect the right to property (Ważny, 2016). On the one hand, the new directions of discussion cover the sphere of threats to the privatization of space, which is wider than at present. On the other hand, they constitute a certain basis for new arguments favoring a wider adjustment of the property owner's individual rights to the sphere related to the protection of public interest and spatial order.

A separate challenge is to redefine the understanding of public property and public tasks — in a situation where, for example, many public forms have become harmful from a health perspective. Moreover, literature on the subject much more broadly presents the changes important for spatial management systems caused by the pandemic. For example, Granger and Charlton indicate that the key issues at present are: speed of reaction (also of public authorities) to emerging challenges, as well as risk reduction and community reconstruction; and also — verification of the effectiveness of resource use (Granger, Charlton, 2020). Paradoxically,

the pandemic may contribute to the fact that the plans being developed have a much more strategic dimension in many countries than before (Goode, 2020). Such a perspective is noticeable both in Europe (e.g. Great Britain) and in Africa, where the pandemic gave grounds to develop theses about the lack of integrated planning in the urban and regional sphere (Cobbinah, Erdiaw-Kwasie, Adams, 2020). Undoubtedly, in such a strategic approach, analysis of the possibilities for the development of health care (Benton, 2020) should play a key role, which is increasing in the context of the overall spatial management system. The problems of spatial management systems will also be related to food supply problems and the development of economically marginalized places (Krzysztofik, Kantor-Pietraga, Spórna, 2020). Therefore, there is no doubt how much impact (also on the location of households) specific spatial decisions will have (Weinig, Thierstein, 2020).

In literature, one can find diagnoses of how the spatial management system should adapt to the new conditions (general and specific). In this context, the need to redefine the role of public spaces (to enable the use of solutions enabling social distance), to question the concept of dense cities (Bailey et al., 2020), to adjust the planning solutions to the changing demand for office buildings (Carson, et al., 2020), to modify the public transport and to promote specific forms of transport (Acuto, 2020), are indicated. The new conditions also promote a more in-depth approach to smaller areas (i.e. a smaller scale design) (Jabareen, Eizenberg, 2020) and the concept of a “city in 15 minutes”, i.e. a city where residents would have all key services for their functioning close to each other (Santoro et al., 2020).

A separate thematic scope related to spatial policy in the context of COVID-19 concerns environmental protection. Based on the analyses so far, it can be concluded that the pandemic has a much greater tendency to develop in areas with worse environmental values and a lesser degree of implementation of solutions such as sustainable energy, limiting water consumption, or the use of efficient materials and technologies (Cocci, 2020). From this perspective, it is postulated to strongly strengthen the implementation of green infrastructure (Ronchi et al., 2020), as well as green areas themselves (during the pandemic, the problem of uneven distribution of greenery in cities and excessive limitation of this greenery by commercial investments has been noticed) (Ahmadpoor, Shahab, 2020). Simultaneously, when defining the role of nature in the context of COVID-19, it is warned against making unambiguous conclusions in this regard, considering the specificity of the situation related to the pandemic (Venter et al., 2020). The performance of new functions by nature and green areas during the pandemic was related to the reduction of the role of other public spaces.

### 3. Key Problems of the Spatial Management System in Poland and the COVID-19 Pandemic

The discussion's indicated directions should be more broadly related to the Polish spatial management system (already partially indicated above). These problems can be classified as follows:

- lack of sufficient protection of spatial order (also in the environmental dimension), as well as in legal regulations, which results in spatial chaos and significant costs (Markowski, 2010; Izdebski, 2013; Fogel et al., 2014; Nowak, 2018; Parysek, 2017; Kowalewski, Nowak, 2018; Kowalewski, 2019);
- uncontrolled urban sprawl processes (Kowalewski et al., 2013; Drzazga, 2018; Koziński, 2011);
- problems with combining different perspectives when discussing the spatial management system, which translates into a limited implementation of environmental, cultural, and health perspectives (Nowak, 2020);
- no integration of spatial planning with the development policy (Markowski, 2011; Nowak, Blaszkę, 2020; Markowski, Drzazga, 2015).

In this context, the problems are both defective legal regulations and the low level of social capital, which is connected with public authorities' inefficiency (manifested in a lack of will and skills in the real protection and shaping of spatial order). The solution is a specific amendment to the regulations through a comprehensive, systemic change often worked out from the bottom up on various levels.

These issues were discussed in detail in literature on the subject. However, as outlined above, the COVID-19 pandemic is also influencing this discussion. Thus, regarding the previous literature review, the following issues should be indicated:

- the change in the perception of a property's role (especially relating to the relationship with public interest) should redefine its role in the spatial development system. This should mean prioritizing the right to a common space, much more important than individual property rights. Only the extension of such a law provides a broader guarantee of protection against pandemics in the future (and combating the effects of the current pandemic). It is worth emphasizing that the above direction was already justified before the pandemic (and was even reflected in the jurisprudence theses of some courts); its development is all the more reasonable;
- in literature, there is a need to extend the solutions related to strategic planning. The most appropriate step in the Polish reality will be to continue working on an integrated development planning system. Only such a system guarantees reacting to unexpected spatial changes (such as a pandemic): flexible on the one hand, and based on real foundations on the other. Meanwhile, flexibility cannot mean the opportunism

of public authorities and adaptation to all investors' expectations. On the contrary — the wider role of the strategic approach will enable a comprehensive diagnosis of planning needs (providing a broad justification for specific spatial changes simultaneously);

- the pandemic also provides a wider basis for activities related to the protection of the environment and nature. The manifestation of the above should be wider than in the current scope of implementation of a “green infrastructure”, as well as additional care for the natural values in cities;
- the above also implies the expansion of the discourse on the interdisciplinary approach to the spatial management system. This is because it is this type of definition of the environmental and cultural needs of the area, together with the guarantee of their widest possible translation into specific spatial development plans, that guarantees the implementation of the indicated goals;
- one of the areas of discussion should be related to health protection. Its connection with the spatial policy may take various forms: from clarifying the discussion about the optimal environment of hospitals and other health facilities to the implementation of specific solutions (also important from the perspective of environmental protection) in cities;
- on the other hand, the change in the accessibility of public utility facilities in cities, public spaces, as well as means of urban transport, is part of the discussion on the legitimacy of introducing urban standards, which (at least in general) would define the framework for such accessibility.

In this context, it is difficult to recommend comprehensive legal changes for the spatial management system (the more so as many such recommendations were already prepared before the pandemic). However, it is worth indicating the postulated detailed directions of these changes at the national level and planning practice directions at the local level. In the domestic sphere, the following should be recommended:

- discussion on modifying the current wording of Art. 6 of the Spatial Planning and Development Act, too broadly (in the context of the objectives indicated above) emphasizing the perspective of the individual rights of the property owner;
- further discussion on the scope (currently included in the act on commune self-government) of local development strategies; first of all, their translation into spatial policy. From November 2020, such a relationship has existed, but it still seems insufficient;
- broadening the role of analyses in spatial planning and a more extensive justification for individual spatial decisions. There are numerous proposed directions for such in-depth analyses in literature (Fogel, 2012; Izdebski et al., 2018);

- a broader emphasis in the act on spatial planning and development, mainly within the scope of studies of conditions and directions of spatial development and local spatial development plans, of the role of health protection;
- a return to the discussion on optimal urban planning standards in the present reality (also in terms of scope);
- creating a broader basis (especially in local spatial development plans) for wider protection of the environment and nature (which in some cases will require a standardization of the wording with those contained in the Environmental Protection Act and the Nature Conservation Act).

From the local perspective, however, the following should be recommended:

- analysis of the applicable strategic and directional acts (including studies of the conditions and directions of spatial development), especially the degree of their topicality in new realities;
- preferring (even in the present legal state) an interpretation based to a greater extent on the protection and shaping of spatial order;
- a much wider degree of conducting analyses of the state of spatial development in the commune.

#### **4. Summary**

The pandemic is, in many ways, a serious challenge to various spheres of life. One of these is the spatial management system in Poland. As indicated above, the pandemic further reveals many previously diagnosed spatial planning problems. Simultaneously, they allow for a more precise orientation of both the optimal directions of legal (and informal) changes and further scientific discussion. It should be noted that we rely largely on more general diagnoses at this stage. As the next months pass, we will have more and more data (to be used in research) and an ever-widening reference point in the international discussion on the problem. Therefore, each of these threads should be carefully followed up.

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# STRATEGIC MANAGEMENT PROCESSES IN ORGANIZATION. CHALLENGES DURING THE PANDEMIC

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**Introduction/background:** The pandemic has had an impact on the rapid change in the conditions of the functioning of society, the economy and organization itself. Fundamental changes in decisions have occurred in various areas. The processes of strategic significance are of key importance, which determine the further functioning of society and the economy.

**Aim of the paper:** The basic aim of writing this paper is to highlight the extraordinary phenomena of the COVID-19 pandemic in the context of the processes of strategic management in organizations. Moreover, the aim of indicating new challenges to managers of a crisis nature was adopted, which must be taken into account in terms of the strategic decisions of the organization at hand.

**Materials and methods:** The authors utilized an analysis of scientific works relating to the problems of strategic management, together with deliberations in the science and practice environment related to the challenges of the pandemic sphere. Similarly, the survey and statistical research methods were applied in the domain of strategies, and the development of customer service on the Internet in terms of public administration.

**Results and conclusions:** The research outcome was the indication of the following:

- the development of the Internet in strategic management in organizations with regard to the challenges of the pandemic,
- the utilitarianism of e-administration in serving clients of the administration offices of the province of Silesia (województwa śląskiego – 96 entities analyzed),
- the implementation of strategic management in qualitative and pro-social dimensions.

**Keywords:** strategic management, challenges of the pandemic, organization.

## 1. Introduction

The science and business practice is vividly interested in the problems of strategic management in organizations. The increase in importance and strategic problems is the result of changes taking place in the economy and society. The evolutionary nature of these changes

affects the nature and extent of updating strategic management issues. Radical changes caused by sudden and unpredictable phenomena affect strategic management processes.

Times of great and groundbreaking crises, not only the currently existing ones or dominating systems connected to organization of economic, social and political life, but also the crises of values, caused the awareness of threats in organizations. The pandemic revealed the drama of everyday life to many. It seems that the best solutions of the modern civilization system, such as: globalization, democracy system and modern models of organization management, lost their value during the pandemic. We realized that the structures of the mechanisms of organizing economic systems are not of the highest order, as low-quality solutions prevail. There is negligence in health and climate protection systems. It seemed that the initial periods of the pandemic would cause significant changes in many areas of modern life, that after the pandemic “everything will be different” (e.g. solutions in economic and political systems) and that strategic management systems in organizations would change significantly. According to the authors, the pandemic will not only bring about revolutionary changes, but will significantly deepen various crises, revealing new, hitherto unknown tendencies, as well as new possibilities of solving critical problems of strategic management.

Such positive, rediscovered potentials of further social and economic development, including new civilization progress, constitute the awareness of the strengths and capacities of social relationships of trust between people and between organizations, within increasingly wider boundaries, also on an international scale. In general, the real importance of cultural, and especially axiological factors shaping the quality of life of organizations and communities, has become clear, forcing the treatment of these factors as key to solving the current operational problems of management, but also in shaping the strategy of their further functioning and development.

## **2. Literature review**

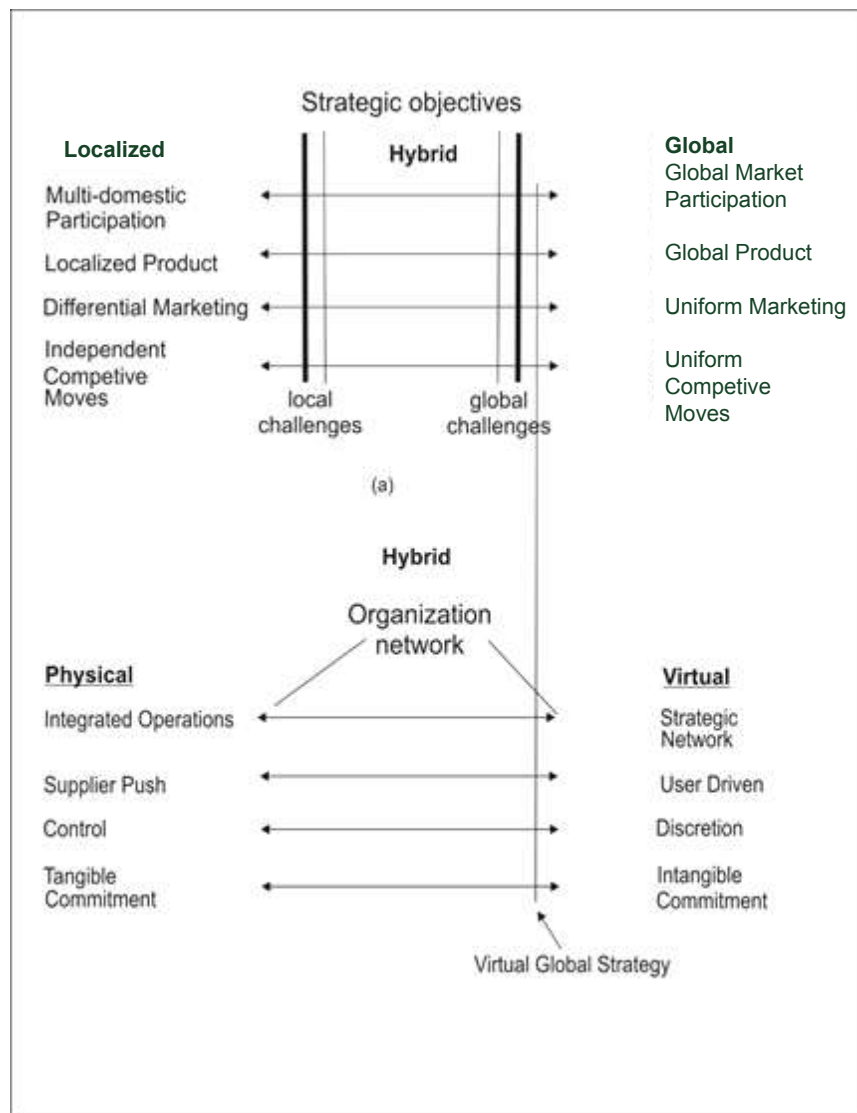
Strategic management can nowadays be considered the most intensively developed field of organizational and management sciences. In practice, it is treated as a particularly important competence of managers, based on the unjustified conviction of people that they have a chance to “manage the future”: their future and the future of the organization. However, it should be stressed that it is impossible for rational planning to predict all future phenomena and events and to determine their impact on the functioning of individuals and organizations. However, with a certain margin of risk, unfortunately high, it is possible to forecast the future and, on this basis, consciously plan the next phases of the organization’s functioning process as part of strategic management.

Strategic management in organizations generates new concepts and formulates objectives determined by the changing environment. The process of continuous change results from the needs of an organization that pursues its strategic management objectives. These objectives are integrated into the theoretical currents of strategic management assimilating changeability and practice development. Organizations develop strategies for the advancement of their core business, focusing on products and services (Hitt, Ireland, Hoskisson, 2017). An integral element of the strategy is social capital, which determines the development prospects of the organization (Dowling, Festing, Engle Sr, 2017).

A review of the research topics presented in the Strategic Management Journal in 2014-2016 by W. Dyduch and M. Bratnicki enables the identification of the dominant trends. These include: efficiency, knowledge and innovation management and a networked collaboration of organizations. The issue of corporate social responsibility in corporate strategies also deserves recognition (Dyduch, Bratnicki, 2017).

The main source of changes in the approach to strategic management is contemporary crisis challenges. The importance and complexity of cooperation and inter-organizational relations in the formulation and implementation of strategic management objectives in a crisis environment was confirmed. Sources of transformation in strategic management are important. The first source for the achievement of the organization's goals, which are increasingly common in networks, is decisions that enable the fulfilment of social criteria, with the exposure of ecological challenges and conditions. The second source is the management of knowledge, human resources competences and resources that generate network development in a strategic perspective. The inclusion of entities cooperating in organizations in the form of network nodes provides an appropriate resource for undertaking strategic challenges in the area of knowledge and for directing social capital transformation processes. The third source of strategic management issues is the social criteria for assessing an organization in the context of cooperation with all stakeholders. Increasing environmental requirements now and in the future, for example in the form of a climate package, must result in a redefinition of the organization's strategy, forced climate protests organized by young people. The expectations of the young generation are communicated to the staff of the organization, which must take responsibility for the quality of life of the society of the future in the decision-making process (Stachowicz, 2017). The fourth source is the functioning of the organization in terms of its duration and development within the framework of mutual interaction with organizations and institutions of the environment. Organizations are then created that are included in the network of other organizations that pursue their own goals, which require synchronization in strategies, as well as in current management processes (Kościelniak, Skowron-Grabowska, Nowodziński, 2017).

The processes of change in strategic management are increasingly determined by information systems (Scherer, Ptak, Lis, 2017). It is justified to indicate the virtuality of communication (Fig. 1).



**Figure 1.** The virtuality of communication in terms of strategic objectives. Adapted from: Turner C. (2012), *Strategic Flexibility and the Emergence of Virtual Global Strategies*, “European Business Review”, vol. 24, no. 3.

Figure 1 shows that many companies carry out their activities by combining physical and virtual communication. Global challenges make the focus of business contacts move towards virtual communication in corporate strategy. This task is made possible by modern technologies that create strategic resources. In addition, the COVID-19 pandemic played a key role in both global and local challenges towards virtuality. The crisis conditions created by the pandemic critically and creatively verified the organization’s strategies.

The business environment is nowadays (and especially during the pandemic) deliberately constituted by state institutions (e.g. aid programs). The ability to use these programs is connected with the ability of leaders/managers to be enterprising, knowledgeable and operational in building a business model in situations of intersecting cooperation and supply chains in circumstances of manipulating information and knowledge in cyberspace.

At present, the strategies of enterprises implementing the vision of socially responsible companies are of particular importance, as well as various innovative solutions fulfilling these strategies, which we count as social innovations. Good examples of these social innovations are crowdfunding and crowdsourcing. The methodological platform of these innovative solutions is Positive Organizational Scholarship (POS) (Zbierowski, 2012). The positive theory of organization is a new point of view and treatment of organization as a specific phenomenon, positively perceived and developed and used by people (and not just problems and difficulties to be solved). POS puts the main emphasis on “positive” phenomena such as nobility, vitality, seriousness leading to perfection, positive transcendence or extraordinary efficiency, taking into account mainly social factors and criteria. POS is associated with the current of organizational entrepreneurship. Both in the current of organizational entrepreneurship and in the current of positive organizational theory, attention is focused on such phenomena as creativity, creativity and optimism. Their implementation requires interaction processes and appropriate personnel competences in organizations (Mesjasz-Lech, Skowron-Grabowska, 2016).

In the decision-making processes that make up strategic management in organizations, we observe an increased clash of two tendencies: a conscious recognition of trust between people and organizations as the driving force of social cooperation and solidarity and – unfortunately – a lack of trust as the driving force of crisis management activities. One can quote the following: “It should be clear now that implementation isn’t just another step that takes place after the modeling process is over” (Render et al., 2018). However, the problem of social responsibility in subjective terms is important (Stachowicz-Stanusch, Amann, 2017).

Entities that creatively design and implement business models in organizations are of course entrepreneurs, managers and leaders. Subjected to the crisis conditions of the pandemic, they shape the business models that make up enterprise strategies, which will be called further on entrepreneurial strategies.

### **3. Entrepreneurial strategies – organizational strategies dominant during the pandemic**

The term “strategy” is understood today not so much as a “document” but as a cognitive process – a process of knowledge management in which creative managers – contemporary leaders – play a special role. The strategy understood and formulated in this way is more and more often called an entrepreneurial strategy. It is described by methodologies developed in the contemporary strategic management approach, called the configuration approach. The entrepreneurial strategy is a resource strategy in the sense that the dominant resource for the development of the organization, for building all the values for which the organization was

established, is the knowledge of the entrepreneur and other participants in the organization. It is also an emerging strategy, as understood by H. Mintzberg, i.e. it is the result of the interaction of the environment and organization and the reaction to these interactions. The entrepreneurial strategy is also a strategy in the meaning by K. Obłój. It is a model concept of a contemporary (entrepreneurial) approach to strategic management (paradigm), whose so-called configuration approach is a methodological recommendation rationalizing the actions and behavior of managers in strategic processes (Obłój, 2007). The methodological platform for designing and implementing an entrepreneurial strategy is the methodological approach in strategic management, called the configuration approach. The authors of this approach are S.L. Brown and K.M. Eisenhardt (1998). In Poland, this approach was developed by P. Kordel (2016).

The success of management in light of the configuration approach depends on the interaction and configuration of various factors, including internal and external, which are responsible for the development of the organization. In the period of crisis threats, these configurations are in turn derivatives of the process of identifying development opportunities for the organization. One of the main assumptions in the configuration approach is eQuality, which means a variety of ways to achieve the same goals in the same environment. The next assumption of this approach is the concept of matching, understood as the compatibility between different conceptual domains of the organization's development, internal success factors and external conditions. This concept is subject to reduction mechanisms, which means that a finite number of types of organizations can be distinguished, understood as bundles of matches. Another assumption of the configuration approach is to describe the development of the company by making qualitative leaps and not by relying on an evolutionary adaptation to the environment. According to the configuration theory, an organization is characterized by specific domains, i.e. conceptual constructions composed of mutually interacting dimensions: managerial leadership, organizational structure, development strategy of the organization and its environment (Miller, 1996). Further, D. Miller recognizes – as the main methodology for creating configurations – the construction of specific mental patterns of these configurations on the basis of empirical observations, but above all on the basis of case studies. Crises are a special kind of case. As the main concept of the processes of “discovering the configuration”, the author considers their construction as a methodological platform for formulating and implementing entrepreneurial strategies. These processes are undertaken and implemented by the leaders – strategists, and the efficiency of these processes translates into the success of entrepreneurial strategies, especially important in crisis strategies. The result of the work undertaken in the project is, among other things, the development of the author's own concept of a model for the rationalization of the strategic process of development of high technology enterprises in terms of configuration (Stachowicz, 2016).



The majority of companies during the pandemic were subjected to new qualitative influences, shaped both by drastically changed factors and processes building the company's environment and by new factors, quite significantly changing the work organization processes that have been used so far. These are processes such as mass remote working, process organization with social distance and others. These new conditions force entrepreneurs, on the one hand, to change their behavior and launch specific corrective processes and, on the other hand, to create new business models and new strategies (with a high share of social innovation, strategies for maintaining brand attractiveness, entrepreneurial use of various forms of aid from the government and the European Union) with a significant share of technological innovation, in particular in terms of taking advantage of the opportunities and facing the threats posed by the "Industry 4.0" revolution. This rather contradictory assortment of strategic actions is particularly reflected in the contradictions and difficulties of the "management comfort" of entrepreneurs, strategists – leaders. They must resolve in their systems of moral and organizational values, acquired competencies and skills rational decisions concerning the structure, business models and strategies in the subsequent phases of their organizations' pro-social and pro-ecological functioning processes (Seroka-Stolka et al., 2017). In conclusion, therefore, reference may be made to terms put forth by M.A. Hitt, R.D. Ireland and R.E. Hoskisson, which state that the role of managers is very important: "the manager is able to anticipate, envision maintain flexibility and empower others to create strategic change as necessary. Strategic change is change brought about as a result of selecting and implementing a firm's strategies" (Hitt, Ireland, Hoskisson, 2017).

Contemporary companies managed by managers are particularly important entities, too often building their own "greatness" by the means of maintaining their advantage of influencing other organizations (often falling into crisis situations). To maintain their competitive advantages, these large corporations over time formulate marketing strategies that promote their brands and are based on innovation and social strategies, such as environmental protection (ways of introducing technological and social innovations), accelerated development of new diagnostics and treatments, the use of carbon elimination technologies or the use of clean energy sources. Of course, in most cases, these are entrepreneurial strategies based on value, knowledge and regional development visions (Knop, Brzóska, 2017).

Often these are also strategies that prove to be inconsistent with business models during periods when organizations are struggling with the pandemic and benefit from state or European Union aid. The development and implementation of these strategies is greatly influenced by the networks of political processes, including the decision-making processes within the European Union. Above all, however, mutual relations within networks have a significant share in these decision-making and strategic processes: large corporations, large organizations and networks of social stakeholders (trade unions, state authorities). The networks of these interactions are the clash of various activities and processes forming mutual trust. Levels of mutual trust and lack of trust are the main platform for building and putting new models and strategies into

practice. Specific leaders, managers and politicians in the various roles of the governance structure have an important role in these processes.

Among the strategies which were particularly taken into account in the pandemic period are the groundbreaking ones. The time of the pandemic highlights and reveals the intentions, all too often dishonest, of large companies applying these strategies to small, innovative organizations or start-ups. This unreliability of the “big ones” lies in the willingness to take over the innovative solutions generated and developed in startups and subsequently limit the progress of work on these innovative solutions (Hisrich, Ramadani, 2017).

These are market game strategies for shaping the market for the products and services of these innovative companies. Technological entrepreneurship as the main capital, i.e. the driving force behind the development of an organization, fulfilling, but also – what is particularly important – shaping specific social needs for new products (constituted by the products of new innovative technologies), are organizations in which specific technological breakthroughs (disruptive innovations) are made, i.e. significantly distorting the existing patterns of demand. This process is particularly noticeable today in the IT industry and in eco-innovation (Mesjasz-Lech, 2020). Strategic management theorists are obviously undertaking intensive work to explain the process of change and the structure of the markets in relation to these breakthrough innovations, including research on corporate strategies for effective changes in client preferences (Stępień, Łęgowik-Małolepsza, Łęgowik-Świącik, 2019). In general, the theory of breakthrough innovations is being created and developed, and such authors can be cited here: M. Clayton, M. Christenson, M.R. Raynor, M.P. McDonald (2016), J. Gans (2016), and in Poland – M. Romanowska (2018), J. Machnik-Słomka (2014), P. Kordel (2016).

The changes in the importance and role of new innovative technologies implemented in modern companies and regions should be emphasized (Mayer, Masehla, Kot, 2017). In these processes of implementing innovations, which have become social innovations, the role of so-called innovation catalysts in decision-making processes should be considered. The limitations and barriers to innovation management in large corporations are primarily due to extensive client expectations and the rebuilding of the innovation management system in modern innovative companies. The need to organize a new role and function in enterprises, the so-called innovation leaders’ functions, called development catalysts, was identified. New models of innovation management are characterized by the consciously organized new role and organizational function of innovation leaders who are able to actively rebuild the environment of an innovative company, constructing new opportunities and new needs and creating social networks catalyzing the development of modern enterprises supported by public administration (ThurLOW et al., 2017).

Specific tasks must be carried out by companies. “Companies use three processes to select and manage their strategic initiative portfolios:

- Choose strategic initiatives,
- Fund the strategy,
- Establish accountability” (Kaplan, Norton, 2008).

Medium-sized and small enterprises are, of course, building their crisis business models with a significant consideration of the impact and role of networks of organizations, institutions and various forms of assistance from the state and the Union. The strategies of these companies are, as already noted, entrepreneurial strategies. The rationality of these strategies is, of course, dependent on the competence and skills and, above all, on the moral credibility of the managers – the leaders of these companies.

The pandemic period has particularly emphasized the role of the health care system, education, environmental protection, the institutions of state and law, the institution of fair distribution and use of aid funds. It also made the case for increasing trust in institutions, including, in particular, the organization of public administration as a platform for constructing instruments to protect and combat the effects of the epidemic as a strategic challenge.

#### **4. Research method**

The preparation of this paper involved the use of survey research in the sphere of serving clients in the chosen administration offices of self-government in the province of Silesia. Research was directed at indicating the ranking of importance and the indicators of the evaluation of the level of customer service in terms of strategic decisions.

Likewise, statistical methods were applied in the form of calculating the correlation between the analyzed variables which characterize the level of customer service in the administration offices of public administration in the province of Silesia.

A comparative analysis of the self-conducted research findings was also carried out against the results of evaluation, with the aid of the method of the Common Assessment Framework (CAF) applied by other authors.

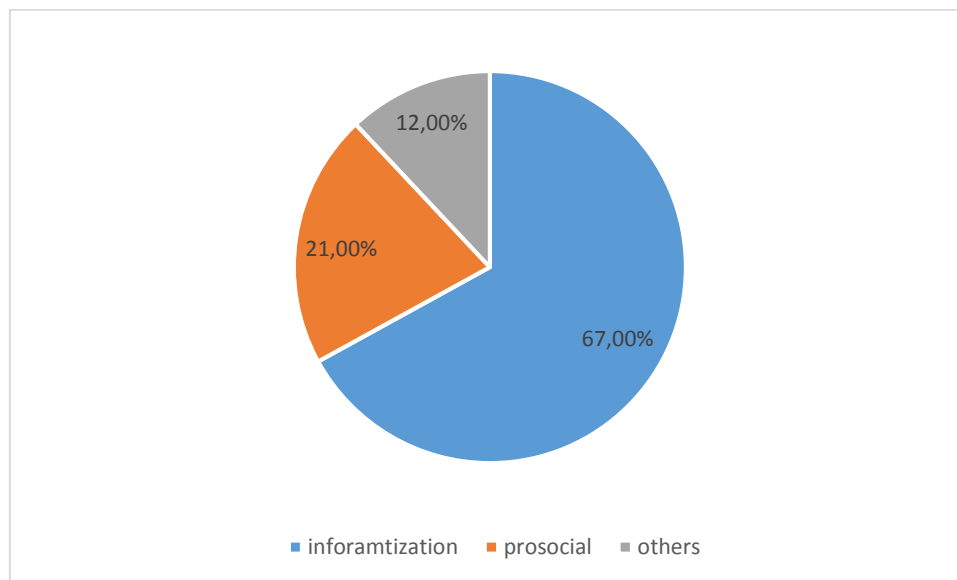
The following research questions were posed:

- What activities of a strategic nature should be undertaken in terms of public administration with regard to the pandemic (informatization, pro-social activities, others)?
- How do clients evaluate the systems of e-administration?

## 5. Results – strategic challenges for public administration in periods of crisis

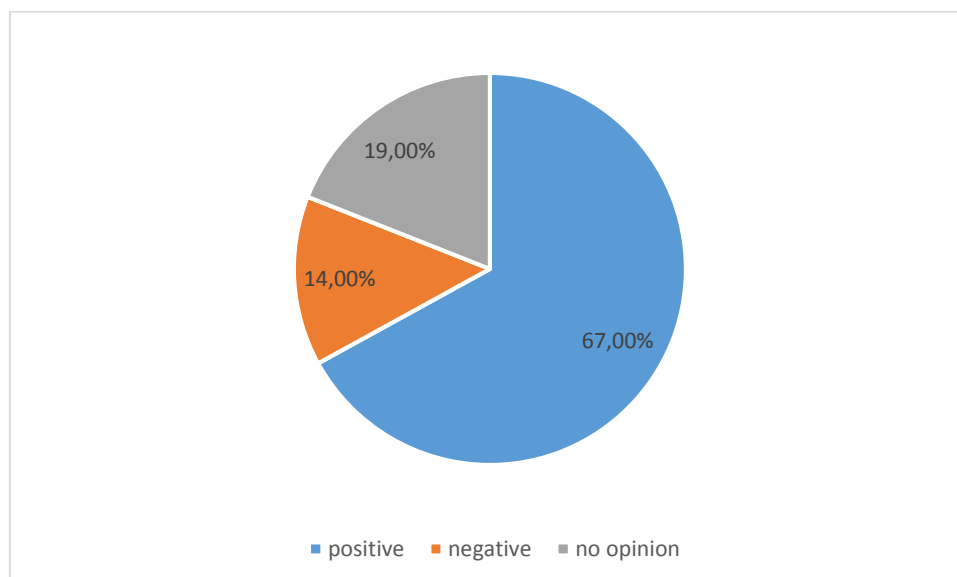
With relation to the questions, the findings of the pilot research have been presented.

The answers to the questions relating to the strategic activities of the administration offices of self-government have been presented as follows (Figure 2):



**Figure 2.** Types of strategic activities in administration offices of self-government indicated by clients during the course of the pandemic. Source: Self-analysis on the basis of surveys.

Evaluation of systems of e-administration as an answer to the second question is illustrated in Fig. 3.



**Figure 3.** Evaluation of systems of e-administration by clients of administration offices of self-government. Source: Self-analysis on the basis of surveys.

The aforesaid charts indicate informatization as the fundamental activity of the administration offices of self-government.

E-administration is assessed in a positive manner by 67% of the clients of the administration offices of self-government, which simultaneously confirms that informatization is the fundamental strategic activity during the course of the pandemic. Pro-social activities are also of significance.

Public administration performs tasks for economic entities, regions and society. Implementation of the tasks requires an efficient, effective and modern public administration which implements new directions of strategic management. Among them, methods and techniques aimed at a high level of client service are important. Ensuring a high level of client service is possible when tasks are concentrated and modern IT systems are used, according to the strategic challenges formulated for public administration. These challenges set out visions and missions, according to which goals and tasks are defined, which enable one to increase the level of client service through a positive response to higher quality standards for public administration in the country. Projects aimed at increasing the level of client satisfaction are also defined on a transnational basis, i.e. through the OECD's Public Governance Committee, as well as through the activities of the EUPAN European Network on Public Administration. Thanks to the consistency of criteria and requirements, the implementation of integrated undertakings generates a system of optimal configurations within the framework of network cooperation facilitating the functioning of a mobile client of public administration bodies.

In the strategic challenges for public administration during the crisis, the importance of those bodies that have undertaken complex and socially necessary actions, especially those of an informational and preventive nature, has increased. Thanks to the popularization and improvement of IT systems of client service, the lack of personal contact in public administration did not cause the collapse of the functioning of government offices during the crisis. The administration is required to have continuous interaction with its clients (Ślusarczyk, Grondys, 2018). The public administration must carry out activities in the area of (Jakubiec, Barcik, Dziwiński, 2018):

- increasing the level of social inclusion,
- increasing the level of intellectual and social capital,
- improving the quality of life and public health,
- sustainable exploitation of natural resources together with the reduction of environmental devastation,
- ensuring human rights.

Furthermore, it seems justified to refer to the client satisfaction model in local government offices. This model is based on quality, assuming the characteristics of the product or service received by the client in qualitative terms. The qualitative dimension concerns many areas, which include: services, client service and their expectations, employees, information and a specific organizational unit (Biesiok, Wyród-Wróbel, 2016).

In each of the areas mentioned above, indicators enabling the evaluation of the local government office by clients were also adopted. Among the indicators, the following have been distinguished: the effects of the handled issue, the degree of formalization of the service, timeliness, forms of contact with the government office, knowledge and competences of employees. A scale from 1 to 7 was adopted, with 1 being a very bad rating and 7 a very good rating. The data set makes it possible to calculate the average marks, on the basis of which an opinion on client satisfaction is obtained in a given local government office.

In the aspect of strategic challenges in public administration management, one can refer to research conducted on the level of client service in selected government offices of the Silesian Province (Nowicka-Skowron, Mazur, 2019). It was assumed that there is a possibility of a 10% statistical error and a 5% materiality level. The above assumptions became the basis for determining the number of examined public administration bodies at a level of 96 units randomly selected in the Silesian Province. The subjects of the research were individuals and entrepreneurs. 143 questionnaires correctly completed by entrepreneurs and 281 questionnaires from individuals were received. The respondents answered questions regarding: achieving the purpose of the visit, competence of the employees, waiting time for the issue to be handled, knowledge of the regulations, level of satisfaction with the service, choice of place and location marking, providing information in the press, Internet and other types.

The research shows that the overall assessment of the level of client service in selected public administration offices is positive. From the point of view of the crisis, the choice of the form of handling the issue is worth emphasizing. Written correspondence followed by a personal visit was considered the most effective form. The Internet placed third. The current situation of the pandemic has made significant changes in the contact between the client and the public administration office. The Internet has become the dominant form.

It is also important to point out the implementation of the principles of social responsibility in client service, which is mostly considered to be positive; however, by summing up the negative assessments with the lack of answers, it can be concluded that there is significant potential for improving the service in a strategic perspective. Future activities, especially in the area of strategic management, must take into account the lessons learned from the research.

Further research shows that there are significant relationships between the selected variables, confirmed by correlation coefficients. For example, there is a strong statistical positive correlation ( $\Gamma = 0.639$ ;  $p < 0.0001$ ) between the realization of the purpose of a visit to a public administration office and the quality of service (Nowicka-Skowron, Mazur, 2019).

From the point of view of the subject of analysis, the research conducted by J. Łuczak and R. Wolniak can be considered interesting (Łuczak, Wolniak, 2013). The authors applied the CAF (Common Assessment Framework) method in the evaluation of public administration. The method has gained a high level of utility. The implementation of strategic management, which is focused on the process of marketization of public administration activities, has been considered an important research area. The implementation of the tasks and objectives of

strategic management poses challenges to the management staff, especially the necessity of continuous improvement and taking into account social criteria to increase the quality of client service in public administration units. The pro-social orientation of public administration activities is also confirmed by the results of research on a group of people with disabilities who use e-administration in Gliwice. Positive evaluations of clients group focused on answers with better and more efficient service (no queues, easier access to services that people with disabilities can use) (Wolniak, 2015).

The above research results allow the authors to conclude that pro-social orientation and an increase of service through e-Government is a significant element of strategic management in public administration offices. The results of the research are in line with the trend of Internet service, which is practically the only form available in crisis situations. Research in the area of strategic management in public administration organizations indicates that there is a continuous process of changes in the government office – client relationship. The changes primarily concerned an increase in the level of service provided to clients handling issues with public administration through the use of IT systems in official contact. However, the diametrical nature of the changes occurred during the crisis and consisted primarily in the use of IT systems as almost the only form of communication between clients and public administration offices in a specific period of time (March 2020 – April 2020). The experience of the crisis period shows the directions of improvement of strategic management in organizations.

## **6. Summary and research findings**

The analyses carried out in the area of strategic management in organizations during the pandemic provide a basis for the conclusion that the current processes can be compared to the conditions of 100 years ago during the occurrence of the widespread so-called Spanish flu. Such a remote period of disease, in a world diametrically different from the present day in all areas of social, political and economic life, could not be used as a benchmark for strategic management. However, it has become necessary to rapidly seek decision-making instruments to protect society, economic organizations and institutions. Society has been subjected to a test of responsibility on a macro scale, as well as in relation to each individual member of the community.

This responsibility results from social challenges, especially health care, which determine the strategic directions of measures. Their essence in further measures comes down to restoring business activity in organizations, maintaining employment and systematizing the hierarchy of current and strategic objectives. The achievement of these objectives is possible primarily by public administration bodies with competent human resources, which have enabled the popularization of carrying out social services with the use of improved IT systems.

The indication of the management methods and techniques used confirmed their importance in overcoming the dramatic experiences of the pandemic. Strategic management, only signaled in this paper, will require the full mobilization of resources in the perspective of pandemic times challenges. In this sense, the thesis that in times of pandemic, particular challenges for strategic management arise.

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# MISSION STATEMENTS AND VALUES OF POLISH NON-PROFIT ORGANISATIONS

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**Introduction/background:** Non-profit organisations are geared towards achieving public goals. They are very capable of formulating missions, the formal manifestation of which is a mission statement. A mission statement can be viewed as an element of the expression of organizational identity. An analysis of mission statements can be one way to determine a non-profit organization's *raison d'être*, priorities, course of action, etc. Their axiological system may also be described on this basis.

**Aim of the paper:** The aim of the article was to answer the following research questions: What activities do non-profit organisations expose in their mission statements? What beneficiaries do non-profit organisations indicate in their mission statements? What values do non-profit organisations profess in their mission statements, and what values are declared by their leaders? What are the motives for non-profit organisations to formulate mission statements?

**Materials and methods:** In the study, the mission statements of 320 Polish non-profit organisations were examined. A certain limitation of the research was the purposeful selection of the sample, resulting from the fact that a significant part of Polish NPOs have no formulated missions. The text content of these mission statements was analysed using IRAMUTEQ software. To obtain additional data, as well as to enable its triangulation, supplementary questionnaire surveys were sent out to the leaders of these 320 non-profit entities.

**Results and conclusions:** The studies allowed the authors to fill in the research gap concerning the mission statements of Polish NPOs, the goals of their formulation, as well as the values they contain. It was found that the formulation of mission statements served non-profit organisations mainly to communicate with the society. In fewer cases, it was part of the strategic management process. In the disclosed mission statements, non-profit organisations communicated their goals, forms of activity, clients and core values.

Research also showed that analyses of the content of mission statements can be an important source of knowledge about non-profit organisations, including their axiological system. Literature emphasises that these organisations are value-driven, but examples of the values and their prevalence are rarely explored. To identify values professed by non-profit entities, Whitman's (2009) catalogue was used, supplemented – as a result of the conducted research – with additional social values. The presence of economic values in mission statements and leaders' declarations was also tested, having been analysed in the context of economisation and

professionalisation in the third sector. It was demonstrated that economic values are important for non-profit organisations, although they are not as strongly prioritised as social values.

**Keywords:** mission statements, values, organisational identity, non-profit organisations, professionalisation.

## 1. Introduction

Ever since the 1970s, there has been a growing interest in what non-profit organisations (NPO, third-sector, non-governmental, voluntary) are and how they are formed. On many occasions, it was noted that they are created by entrepreneurs and social workers, being a manifestation of their civic activity (James, 1987; Young, 1987; Rose-Ackerman, 1996). In economic demand approaches, attention has been drawn to their activation, favoured by the failure of the state and the market to provide collective goods (Weisbrod, 1988), as well as the failure of a contract resulting from information asymmetry (Hansmann, 1987; cf. Ben-Ner and Van Hoomissen, 1991). Considered in macro-sociological terms, non-profit organisations have been said to constitute an important element of state policy, with the adopted socio-economic model being an important factor influencing their development (Salamon and Anheier, 1998).

Non-profit organisations act in the public interest, combining economics with moral principles. Their character can be described as mission-driven, or missionary, which means that they strive toward changing social reality in line with their vision. That is also why they are very capable of formulating missions (Drucker, 1995). A formal manifestation of these is a mission statement, which can also be considered a part of the expression of organisational identity, a form of communication with stakeholders and an attempt to briefly explain to the society what the organisation stands for (Holtzhausen, 2013; Nolan, 2015; Souder, 2016). An analysis of mission statements can be one way to determine non-profit organisations' *raison d'être*, priorities, course of action, etc. Since a mission statements should contain the organisations' core values (Campbell and Yeung, 1991; Helmig et al., 2015), the axiological system of these organisations may also be described on that basis.

The modern third sector is subject to the processes of marketisation and commercialisation, and non-profit organisations must therefore face increasing competition (Weisbrod, 1998; Frumkin and Andre-Clark, 2000; Eikenberry and Kluver, 2004; Sanzo-Perez et al., 2017). Because of that, they professionalize their activities, implementing business management methods and techniques (Hwang and Powell, 2009). They adapt, among other things, their strategic management rules, of which a mission statement is a part (Morre, 2000; Giffords and Dina, 2004; van der Pijl and Sminia, 2004). Formulation of mission statements can bring many benefits, both internal and external, to non-profit organisations (Kirk and Nolan, 2010), but they can also be a blind manifestation of professionalism, a futile attempt to imitate the behaviour

of business organisations. It is worth adding that the marketisation of the third sector also favours the spread of economic values that can be prioritised in the mission statement formula (Helmig et al., 2015). Therefore, its analysis may also shed light on the transformations of modern non-profits, including the impact of commercialisation.

The aim of the article is to answer the following research questions: Q<sub>1</sub>: What activities do non-profit organisations expose in their mission statements? Q<sub>2</sub>: What beneficiaries do non-profit organisations indicate in their mission statements? Q<sub>3</sub>: What values do non-profit organisations profess in their mission statements, and what values are declared by their leaders? Q<sub>4</sub>: What are the motives for non-profit organisations to formulate mission statements?

The article is divided into sections, which are as follows: introduction, literature review, methods, results, discussion and conclusions.

## 2. Mission statements and non-profit organisations

Non-profit organisations arise from a grass-roots initiative and act for the public good. They are mission-driven, meaning striving toward social change. The mission nature of these organisations is reflected in literature, although a review of the EBSCO and Google Scholar databases showed a limited number of publications on this subject (Table 1).

**Table 1.**

*Number of publications containing terms related to 'mission' and 'non-profit organisations' synonyms (1980-2019)*

Terms included in the titles of publications	Number of titles of reviewed publications in the EBSCO database <sup>1</sup>	Number of titles <sup>2</sup> of publications in the Google Scholar database
'Mission' & 'non-profit'	273	116
'Mission' & 'NGO'	87	15
'Mission' & 'non-governmental'	10	5
'Mission' & 'voluntary organisation'	1	2
'Mission' & 'third sector'	3	4

Source: own study based on: EBSCO and Google Scholar (<http://www.bu.uz.zgora.pl/index.php/pl/e-zbiory/eds>; 13.12.2019 – access date; <https://scholar.google.pl/>, 13.12.2019).

In these publications, the broadly understood mission is discussed alongside concepts such as human resource management (Kim and Wook Lee, 2007; Brown and Yoshioka, 2003; Wilson and Gislason, 2009; Akinlade and Shalack, 2017), strategic management (Krug and Weinberg, 2004; van der Pijl and Sminia, 2004) and innovation management (McDonald, 2007). Sector-specific analyses have also been performed, in which the mission is discussed in the context of hospitals (Bart and Hupfer, 2004; Bolon, 2005; Chapman and Varda, 2017),

<sup>1</sup> Publications in scientific journals and books were included.

<sup>2</sup> Reviewed publications cannot be filtered out in the Google Scholar database.

schools and universities (Boerema, 2006; Morphew and Hartley, 2006; Holosko et al., 2015; Wilkerson and Evans, 2018), social services (Christensen and Ebrahim, 2006) etc.

The mission character of third-sector organisations has to do with the fact that they promote specific axiological principles. Non-profits contribute to the dissemination of social values that are important to the functioning of larger communities (Whitman, 2009). As such, they play a value-guardian role on the one hand (Anheier, 2005) and an expressive role on the other (Salamon et al., 2000). In the latter case, they enable individual and group expression of the views, ideas and values held dear by the members who make them up. We must note that these organisations incorporate the beliefs, views and passions of their employees into their structure, therefore constituting an organisational expression of their ethical attitude towards the world (Rothschild and Milofsky, 2006). Research on values and attitudes has been conducted in relation to both managers (Miller-Stevens et al., 2018) as well as employees and volunteers (Ren, 2013; Briggs et al., 2010; Stankiewicz et al., 2017; Wymer, 1997).

The functions and values of non-profit organisations find their expression in a mission statement, which answers the question “Why do we exist?” (Anheier, 2005). The mission statement in a non-profit reflects the ideas professed in a given organisation, the beliefs connecting its members, and it also constitutes an intellectual justification for the functioning of the organisation (Hudson, 1999). It prioritises values that are perceived as crucial from the standpoint of this entity’s belonging to the third sector (Helmig et al., 2015). In this context, the mission statement can be framed as an important element of organisational identity (Albert and Whetten, 1985; Ashforth and Mael, 1989; Gray and Balmer, 1998; Hatch and Schultz, 2002). Literature emphasises the importance of mission statements in the expression of the identity of non-profits (Young, 2001; Holtzhausen, 2013; Nolan, 2015; Souder, 2016; Scherer, 2017; Pandey et al., 2017). According to Berlan (2018), the mission is a dynamic and interpretative conception, hence the very process of mission formulation is an opportunity for the organisation to define collective identity. Under this approach, it is worth pointing out the importance of strategic planning meetings as a platform for the exchange of meanings and collective interpretation of organisational reality (Harris, 2011; Jager and Beyes, 2010).

For a non-profit organisation, it is very important how it is perceived by the external environment. This has to do with perceived organisational identity and the construed external image (Dutton et al., 1994). External stakeholders play an important role in building a non-profit’s identity (Johansen and Nielsen, 2016). Disseminating mission statements via the media is a way of communicating with them. This serves, among other purposes, as reinforcement of the identification of new supporters with the organisation (Ryan, 2007). The promotion of a mission statement and key values is important for managing relations with stakeholders and for shaping the image of the organisation as being effective (Balser and McClusky, 2005). This type of promotion activity is part of a non-profit organisation’s



reputation building and has an impact on its perception and legitimacy (Kirk and Nolan, 2010). Posting mission statements on a website is part of web-based accountability (Slatten et al., 2016), also known as web disclosure (Lee and Joseph, 2013). In this sense, it can be a component of the strategy, the aim of which is to shape moral as well as technical or performance-related legitimacy (see: Taylor and Warburton, 2003; Nevile, 2009; Wiggill, 2014). Morphey and Hartley (2006) noted that, from the perspective of institutional theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 1987), mission statements serve a rather legitimating function, and they are valuable because they show that the organisation understands the rules of the game.

Mission statements speak to the hearts and the minds of organisational members (and external stakeholders), but they are also an important planning tool (Hudson, 1999). Preparation of mission statements is an important stage in a non-profit's strategic management process (Pandey et al., 2017; McHatton et al., 2011). Let us also note that non-profit strategic management is becoming an important stream in non-profit management research, as has been evidenced by the results of systematic literature reviews carried out, among others, by Miller (2018) and Helmig et al. (2013). In many such publications, strategy is perceived as an important determinant of organisational success and failure (Helmig et al., 2013).

According to Hudson (1999), the development of contemporary third-sector organisations requires greater strategic capabilities from them. Competing for public grants and contracts, as well as donors' and clients' money, forces non-profits to adapt their mission statements and strategic goals to these new conditions. The possibility of using strategic management in third-sector organisations is pointed out, among other authors, by Mara (2000), Moore (2000), Giffords and Dina (2004), van der Pijl and Sminia (2004) and Kong (2008).

Literature emphasises that following a long-term strategic project requires the organisation to consider development goals that go beyond ongoing, reactive actions. Investing in performance is a product of time-consuming and costly efforts, but it pays off in the long-term perspective for both the organisation and the recipients of its services. The scale and quality of activities oriented towards the implementation of social and mission goals largely depends on the organisation's economic and organisational capabilities.

Efficiency and effectiveness in non-profits have prompted an important stream in third-sector research. This also includes strategic management analyses. Some studies indicate that the implementation of strategic management rules is related to the effectiveness of non-profits (see: Herman and Renz, 1999; Miller, 2018). The significance of mission statements is also subject to analysis, including its correlation with non-profit performance (Kirk and Nolan, 2010; Pandey et al., 2017; Wang and Lin, 2011).

Contemporary changes in the non-profit environment mean that the economic aspect of a non-profit's operation is increasingly accentuated. The progressive marketisation (Salamon, 1993; Eikenberry and Kluver 2004), or in other words commercialisation (Tuckman, 1998; Weisbrod, 1998; Toepler, 2006), of the third sector can be indicated here. Non-profit organisations must learn to cope with growing competition by using different strategies to balance out these conditions (Frumkin and Andre-Clark, 2000; Frumkin and Chetkovich, 2002; Barman, 2002; Jager and Beyes, 2010; Hafsi and Thomas, 2005; Sanzo-Perez et al., 2017). The above-mentioned commercialisation leads them, among others, to the adoption of effective functioning standards – professionalisation (Sanzo-Perez et al., 2017; cf. Cumming, 2008; Hwang and Powell, 2009). Several authors have suggested that non-profits can benefit from a focus on managerialism in addition to mission fulfilment (Miller-Stevens et al., 2018).

Some authors recognise that mission statements in third-sector entities (due to the lack of a profit motive) serve an even more important function than in commercial enterprises (Drucker, 1990; Moore, 2000). This view, however, is not shared by all. Mulhare (1999), for instance, argues that the adaptation of strategic management rules in non-profit entities is a manifestation of the spreading ideology and culture of business professionalism rather than a factual assessment of the management method applied in these organisations (with normative reasons for the dissemination of strategic management being explicitly confirmed).

The clash of social and economic rationality is not without its influence on the cultural aspect of non-profits (Eikenberry and Kluver, 2004). Let us note that the professionalisation of non-profit organisations does not concern just the technical (introduction of business management methods and techniques) and social area (employing paid, professional staff), but also the cultural dimension (adaptation of values and standards oriented towards effectiveness and efficiency). The changes that are underway are conducive to the spread of economic values in the third sector<sup>3</sup>.

According to Calori and Samin (1991), economic values are geared towards performance and include: competition on the market, growth, profitability, quality, adaptation, rigor in management, professional integrity, will to be number one. Marcoulides and Heck (1993), meanwhile, distinguish: risk, safety (the emphasis the organisation places on protecting its employees in the workplace), efficiency, professionalism, market and image, research and development. These authors focused on the cultural aspect of non-profits, whereas Helmig et al. (2015) separated economic values found in the non-profit sector, of which the most important were: competition, efficiency, growth, profit maximisation, innovation.

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<sup>3</sup> For example, Langer and LaRoux (2017) analysed the relationship between the implementation of developmental culture characterised by dynamic, entrepreneurial, innovation and risk-taking with the effectiveness of third-sector entities.

Let us stress once more that the economisation and professionalisation of non-profit organisations springs from the incorporation of rules specific to the business sector, which may consequently be reflected in the values professed by these entities, including those that are stated (prioritised) in their mission statements. In addition to the traditional social values (equality, equity, solidarity, responsibility, pluralism, voluntary, transparency, community, social justice, fairness, accountability, etc.) characteristic of the third sector (Whitman, 2009; Vidal et al., 2008), there may also be economic values focused on organisational effectiveness and efficiency. Thus, an either more or less conflicting transformation of organisational identity may occur as a result (Kreutzer and Jager, 2011; Knutsen, 2013; Kaine and Green, 2013; Lloyd and Woodside, 2014), leading to the adoption of a hybrid identity (see: Knutsen, 2013; Jager and Schroer, 2014; cf. Evers and Laville, 2004; Cooney, 2006). Non-profits can also prioritise social and economic values, some of which may be outcome values, while others – instrumental values (Nevile, 2009). Since non-profit entities act towards implementing social goals, and economisation and professionalisation can help them achieve these goals more effectively, it can be assumed that economic values will be instrumental for them.

### 3. Methods

Empirical research, carried out in the fourth quarter of 2019, began with establishing research questions and research goals. Subsequently, the contents of the mission statements of selected non-profit organisations were analysed. This was done by: defining the coding scheme, testing it, purifying and/or detailing, collecting, coding and analysing data. An online survey was conducted afterwards. Some of the questions contained in the developed research tool were used to triangulate the results obtained at an earlier stage of the study, while others were used to answer two of the research questions (Q<sub>3</sub> and Q<sub>4</sub>).

In the research, we analysed the mission statements of non-profit organisations conducting activity in Poland. To this end, a database of Polish third-sector entities was used, which is available on these non-profits' official website at <https://spis.ngo.pl/>. Among other data, 148,000 profiles of different types of associations, foundations and organisations were found. In this database, these entities may voluntarily include relevant information regarding their operation, including: contact details (e.g. website addresses, Facebook page), registration data, the mission statement or goals of their activity, reports, membership in different associations, agreements, networks. The website also offers the feature of filtering records by: province (voivodeship), area of activity, recipients of activities, type of entity, organisation status. Unfortunately, the database is not without its shortcomings, one of them being that by enabling

individual filters, only a part of the entities that meet the criteria indicated is displayed (e.g. only the first few hundred items).

Given the way the website works, a decision was made to filter records taking into account the administrative division of Poland (16 provinces, or voivodeships). It was assumed that in each of the 16 locations, mission statements would be searched until 20 items were found. We browsed not only the websites of these listed entities, but also their Facebook pages, arriving at a total of 320 mission statements. In these missions, we sought not only specific terms and expressions, but also their synonyms. The context in which they were used, as well as the links between the most common terms, were also considered (assisted by IRAMUTEQ software). Let us add that the collected data was later quantified, which allowed further statistical processing. Thus, both qualitative and quantitative approaches were combined in the content analysis. Statistical analyses were carried out using Microsoft Excel to calculate arithmetic means, medians, coefficients of variation, as well as other data. One of the non-parametric tests for independent random samples was also used, namely the Mann-Whitney U test (with a continuity correction)<sup>4</sup>.

During the research, the number of words contained in the mission statements was analysed along with the frequency of terms used. At the same time, beneficiaries and the actions addressed to them were identified. An important part of the research was to analyse the values declared in the mission statements. Our focus was on social and economic values. For the former, the typology proposed by Whitman (2009) was used, while the list of economic values was prepared after analysing the following publications: Calori and Samin (1991), Marcoulides and Heck (1993) and Helmig et al. (2015).

At a later research stage, 320 non-profit organisations whose mission statements we examined were asked to participate in the survey. To this end, we got in touch with the leaders of these entities, who would act as key informants. A questionnaire was prepared in an electronic form, using Google Forms. It consisted of six semi-closed questions (two of which were used to triangulate the findings on values, while the remaining four concerned the purpose of mission formulation) and particulars of the respondents<sup>5</sup>. A request to participate was sent in the first ten days of January 2020 and was re-sent after a week. Ultimately, 48 completed questionnaires were received, meaning a return of 15%. The collected data was subjected to statistical analysis.

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<sup>4</sup> It is used when data is measurable, but its distribution is abnormal, and when the variables are of the ordinal type (Blalock, H. and Blalock, A., 1971) [or when the variables are measured on a dichotomous scale (i.e. 0-1), as is the case of the nominal variable, which is also an ordinal variable; [http://www.naukowiec.org/wiedza/statystyka/test-u-manna-whitneya\\_755.html](http://www.naukowiec.org/wiedza/statystyka/test-u-manna-whitneya_755.html), 2020]. These conditions were met. The null hypothesis assumes, in the case of the Mann-Whitney U test, that the types of distribution of the analysed samples do not differ significantly from each other, while the alternative hypothesis – that they differ significantly from each other (for more, see: Rabiej, 2012; Rovai et al., 2013). If the p-value is below the assumed significance threshold, there are grounds for rejecting the null hypothesis (Moczko, 2014).

<sup>5</sup> In addition to those six questions, the questionnaire contained metric questions.

Among the organisations surveyed, there were more associations (68.75%) than foundations (31.25%). Entities with no more than 20 employees prevailed (68.75%). The most represented were those that operated in the following areas: education and research (35.42%), social services (33.33%), environment (31.25%), health (31.25%) and/or culture and recreation (29.17%).

#### **4. Motives for formulating mission statements in non-profit organisations**

In the course of the research, the motives for formulation of mission statements by Polish non-profit organisations were analysed. We found that most entities did not have a strategic plan (75%). It can be assumed that the mission was, in their case, an autonomic, symbolic element. Only every fourth (25%) organisation had a strategic plan in the form of a formal mission document where the mission statement would be specifically outlined.

Mission statements served non-profits primarily to inform the external environment about their goals, values and activities (77.08%)<sup>6</sup>, and only in a few instances (4.17%) – to inform employees (paid, unpaid) about these aspects. Some leaders (12.50%) expressed the opinion that the preparation of a mission statement was a manifestation of professional management, including strategic management.

Respondents were also asked about their associations related to the preparation of mission statement<sup>7</sup>. Distribution of responses was as follows: creating a positive image (75%), expression of credo – philosophy, values, goals (68.75%), professional management (68.75%), legitimising activities (54.17 %), strategic planning (35.42%).

Based on the collected data, it can be assumed that mission statements constitute an autonomous element for non-profit organisations (relatively rarely being part of a strategic plan) and are mainly used to communicate with the external environment, express identity, including core values, and to legitimise their activities.

#### **5. Activities exposed in the mission statements of non-profits and their recipients**

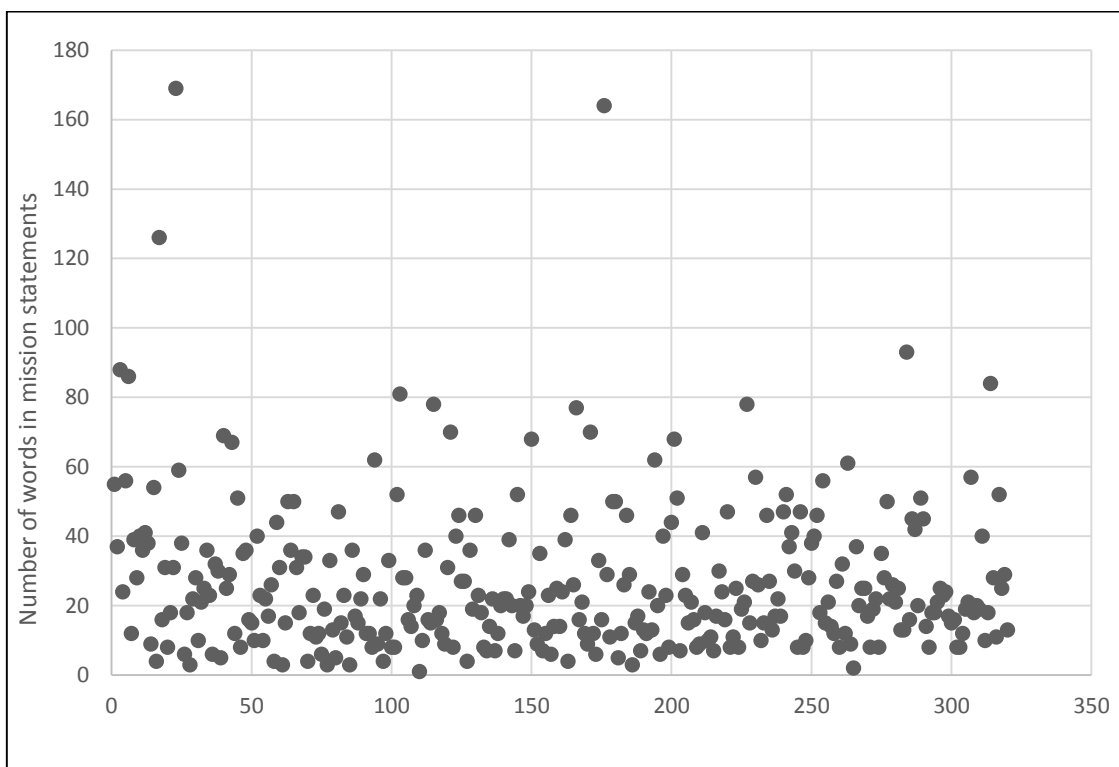
The identified non-profit mission statements differed in terms of word count (Figure 1). The shortest consisted of 1 word (help), while the longest - of 169. Most missions did not exceed

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<sup>6</sup> Respondents indicated one most important motive for mission statement formulation.

<sup>7</sup> Leaders could indicate up to three most important associations.

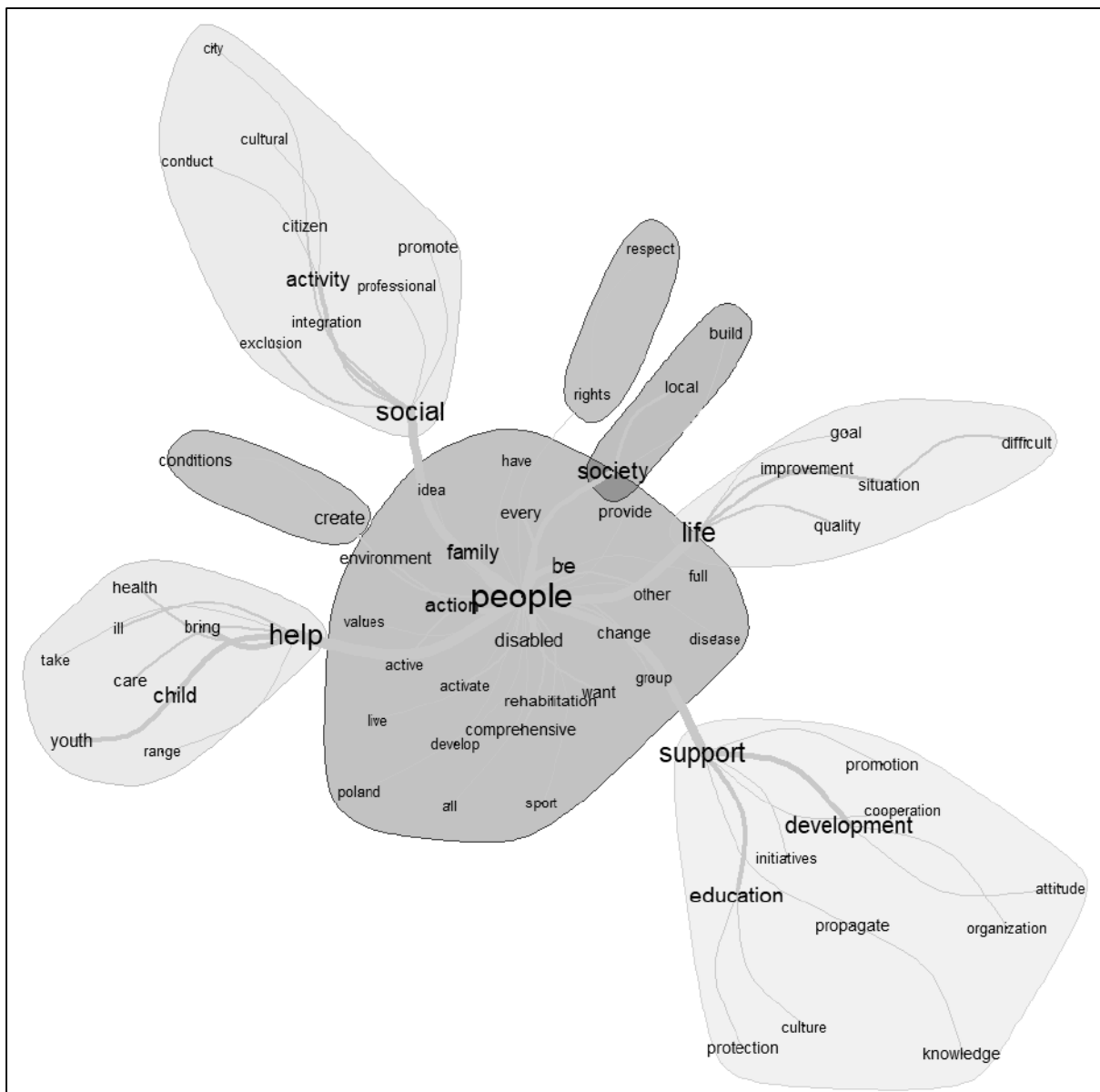
20 words (157, or 49.1%). Every third contained no less than 21 but no more than 40 words (in total 106, or 33.1%). Sporadically (3, or 0.9%), there were mission statements consisting of more than 100 words. The arithmetic mean stood at 26.41, the middle value (median) was 21, while the value most often found across the sample was 8. Data dispersion was very strong<sup>8</sup> (the coefficient of variation was 82.1%).



**Figure 1.** Word count in non-profit mission statements. Source: own study based on the research.

The analysis of content of mission statements was assisted by IRAMUTEQ software. Since the application does not have a built-in Polish dictionary, the mission statements were translated into English. The text was prepared in accordance with the program requirements, with conjunctions, prepositions, most particles, etc. having been removed. The words that appeared in at least every twentieth mission (5%) qualified for further analysis. Their number and mutual linkages are shown in Figure 2.

<sup>8</sup> Interpreting the coefficient of variation, it was assumed that: 0-20% means a slight variation in the value of the variable, the group is relatively homogeneous, the arithmetic mean is an adequate measure characterising the group; 20-40% - a moderate variation in the value of the variable, the arithmetic mean is an acceptable measure for a given variable; 40-60% - a strong variation in the value of the variable, the dispersion of the variable is significant, the arithmetic mean has a low cognitive value; 60% or more – a very strong variation in the value of the variable, the group is heterogeneous, the arithmetic mean has no cognitive value (Zajac, 1988, p. 209).



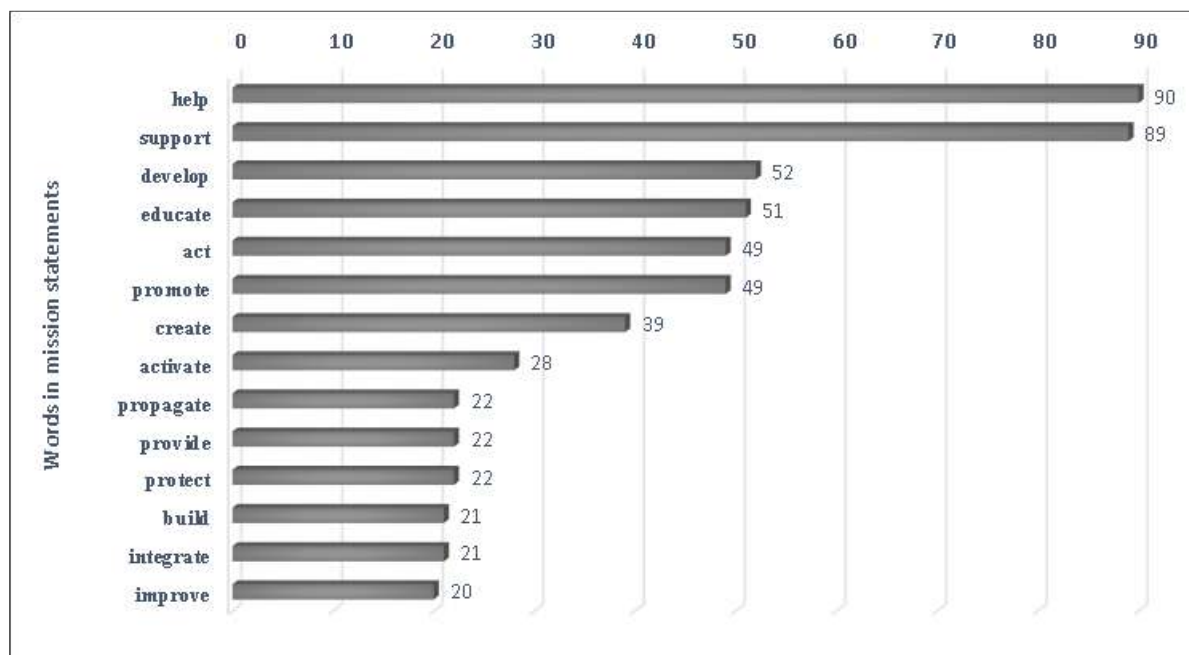
**Figure 2.** Linkages between the most common words found in non-profit mission statements. Source: own study based on the research.

Based on the analysis of the identified mission statements, a statement can be made that *man* lies at the centre of interest of the surveyed non-profits (a total of 202 appearances in singular or plural), who is offered help (133 times) or support (104 times), e.g. actions aimed at improving their life situation, facilitating development or social activation.

In most cases (73.75%), the beneficiary of non-profit organisations' activities was indicated in the missions specifically (children and youth, the sick, the socially excluded, etc.), and much less frequently (25.63%) – generally (e.g. the recipient being society at large).

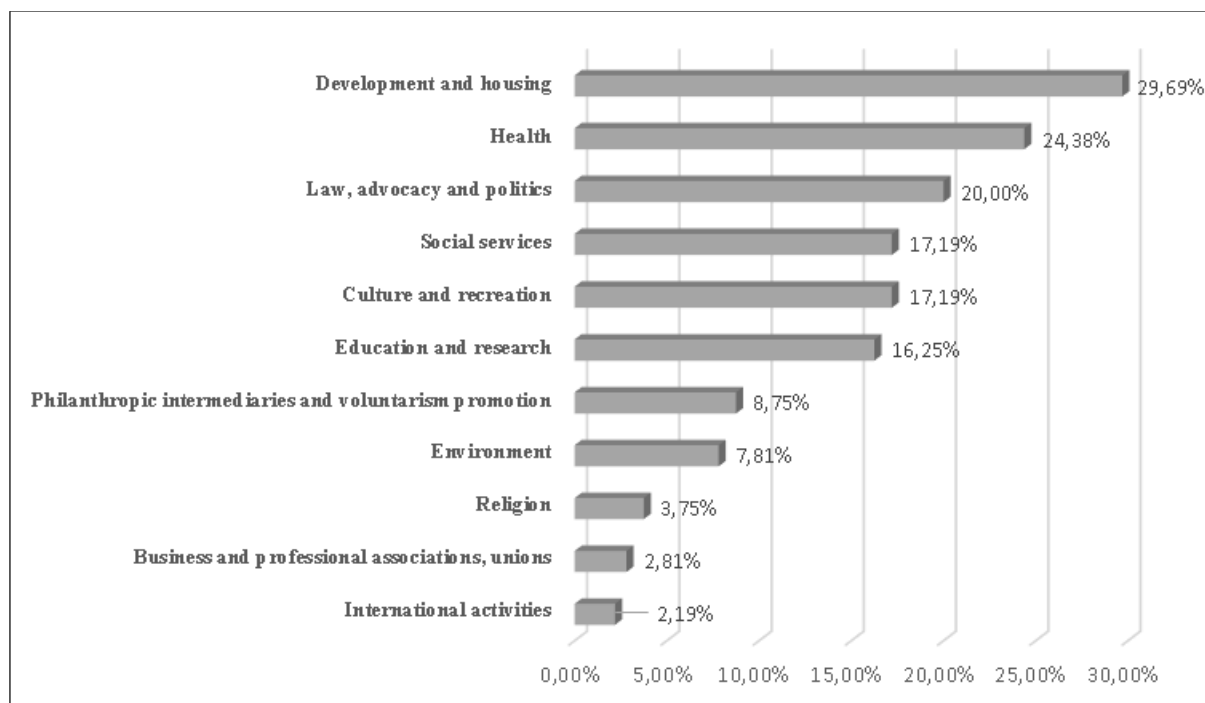
The mission statements showed that, in the analysed non-profit entities, help or support was offered in various areas. In most cases (72.2%), this was done in an impersonal form. Beneficiaries were repeatedly offered knowledge, skills or interest development. Organisations also informed about: the initiatives they have embarked on or would like to embark on, what they have created or would like to create, as well as what they provide or would like to

provide to the potential recipients of their services, who they protect or would like to protect, what they have changed or would like to change. Promotion and dissemination of their offer were also indicated as an important element of their activity (Figure 3).



**Figure 3.** Number of words most frequently used in non-profit mission statements. Source: own study based on the research.

The mission statements also contained information on the areas of operation of the surveyed non-profits (Figure 4).



**Figure 4.** Areas of activity of the analysed non-profit organisations as expressed in their mission statements. Source: own study based on the research.



Taking into account the ICNPO (the International Classification of Non-profit Organisations) typology (Salamon and Anheier, 1997), it was found that most of the surveyed organisations reported in their mission statements about engagement in development and housing activities (29.69%), health (24.38%) and/or law, advocacy and politics (20%). Every sixth mentioned the areas of culture and recreation (17.19%) and social services (17.19%) in their activity.

## 6. Values of non-profit organisations – mission statements and leaders' declarations

To identify values professed by non-profit organisations, the content of their mission statements was analysed. Subsequently, to verify the data obtained throughout the analysis, an online questionnaire was sent out to the leaders of the qualified 320 entities.

The analysis of content of mission statements revealed that nearly all organisations (309, or 96.56%) include values (both social and economic). Two values were most often indicated (Mo = 2, or 30.31%). One in four missions (24.69%) referred to one value, while every sixth – to three (16.25%) or to four (15.94%). Data dispersion was very strong (V = 62.37%) (Table 2).

**Table 2.**

*Values in mission statements of non-profit organisations – basic statistics*

Number of non-profit organisations presenting values in missions N	Min	Max	Arithmetic mean $\bar{n}$	Median Me	Mode Mo	Standard deviation SD	Coefficient of variation V [%]
309	1	11	2,53	2	2	1,58	62,37

Source: own study based on the research.

When analysing social values, Whitman's (2009) typology was used. It contains thirty-three values<sup>9</sup>. The study showed that two social values were most often indicated in the mission statements (Mo = 2, or 30.63%). One value was expressed by every fourth organisation – 26.25%, three values – by every sixth (15.94%), and four values – by every seventh (14.38%). Overall, as many as eleven values were included in the content of mission statements, although this was a singular case. Data dispersion was, again, very strong (V = 62.90%) (Table 3).

<sup>9</sup> This catalogue has been supplemented with two other values, as explained later in the article. Meanwhile, efficiency was considered an economic value. A total of 34 social values were ultimately included.

**Table 3.***Social values in mission statements of non-profit organisations – basic statistics*

Number of non-profit organisations presenting values in mission statements N	Min	Max	Arithmetic mean $\bar{n}$	Median Me	Mode Mo	Standard deviation SD	Coefficient of variation V [%]
309	1	11	2.47	2	2	1.56	62.90

Source: own study based on the research.

We found that the social values most frequently found in mission statements were also often indicated (although less frequently) as important in the questionnaire survey.

The social values most often exposed in mission statements were<sup>10</sup>: compassion and education (28.1% each). In every fifth mission, solidarity (21.6%) and health (21.3%) were emphasised. Community (16.9%), responsibility (14.7%) and equity (13.1%) were also relatively frequent. Let us note that three of these values referred to the area of the organisation's activity – towards education, health and local communities, whereas the remaining values were more abstract and made reference to the society and beneficiaries (Table 4).

**Table 4.***Social values exposed in non-profit mission statements and in their leaders' declarations*

Social values	Analysis of mission statement content		Survey	
	N = 320	[%]	N = 48	[%]
1. <b>Authority</b> (promote strong, central leadership)	1	0.31	0	0
2. <b>Beauty</b> (promote beauty of nature or the arts)	29	9.06	6	12.50
3. <b>Community</b> (promote civic life and strengthening and empowering communities)	54	16,88	12	25.00
4. <b>Compassion</b> (promote empowering the weak, marginalised, vulnerable)	90	28.13	11	22.92
5. <b>Dignity</b> (strengthening self-esteem and promoting respect for others)	22	6,88	20	41.67
6. <b>Education</b> (promote learning and scholarship)	90	28.13	13	27.08
7. <b>Environment</b> (promote preserving nature)	19	5.94	9	18.75
8. <b>Equality</b> (promote equal distribution of resources for all, practice distributive justice)	27	8.44	2	4.17
9. <b>Equity</b> (promote fairness, equal access and opportunity for all, practice procedural justice)	42	13.13	8	16.67
10. <b>Freedom</b> (promote individual freedom of thought, speech and action)	5	1.56	4	8.33
11. <b>Happy and joyful life</b> (promoting a happy life)	16	5.00	3	6.25
12. <b>Health</b> (promote healthy development, disease prevention and cure)	68	21.25	9	18.75
13. <b>Human rights</b> (promote universal human rights)	20	6.25	11	22.92
14. <b>Independence</b> (promote individual self-reliance and self-sufficiency)	29	9.06	7	14.58
15. <b>Influence</b> (promote awareness, shape ideas and policies through policy institutes, news media and other institutions)	16	5.00	13	27.08
16. <b>Innovation</b> (promote creativity, uniqueness, imagination)	11	3.44	8	16.67

<sup>10</sup> Respondents could indicate up to five most important social values relevant to their non-profit organisations.

Cont. table 3.

17. <b>Knowledge</b> (promote research and the generation of new knowledge)	9	2.81	9	18.75
18. <b>Market solutions</b> (promote the market to resolve problems)	7	2.19	2	4.17
19. <b>National security</b> (promote protecting the homeland from threats)	4	1.25	1	2.08
20. <b>Nationalism</b> (promote sovereignty and primacy of the homeland)	1	0.31	0	0
21. <b>Non-human animal rights</b> (promote rights of non-human animals to protection from human cruelty and abuse)	8	2,50	4	8.33
22. <b>Peace</b> (promote a world free of war and conflict)	1	0.31	3	6.25
23. <b>Pluralism</b> (promote diversity, tolerance and respect for different ideas and beliefs)	9	2.81	8	16.67
24. <b>Privacy</b> (promote the right to privacy)	1	0.31	0	0
25. <b>Responsibility</b> (promote individual accountability to and among others)	47	14.69	16	33.33
26. <b>Social order</b> (promote social stability)	17	5.31	7	14.58
27. <b>Solidarity</b> (promote mutual fellowship, interest and commitment among humanity)	69	21.56	13	27.08
28. <b>Spirituality</b> (promote spiritual, religious or faith-based solutions)	14	4.38	2	4.17
29. <b>Survival of humanity</b> (promote protection of humanity from global catastrophe)	6	1.88	2	4.17
30. <b>Sustainability</b> (promote policies of sustainable economic development)	23	7.19	5	10.42
31. <b>Tradition</b> (promote preserving time-honoured customs)	15	4.69	5	10.42
32. <b>Trust</b> (promote the belief that all share common, underlying values and that most people can be trusted)	1	0.31	1	2.08
33. <b>Voice</b> (promote participation in policymaking by those affected)	11	3.44	7	14.58
34. <b>Wealth</b> (promote maximising financial or material strength)	10	3.13	1	2.08

Source: own study based on the research.

We also noticed frequent occurrence of values not found in Whitman's catalogue: *dignity* (6.9%) and *happy and joyful life* (5%). They appeared in the analysed mission statements more times than, for example: tradition (4.7%), spirituality (4.4%), voice (3.4%), wealth (3.1%), knowledge (2.8%) or pluralism (2.8%).

During the research, possible correlations between particular social values appearing in the mission statements and areas of non-profit activity were sought. The Mann Whitney U test was used to identify them, and no grounds were found for rejecting the majority of partial hypotheses (82 out of 385, or 78.70%) concerning the equal distribution of the analysed samples (Table 5).

**Table 5.**

*Results of testing partial hypotheses regarding social values exposed in the mission statements of the non-profit organisations and areas of their activity – Mann Whitney U test results*

Social values in mission statements	Areas of activity of non-profit organisations										
	Development & housing	Health	Law, advocacy & justice	Social services	Culture & recreation	Education & research	Philanthropic intermediaries & voluntarism promotion	Environment	Religion	Business and professional association, unions	International activities
1. Authority	-	-	-	-	V	V	-	V	-	-	-
2. Beauty	-	-	-	V	V	V	-	V	-	-	-
3. Community	V	V	-	V	-	-	V	-	-	-	-
4. Compassion	V	V	-	V	V	V	-	V	-	-	-
5. Dignity	-	-	V	V	V	V	-	-	V	-	-
6. Education	V	-	-	V	V	V	-	V	-	V	-
7. Environment	-	-	-	V	-	-	-	V	-	-	-
8. Equality	V	V	-	V	V	-	-	-	-	-	-
9. Equity	-	-	V	V	-	-	-	V	-	-	-
10. Freedom	-	-	V	-	-	-	-	-	-	-	V
11. Happy and joyful life	-	-	-	V	-	-	-	-	-	-	-
12. Health	V	V	-	V	-	-	-	-	-	-	-
13. Human rights	-	-	V	-	-	-	-	-	-	-	-
14. Independence	-	-	-	V	-	-	-	-	-	-	-
15. Influence	-	-	V	-	-	-	-	V	-	-	-
16. Innovation	-	-	-	-	-	-	-	-	-	-	-
17. Knowledge	-	-	-	V	-	V	-	-	-	-	-
18. Market solutions	V	-	-	V	-	-	-	-	-	-	-
19. National security	-	-	V	-	V	-	-	-	V	-	-
20. Nationalism	-	-	-	-	-	V	-	-	V	-	-
21. Non-human animal rights	-	-	-	V	-	-	-	V	-	-	-
22. Peace	-	-	V	-	-	-	-	-	-	-	-
23. Pluralism	-	-	V	-	-	-	-	-	-	-	-
24. Privacy	-	-	-	-	-	-	-	-	-	-	-
25. Responsibility	-	-	-	-	-	-	V	-	-	-	-
26. Social order	-	-	V	-	-	V	-	-	-	-	-
27. Solidarity	V	-	V	-	-	-	V	-	-	-	-
28. Spirituality	-	-	-	-	-	-	-	-	V	-	-
29. Survival of humanity	-	-	-	V	-	-	V	-	-	-	V
30. Sustainability	V	V	V	-	-	-	V	-	-	-	-
31. Tradition	-	-	-	V	V	-	-	-	-	-	-
32. Trust	-	-	-	-	V	V	-	-	-	-	-
33. Voice	V	-	V	-	-	-	-	-	-	-	-
34. Wealth	V	-	V	-	-	-	V	-	-	-	-
35. Lack of values	-	-	-	-	-	-	-	-	-	-	-

Legend:

V	grounds found for rejecting partial hypotheses concerning equal distribution
-	no grounds found for rejecting partial hypotheses concerning equal distribution

Source: own study based on the research.

In the course of survey research, we found that social values exposed in the mission statements were also often indicated as significant by key informants. Examples include: responsibility (33.33%), education (27.08%), solidarity (27.08%), community (25.00%), compassion (22.92%), health (18.75%) and equity (16.67%). Values that were relatively rarely included in the mission statements were also identified, but they were nonetheless more commonly indicated by key informants. These were: influence (27.08%), human rights (22.92%), environment (18.75%), knowledge (18.75%), innovation (16.67%), pluralism (16.67%), social order (14.58%), voice (14.58%).

Let us note that the social value most frequently cited in the survey was *dignity* (41.67%). While it is not mentioned in Whitman's (2009) catalogue of values, we decided to include it based on our content analysis of mission statements<sup>11</sup>.

During the study, the prevalence of economic values in mission statements was also analysed. Let us bear in mind that the catalogue of these values was prepared on the basis of the typology of Calori and Samin (1991), Marcoulides and Heck (1993) and Helmig et al., (2015). This list was modified during the coding, leaving a final total of 10 economic values to consider.

Economic values appeared in mission statements only in a few cases. Not once did they stand alone, meaning they were always expressed alongside some other social values. Economic values were included in every twentieth mission statement (17, or 5.31%). In fifteen of those, only one economic value was reported, while in the other two – two values. Data dispersion was very strong ( $V = 440.32\%$ ) (Table 6).

**Table 6.**

*Values in mission statements of non-profit organisations – basic statistics*

Number of non-profit organisations presenting economic values in mission statements N	Min	Max	Arithmetic mean $\bar{n}$	Median Me	Mode Mo	Standard deviation SD	Coefficient of variation V [%]
17	1	2	0.06	0	0	0.26	440.32

Source: own study based on the research.

It was established that the economic values most often exposed in mission statements were: professionalism (2.8%), budget maximisation (1.9%) and quality (0.63%). No values were identified that seem to be significant to the operation of modern non-profit organisations, such as competition or efficiency (Table 7).

<sup>11</sup> Another value we have added to Whitman's catalogue – happy and joyful life – was indicated less frequently by key informants (6.82%).

**Table 7.***Economic values exposed in non-profit mission statements and in their leaders' declarations*

Economic values	Analysis of mission statement content		Survey	
	N = 320	[%]	N = 48	[%]
<b>1. Budget maximisation</b>	6	1,88	10	20.83
<b>2. Competition</b>	0	0	1	2.08
<b>3. Efficiency</b>	0	0	19	39.58
<b>4. Flexibility</b>	0	0	4	8.33
<b>5. Growth</b>	0	0	5	10.42
<b>6. Marketing and image</b>	1	0.31	5	10.42
<b>7. Professionalism</b>	9	2.81	27	56.25
<b>8. Quality</b>	2	0.63	13	27.08
<b>9. Research and development</b>	1	0.31	4	8.33
<b>10. Risk taking</b>	0	0	1	2.08

Source: own study based on the research.

During the research, possible correlations between including economic values in mission statements and the area of non-profit activity were sought. The Mann Whitney U test, which served this purpose, showed no grounds for rejecting most of the partial hypotheses (112 out of 121, or 92.56%) concerning the equal distribution of the analysed samples (Table 8).

**Table 8.***Results of testing partial hypotheses regarding economic values exposed in the mission statements of the non-profit organisations and areas of their activity – Mann Whitney U test results*

Economic values in mission statements	Areas of activity of non-profit organisations										
	Development & housing	Health	Law, advocacy & politics	Social services	Culture & recreation	Education & research	Philanthropic intermediaries & voluntarism promotion	Environment	Religion	Business and professional association, unions	International activities
<b>1. Budget maximisation</b>	V	-	-	-	-	-	V	-	-	-	-
<b>2. Competition</b>	-	-	-	-	-	-	-	-	-	-	-
<b>3. Efficiency</b>	-	-	-	-	-	-	-	-	-	-	-
<b>4. Flexibility</b>	-	-	-	-	-	-	-	-	-	-	-
<b>5. Growth</b>	-	-	-	-	-	-	-	-	-	-	-
<b>6. Marketing and image</b>	-	-	-	-	-	-	-	-	-	V	-
<b>7. Professionalism</b>	-	-	-	-	-	-	-	-	-	-	-
<b>8. Quality</b>	V	-	-	-	-	-	-	-	-	V	-
<b>9. Research and development</b>	-	-	V	-	V	-	-	-	-	-	-
<b>10. Risk taking</b>	-	-	-	-	-	-	-	-	-	-	-
<b>11. Lack of values</b>	-	-	-	-	-	-	V	-	-	V	-

Legend:

V	grounds found for rejecting partial hypotheses concerning equal distribution
-	no grounds found for rejecting partial hypotheses concerning equal distribution

Source: own study based on the research.

Our surveys showed that NPO leaders did not shy away from pointing to economic values significant for the operation of their entities, even though they could do this<sup>12</sup>. The values they most often declared were: professionalism (56.25%), efficiency (39.58%), quality (27.08%), budget maximisation (20.83%) and marketing and image (10.42%). The least frequently mentioned were: competition (2.08%) or risk taking (2.08%).

It is worth noting that, when analysing mission statements content, values were found that were not economic, but were instrumental and organisational in nature. These were: employee engagement (0.9%), inter-organisational cooperation (0.6%) and transparency (0.3%). The survey showed that these values were assessed by key informants as significant for the operation of the analysed entities. In the case of these values, the percentage was 37.50%, 35.42% and 37.50%, respectively.

## 7. Discussion

A mission statement in non-profit organisations is an expression of their core ideals and values, reflecting their general beliefs and *raison d'être*. Being sometimes viewed “negatively” by the society (by focusing on what they are not rather than what they are), the mission statement is, for them, an opportunity to self-define and express identity.

Thirty years ago, Drucker (1990) argued that non-profits are founded to make changes in man and in society. Our analysis confirms this. It was precisely on *man* that most of the attention was focused in the analysed organisations (the term in singular or plural appeared 202 times). This *man* was offered help, support, development, education and activities aimed at improving his life situation, facilitating development and social activation. In most cases, the beneficiary was identified specifically (73.75%), but in many cases, the potential recipient was society at large (25.63%).

Non-profit organisations provide services to selected groups, often minorities, according to their missions. They do not treat every client the same, but rather try to adapt to their individual needs, acting selectively depending on the identified expectations (Lipsky and Smith, 1989-90). For this reason, their mission statements should contain not only an indication of the most important clients, but they should also be formulated in line with the principles of plain language, i.e. personally and directly (with direct phrases and expressions starting with “we”). In doing so, they individualise the reception of their message, but also show the commitment required for staying afloat as an organisation. In our study, we found that most mission statements (72.2%) did not meet this plain language requirement and were formulated in an impersonal fashion.

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<sup>12</sup> Respondents could indicate up to three most important social values relevant to their non-profit organisations.

In literature, suggestions can be found as to which elements a mission statement should contain. Pearce and David (1987), for example, point to: target customers and markets, principle products and services, geographic domain, core technologies, commitment to survival, growth and profitability, philosophy, self-concept, desired public image (Pearce and David, 1987). Campbell and Yeung (1991), meanwhile, mention: purpose, strategy, behavioural standards values. These suggestions, however, relate to the missions of commercial enterprises, whereas no indications were identified for third-sector entities. The research shows that the analysed mission statements mainly included: presentation of principal goals and areas of activity, recipients of services (clients/customers), as well as social values important for the operation of the organisation.

An important part of mission statements in the surveyed non-profits was, as already mentioned, the characteristics of their core values. The majority (96.56%) declared values in their missions, confirming that a mission statement is an important formal component of a non-profit's organisational identity, as pointed out by: Holtzhausen (2013), Nolan (2015) and Souder (2016), among others.

Among the declared values, social values were predominant (96.56%), with economic values being cited much less frequently (5.31%). This is proof that the latter are not as strongly prioritised by non-profit organisations and are perceived more as instrumental values (Nevile, 2009). Let us recall that Whitman's (2009) catalogue of social values was used in this study, whose empirical utility was confirmed by the analysis, but which is not, in any case, fool proof (this may be, e.g., because of cultural differences). Thus, the analysis of Polish non-profit mission statements revealed frequent occurrences of the value *dignity* (6.88%), which was not included in Whitman's catalogue, and yet its high priority was confirmed in the conducted surveys (41.67%).

As mentioned, economic values were indeed missing from the analysed mission statements (something that distinguishes non-profits from for-profits – Seiler and Bortnowska, 2019; cf. Cardona and Rey, 2008; ECCO, 2013). Put in other words, the phenomenon of economisation and professionalisation in the cultural dimension has no practical reflection in the mission texts of Polish non-profits. The most common, but still relatively rare, were: professionalism (2.81%), budget maximisation (1.88%) and quality (0.63%). Having said that, our research showed that economic values have significance for NPOs and were indicated as important by their leaders. In particular, they were most likely to choose economic values significant from the point of view of the client and the services rendered to them (professionalism – 56.25%, efficiency – 39.58%, quality – 27.08%) and not the organisation as a whole, including its market position (growth – 10.42%, competition – 2.08%).

The analysis found in several cases the presence in mission statements of values such as: transparency, employee engagement, inter-organisational cooperation. These values were of an instrumental character and referred to various aspects of the organisation's operation – staff activity, transparency necessary to build social legitimacy, or interaction with the society.



Let us add that these values were included in the surveys and were relatively often indicated by leaders. We note that in the case of inter-organisational cooperation, this value obtained more indications (35.42%) than competition (2.08%), which may suggest that the use of cooperation (Martinez, 2003; Selden et al., 2006; cf. Samu and Wymer, 2001) or coopetition (Stankiewicz et al., 2018) strategies is more typical of third-sector entities.

Mission statements highlight social values, but fail to convey economic values to the public, thus prompting a suggestion that the latter leans more towards being instrumental. Missions in non-profits serve a specific purpose. As per our findings, managers relatively rarely recognised a mission statement as part of a strategic plan (12.50%), while the main reason for mission statement formulation was communication with the society (81.25%). A mission statement can primarily serve to: create a positive image (75%), express the philosophy, core values and goals (68.75%), or legitimate organisations (54.17%). This confirms the assumption of mission statements having a merely symbolic character in non-profit entities.

## 8. Conclusions

This research found that the formulation of mission statement is used by non-profit organisations mainly to communicate with the environment. In fewer cases it was part of the strategic management process. This confirms the conclusions drawn in some of NPO studies as to the symbolic nature of mission statements in non-profits. Formulation of mission statements can in itself be an attempt to imitate commercial enterprises, while allowing the organisation to express identity, shape image and build reputation. In the analyzed mission statements posted on websites, non-profit organisations communicated their goals, forms of activity, clients, and core values.

Our research shows that analysing the content of mission statements can be an important source of knowledge about non-profit organisations, including their axiological system. Literature emphasises that these organisations are value-driven, but examples of these values and their prevalence are rarely explored. We hope that we have managed to fill in this research gap, at least in part. To identify non-profit values, we used Whitman's (2009) catalogue, supplementing it – as a result of the conducted research – with additional social values. The presence of economic values in mission statements and leaders' declarations was also tested, and it would seem these values are becoming increasingly important in the era of the economisation and professionalisation of the third sector. This part of the research is our contribution to the discussion about the transformation of non-profit organisations and their market orientation (as well as in the cultural dimension).

It should be noted that the research concerned Polish non-profit organisations, meaning it was carried out in a specific cultural context, in a country where the third sector was restored only after 1989 and which still remains relatively weak compared to some other countries. It is therefore worth considering the implementation of comparative in-depth research which could use methods requiring direct contact, interviews, observations, case studies, etc.

Lastly, the selection of the research sample was purposive, and therefore caution should be exercised when generalising the conclusions presented in this paper. Let us also note that the survey method had a return of 15%, while the use of the survey questionnaire in an electronic form meant that we did not have control over who completes the questionnaire (it was formally addressed to NPO leaders, managers).

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# REAL ESTATE MANAGEMENT AS A SOURCE OF COMMUNE INCOME

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**Introduction/background:** Rational and effective management of public real estate is necessary for the proper functioning of this entity, as well as for the implementation of public tasks. Moreover, real estate stock is an important source of income. In order to find this out, it is necessary to analyze the state of a commune's real estate resources, focused on the implementation of specific goals such as: public investments and implementation of technical infrastructure devices.

**Aim of the paper:** The aim of this publication was to assess the role and significance of the share of income from real estate in the total income of the Szczecin City Commune; therefore, the research focused mainly on this income group. To fully illustrate the essence of the share of income from real estate, other sources of income of the audited entity are presented.

**Materials and methods:** A study of the measurement and evaluation of the phenomenon of changes over time was carried out on the basis of an analysis of the income dynamics of the Commune of Szczecin, with particular emphasis on the sources of income, as well as being broken down into budget classification sections. Moreover, in order to determine the changes taking place in the structure and level of the studied phenomenon over time, the dynamics indicators with a constant basis were calculated.

**Results and conclusions:** The conducted research has shown that real estate resources are an important source of income for the commune, and the most important of them is the real estate tax. The budget revenues from this source amounted on average to over PLN 240 million. In the years 2017-2019, the budgetary income of the commune had a growing tendency, and its value was, respectively: PLN 2,157 million, PLN 2,289 million and PLN 2,639 million.

The structure of the commune's income in the analyzed period shows a stable tendency and did not undergo major changes. The dominant item in the category of current income was the share in the income tax from natural persons and legal persons (share at an average level of approximately 28%).

**Keywords:** communal real estate, income, expenses, Poland.

## 1. Introduction

The proper functioning of local government units depends on their financing, by means of which a commune, a poviát or a voivodeship can implement specific public goals aimed at satisfying the needs of the local community. Income is managed within the budget. Distribution of income in many developed countries has increased dramatically in the last few decades (Leach et al., 2013). Rational and effective management of public real estate is necessary for the proper functioning of this entity, as well as for the implementation of public tasks. Moreover, real estate stock is an important source of income. In order to find this out, it is necessary to analyze the state of a commune's real estate resources, focused on the implementation of specific goals such as: public investments and implementation of technical infrastructure devices.

The aim of this publication was to assess the role and significance of the share of income from real estate in the total income of the Szczecin City Commune; therefore, the research focused mainly on this income group. To fully illustrate the essence of the share of income from real estate, other sources of income of the audited entity are presented. The time spectrum of the conducted analyses covers the years 2017-2019. For the empirical part of the work, data from the publications of the Central Statistical Office was used. Moreover, the research was supported by a case study analysis and the financial statements of the Szczecin City Commune.

The study of measurement and evaluation of the phenomenon of changes over time was carried out on the basis of an analysis of the income dynamics of the Szczecin City Commune, with particular emphasis on the sources of income, as well as being broken down into budget classification sections. Moreover, in order to determine the changes taking place in the structure and level of the examined phenomenon over time, the dynamics indicators with a constant basis were calculated.

Due to its size, real estate owned by communes is an important segment of the real estate market (Marona, Van den Beemt-Tjeerdsma, 2018).

There have been many attempts in literature to define the term real estate management. According to Wisniewski, real estate management is a set of connections between entities and the subject of management (Wisniewski, 2008). The subjects in relation to real estate management are those who have rights to the real estate. The objects, on the other hand, are real estate and the rights associated with it (Cymerman, Filipiak-Kowszyk, 2015). Źróbek defines real estate management as a set of activities considered as standard activities, behaviors and goals resulting from the provisions regulating certain forms of real estate management aimed at rational use and management (Źróbek, 2004).

Literature also defines real estate management as 'a set of relations and procedures between entities and the object of management'. The 'set' relates to real estate, as well as the rights associated with it (rights in rem, limited rights in rem). The entity is considered to be the persons

having rights to the real estate, while the subject is real estate and the rights related to it. The activities of real estate management include: real estate appraisal, inventory of stock, preparation of geodetic and legal studies, purchase and sale of real estate, carrying out mergers and divisions.

Communal real estate management is obligatory, and its conduct is provided for by statutes. The economy is implemented with the use of instruments: strategic, operational, administrative and financial. Strategic instruments are responsible for the commune's development strategy and for the preparation of studies of the conditions and directions of spatial development. Operational instruments include the preparation of local spatial development plans and the issuing of decisions on building conditions and land development. Administrative and financial instruments include: sale, exchange, lending, rental, handing over into permanent management, real estate divisions, planning fees and related fees. These instruments are considered one group due to the fact that most of them are dual in nature (Kokot, 2018).

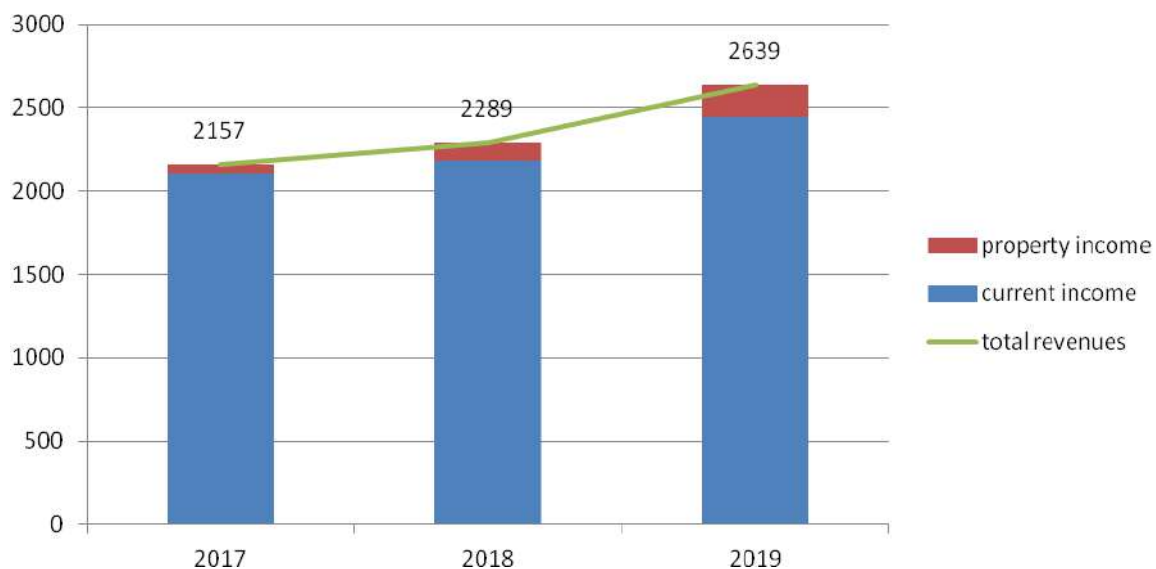
As part of real estate management, resources can be increased or decreased by the situations occurring between public administration entities, which are:

- sale (it is possible to lower the price in relation to the market value of the property, which is the subject of negotiations between the parties),
- donation (for the public good),
- exchange,
- free perpetual usufruct (land of local government units for the benefit of the State Treasury and vice versa),
- permanent management,
- encumbering real estate with limited material rights,
- making real estate contributions in kind to companies,
- waiver (local government units to the State Treasury and vice versa),
- acquisition (for the construction of motorways – acquired by Highway Construction Agency for the State Treasury),
- expropriation (only real estate of local government units for the benefit of the State Treasury).

The real estate resources of a commune include real estate owned by the commune (except for perpetual usufruct rights) and real estate for which the commune is a perpetual usufruct user. A representative of the commune in the field of real estate management, i.e. the head of the commune, mayor or city president, is responsible for the management of these resources.

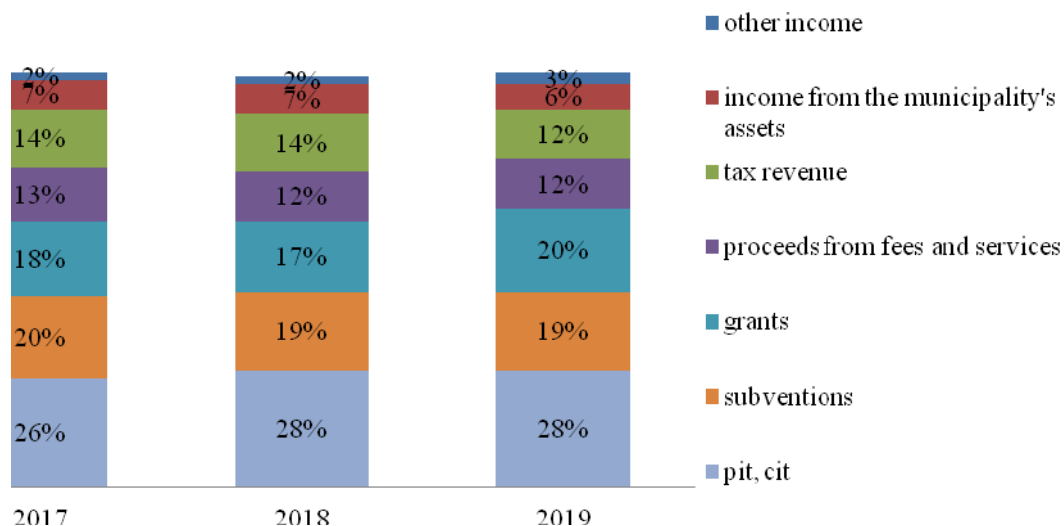
## 2. Research methodology

The commune, as a public entity, is obliged to carry out the tasks incumbent on it; therefore, the entity must have adequate sources of income to be able to carry out these tasks (Hanusz et al., 2006). To fully illustrate the essence of the share of income from real estate, other sources of income of the examined entity are presented. The time spectrum of the conducted analyses covers the years 2017-2019. For the empirical part of the study, data from CSO publications was used. Moreover, the study was supported by a case study analysis and the financial statements of the Szczecin City Commune. A study of measurement and evaluation of the phenomenon of changes in time was carried out based on an analysis of the income dynamics of the Szczecin City Commune, with particular emphasis on the sources of income, as well as division into budget classification sections. Moreover, in order to determine the changes taking place in the structure and level of the examined phenomenon over time, constant dynamics indicators were calculated.



**Figure 1.** Income of the Szczecin City Commune in the years 2017-2019 (PLN million). Adapted from: Reports on budget execution for 2017, 2018, 2019 published at <http://bip.um.szczecin.pl/> (access date 15.04.2020).

The data in Figure 1 presents the income of the analyzed local government unit divided into current and property income. In the analyzed period, the structure does not change, which means that current income is the key issue. The income of the analyzed entity shows an upward trend both in total income and in the division into current and property income. The income of the City of Szczecin in 2019 amounted to PLN 2,639 million, which is an increase of over PLN 400 million compared to the previous year.



**Figure 2.** Share of particular current income items in the Szczecin City Commune in 2017-2019. Adapted from: Reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 15.04.2020).

The structure of current income in 2017-2019 (Figure 2) in the analyzed entity did not change. Income from participation in personal income tax (PIT) and corporate income tax (CIT) was the most profitable group and accounted for approximately 28% of current income. Moreover, a systematic increase in the share of funds coming from EU subsidies can be observed. An important issue in budgeting is the division of income into own income and extraordinary income (Table 1). The former is granted by law for an indefinite period of time and comes from the municipality's own activities, while the latter is not of a permanent nature, such as funds from the European Union budget, funds from the sale of securities and funds from the sale of securities from the privatization of the assets of a local government unit, funds from loans and credits received (Public Finance Act of 27 August 2009).

**Table 1.**

*Income structure of the Szczecin City Commune in 2017-2019 (in PLN million)*

Source of income	2017	2018	2019
1. Own income	1,296.60	1,373.00	1,482.01
- tax	840.70	924.50	984.11
- non-tax	455.90	448.50	497.89
2. Subsidies	419.50	431.30	471.69
3. Subsidy	387.70	381.60	494.15
4. Others	53.00	102.90	191.00
Sum	2,156.80	2,288.80	2,638.85

Adapted from: Reports on budget implementation for 2017, 2018, 2019 published at <http://bip.um.szczecin.pl/> (accessed: 15/04/2020).

The structure of revenue may also be broken down by budget classification heading. Budgetary classification systematizes public funds and is applied to all public sector entities. The practical role of budget classification can be briefly described in such a way that, thanks to the divisional system, budget classification is a convenient instrument for describing public funds used for the purposes of planning and financial (accounting) records and financial

statements and facilitates statistical research on the public funds raised and their disposal for public purposes (Lachiewicz, 2016). The revenues of the city of Szczecin City Commune by budget classification headings in 2017-2019 are presented in Table 2.

**Table 2.**

*Income of the Szczecin City Commune by budget classification divisions in the years 2017-2019 (in PLN thousand)*

<b>Budget classification</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>dynamics 2018/2017</b>	<b>dynamics 2019/2018</b>	<b>share 2017</b>	<b>share 2018</b>	<b>share 2019</b>
agriculture and hunting	25.97	26.57	27.53	1.02	1.04	0.001 %	0.001%	0.001%
forestry	454.91	220.36	164.32	0.48	0.75	0,02%	0.01%	0.01%
electricity, gas and water generation	9, 026.64	10, 029.61	9, 193.80	1.11	0.92	0,42%	0.44%	0.35%
transport and communication	125, 237.65	154, 807.01	232, 825.77	1.24	1.50	5.81%	6.76%	8.82%
tourism	-	7.11	519.55	-	73.11	-	0.0003%	0.02%
housing economy	182, 674.62	184, 206.29	192, 703.93	1.01	1.05	8.47%	8.05%	7.30%
service activities	13, 077.46	13, 994.60	15, 439.92	1.07	1.10	0.61%	0.61%	0.59%
public administration	7, 874.46	7, 813.71	17, 827.44	0.99	2.28	0.37%	0.34%	0.68%
offices	86.14	2, 185.74	2, 264.50	25.37	1.04	0.004%	0.10%	0.09%
public safety	23, 676.26	25, 071.42	28, 583.65	1.06	1.14	1.10%	1.10%	1.08%
justice	967.68	961.42	1, 054.71	0.99	1.10	0.04%	0.04%	0.04%
income from legal persons, natural persons and other units without legal personality	903, 400.92	985, 511.17	1, 049 049,03	1.09	1.06	41.89%	43.06%	39.75%
public debt service	-	-	-	-	-	-	-	-
various settlements	425, 951.32	434, 879.63	475, 605.77	1.02	1.09	19.75%	19.00%	18.02%
education and upbringing	31, 151.82	26, 901.92	30, 238.52	0.86	1.12	1.44%	1.18%	1.15%
higher education	-	-	-	-	-	-	-	-
healthcare	6, 048.21	4, 486.96	4, 179.34	0.74	0.93	0.28%	0.20%	0.16%
social assistance	49, 411.76	48, 843.92	49, 379.46	0.99	1.01	2.29%	2.13%	1.87%
social policy	5, 706.80	10, 238.14	18, 977.14	1.79	1.85	0.26%	0.45%	0.72%
educational childcare	3, 251.59	2, 290.38	1, 954.16	0.70	0.85	0.15%	0.10%	0.07%
family	268, 893.81	276, 937.40	381, 583.49	1.03	1.38	12.47%	12.10%	14.46%
municipal economy	78, 720.32	86, 228.95	107, 302.33	1.10	1.24	3.65%	3.77%	4.07%
culture	940.28	1, 263.64	1, 539.08	1.34	1.22	0.04%	0.06%	0.06%
physical culture	20, 227.05	11, 912.33	18, 433.44	0.59	1.55	0.94%	0.52%	0.70%
SUM	2, 156, 805.67	2, 288, 818.26	2, 638, 846.86	1.06	1.15	100.00%	100.00%	100.00%

Adapted from: Reports on budget implementation for 2017, 2018, 2019 published at <http://bip.um.szczecin.pl/> (accessed: 15/04/2020).



In the years 2017-2019, the most significant share in the municipality's income according to the budget classification sections was income from legal persons, natural persons and other entities without legal personality and constituted on average as much as 41.6% of the total income. The value of funds from this department in the period under review was in the range of PLN 900,000-1,050,000. The growth rate of this income group was 1.09 and 1.06, respectively. The income from this section includes the following:

- fines and penalties,
- adjacent fee
- communication fee
- license fee,
- charge on possession of dogs,
- stamp duty,
- trade fair fee,
- parking fee,
- fee for entry in the register of crèches,
- fee for issuing a driving license,
- fee for issuing a license to sell alcohol,
- lane occupancy charge,
- income tax in the form of a tax card,
- tax on civil law transactions,
- property tax,
- inheritance and donation tax,
- agricultural and forestry tax,
- tax on means of transport,
- shares in personal and corporate income tax.

The heading of the budget classification with income having a declining tendency was health care, and the growth rate was at 0.74 and 0.93, and the share of this group in total income was only 0.21% on average.

### **3. Results and discussion**

The commune's income from real estate, which has been mentioned earlier, is income derived from:

- lease and rental of property components,
- occupation of land for technical infrastructure,
- perpetual usufruct fees,
- fees for transforming the right of perpetual usufruct into the right of ownership,

- fees for land easements and transmission,
- fees for permanent management,
- real estate tax,
- agricultural and forest tax,
- adjacent fee,
- sale of land, buildings, premises and apartments.

Table 3 presents the amount of individual incomes of the Szczecin City Commune from real estate.

**Table 3.**

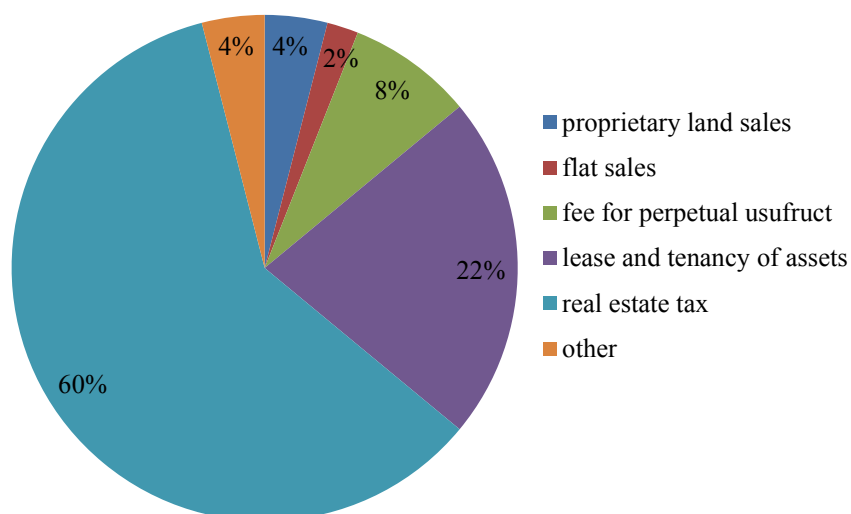
*Income from real estate in the Szczecin City Commune in 2017-2019 (in PLN thousand).*

<b>Income</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Lease and rental of assets	88,272,395	91,071,696	88,729,395
Income from taking land for technical infrastructure	639,666	738,760	1,068,227
Land for perpetual usufruct	329,165.00	383,698.00	2,418,787
Fee for perpetual usufruct	31,957.469	31,279.809	24,097.593
Transformation of the right of perpetual usufruct into ownership	2,382,257	1,741,914	9,273,734
Fee for ground and transmission easements	1,890,808	1,568,557	1,578,233
Fee for permanent management	2,346,665	2,335,997	2,461,594
Real estate tax	236,490,130	249,723,123	247,408,891
Agricultural tax	275,634	264,126	237,303
Forest tax	207,064	213,597	207,977
Adjacent fee	194,466	286,340	466,380
Sale of buildings and commercial premises	1,284,587	1,138,219	2,274,983
Ownership of land	15,898,165	14,196,732	22,706,317
Sale of developed real estate	602,401	0	0
Sale of apartments	8,802,833	10,756,991	9,911,693
Acquisition of real estate by inheritance	440,913	393,409	328,857
Other property income	6,369,512	5,421,117	5,547,258
<b>SUM</b>	<b>398,384,130</b>	<b>411,514,085</b>	<b>418,717,222</b>

Adapted from: Reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 15.04.2020).

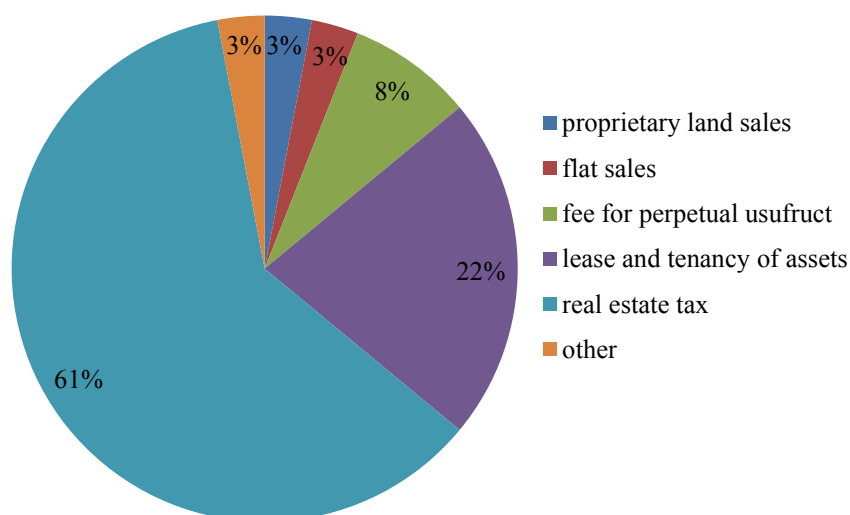
Total real estate income in the period under review showed an upward trend and amounted to PLN 398 million, PLN 411 million and PLN 419 million, respectively, which represented on average 17.44% of the total income of the analyzed entity. The item from which about 60% of the income from real estate comes is real estate tax. In the years 2017-2019, in the Szczecin City Commune the value of revenue from this item amounted on average to PLN 244,540,715. The second significant item was income from the lease of property components. The income here in 2017-2019 amounted to: PLN 88,272,395, PLN 91,071,696 and PLN 88,729,395, which was an average share of 21.5%.

Figures 3-5 present the structure of income from real estate in the Szczecin City Commune in 2017-2019.



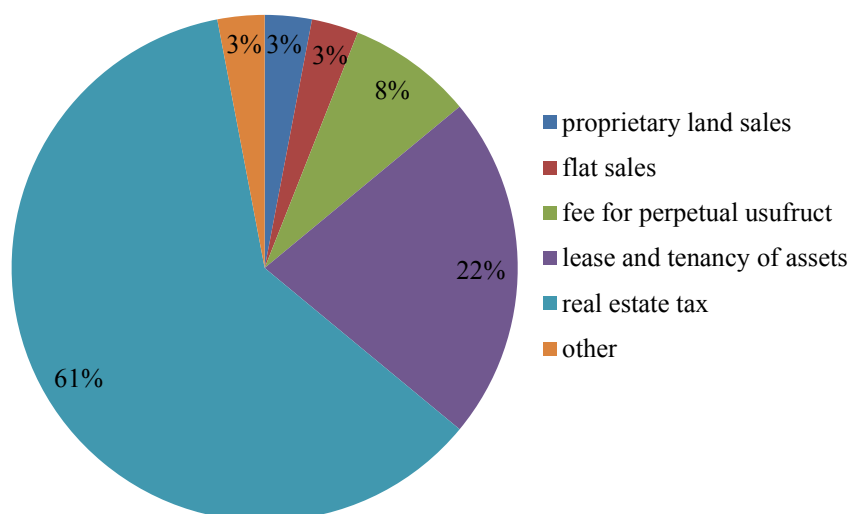
**Figure 3.** Structure of property income in the Szczecin City Commune in 2017. Adapted from: Own elaboration based on reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 11.05.2020).

The dominant income in the structure of income from real estate in the Szczecin City Commune in 2017 was that obtained from property tax. It constituted 60% of the income in this category. Significant income was also obtained from lease and tenancy of assets belonging to the audited entity, the share of which was 22%. Income from perpetual usufruct fees in 2017 accounted for 8% of total property income. The share of other income from real estate was not significant.



**Figure 4.** Structure of property income in the Szczecin City Commune in 2018. Source: Own elaboration based on reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 11.05.2020).

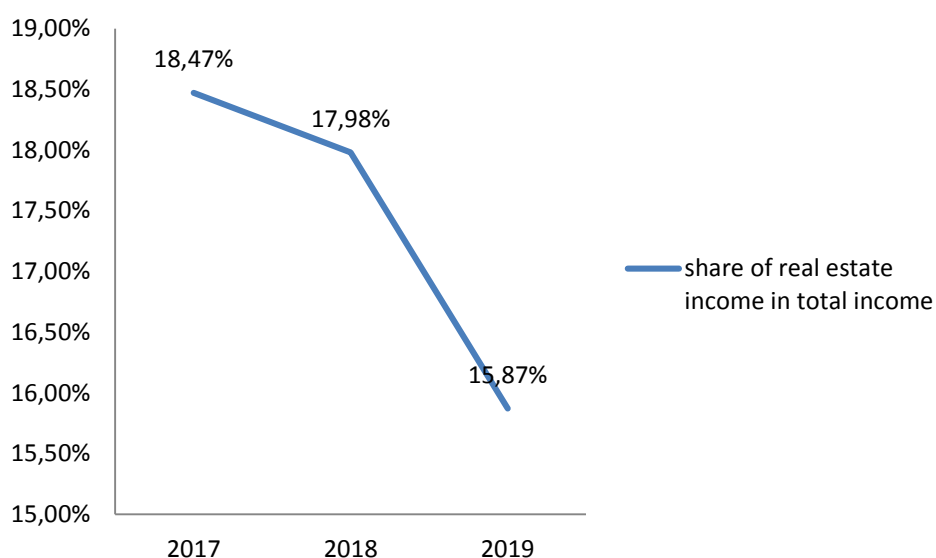
The income structure in 2018 compared to 2017 was very similar. The differences that can be observed include an increase in the share of income from property tax and income from the sale of flats by one percentage point.



**Figure 5.** Structure of property income in the Szczecin City Commune in 2019. Source: Own elaboration based on reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 11.05.2020).

Real estate tax is the local tax of municipalities. The following real estate or construction objects are subject to real estate tax: land, buildings or their parts and structures or their parts related to running a business (Oclesa, 2016). In 2019, the income from real estate tax dominated the structure of income from real estate in the Szczecin City Commune similarly to previous years. The second most profitable item was income from lease and tenancy of assets.

The structure in the analyzed period did not change much. Throughout the entire period, the dominant items were revenues from real estate tax and income from lease and tenancy of assets. Less profitable items are: perpetual usufruct fee, sale of apartments and land.



**Figure 6.** Share of real estate income in total income between 2017 and 2019. Source: Own elaboration based on reports on budget execution for 2017, 2018, 2019 published on <http://bip.um.szczecin.pl/> (accessed: 11.05.2020).

The sum of income from real estate in 2017-2019 in the Szczecin City Commune amounted to PLN 398 million, PLN 412 million and PLN 419 million, respectively. Despite the growing tendency of these values, the share in total income decreased. In 2017, the share of real estate income was 18.47%, in 2018 17.98%, while in 2019, this share was 15.87%.

#### **4. Conclusion**

Ownership of real estate is one of the attributes of the independence of communes, and the most important role in own income is the income from property, with the amount and structure of this income largely dependent on communal property resources. With the help of real estate resources, the commune can carry out the public tasks assigned to it; moreover, it is a significant source of its own income. Based on the research conducted on the income of the Szczecin City Commune it should be stated that:

1. In the years 2017-2019, the budgetary income of the commune had a growing tendency, and its value was, respectively: PLN 2,157 million, PLN 2,289 million and PLN 2,639 million.
2. The structure of the commune's income in the analyzed period shows a stable tendency and did not undergo major changes.
3. The dominant item in the category of current income was the share in the income tax from natural persons and legal persons (share at an average level of approximately 28%).
4. The share of income from real estate management in total income was on average 17.44% (value approximately PLN 410 million).
5. The most profitable item in real estate management, constituting approximately 60% of this income, was income from real estate tax (share in total income – approximately 10%).

The conducted research has shown that the real estate resource is an important source of income for the commune, and the most important is the real estate tax. The budget revenues from this source amounted on average to over PLN 240 million.

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