

THE MAŁOPOLSKA SCHOOL  
OF ECONOMICS IN TARNÓW

# RESEARCH PAPERS COLLECTION

ISSUE 2 (16)/2010

TARNÓW 2010

PROGRAMME COUNCIL

Prof. Leszek Kałkowski, PhD; Prof. Leszek Koziół, PhD; Prof. Zenon Muszyński, PhD  
(Chairman); Prof. Jan Siekierski, PhD; Prof. Anna Nowakowska, PhD; Maria Dąbrowa, PhD;  
Marek Dziura, PhD; Lidia Matuszewska, MA (Secretary)

Chief Editor  
Prof. Leszek Koziół, PhD

Reviewer  
Prof. Małgorzata Bednarczyk, PhD

Editor  
Anastazja Oleśkiewicz

© Copyright by  
Małopolska School of Economics in Tarnów  
Tarnów 2010

Printed in Poland

Published by  
Małopolska School of Economics in Tarnów  
33-100 Tarnów, Rynek 9  
phone/fax: 14 688 00 18  
e-mail: [redakcja@mwse.edu.pl](mailto:redakcja@mwse.edu.pl)  
<http://www.mwse.edu.pl>

First edition of 350 copies

Printed and bounded at the Drukarnia „Luxor”  
30-398 Kraków, ul. D. Jurandówny 22  
phone: 12 268 09 00  
e-mail: [luxor@ceti.pl](mailto:luxor@ceti.pl)

## Contents

Foreword .....	5
MARZENA BAC, Models of risk management in organisations .....	7
KAZIMIERZ BARWACZ, Effectiveness of mechanisms of the owner's supervision in capital companies of municipal sector .....	17
ANNA CZUBAŁA, Presentation of social responsibility in exporters' missions .....	29
MIECZYSLAW DOBIJA, Open source currency and balanced credit size .....	39
LESZEK KOZIOL, Entrepreneur's business models .....	57
MALGORZATA MIKŁOSZ, Information technologies in international project management .....	79
KAZIMIERZ MROZOWICZ, Predisposition as the basis of professional competence and organisational knowledge .....	87
KAZIMIERZ MROZOWICZ, DANIEL PUCIATO, Blue Cross Organisation as the subject of safety management in mountain tourism .....	99
RADOSŁAW PYREK, Quick Response Manufacturing description .....	109
MALGORZATA RAMOCKA, Culture as an economic growth factor .....	117
ADAM STABRYŁA, Assessment aspects and criteria of corporate management systems .....	125
JOLANTA STANIENDA, Cluster's potential .....	137
MALGORZATA TYRAŃSKA, Quality system at the hotel .....	149
ANNA WOJTOWICZ, Diagnosing methodology outline of the organisational culture .....	161
RENATA ŻABA-NIERODA, The importance of brand in the corporate identity business .....	183

## Spis treści

Słowo wstępne .....	5
MARZENA BAC, Modele zarządzania ryzykiem w organizacjach.....	7
KAZIMIERZ BARWACZ, Badanie efektywności mechanizmów nadzoru właścicielskiego w przedsiębiorstwach sektora komunalnego .....	17
ANNA CZUBAŁA, Prezentacja społecznej odpowiedzialności w misjach eksporterów .....	29
MIECZYSLAW DOBIJA, Zmienne kształtujące ograniczenie kredytu w gospodarce ..	39
LESZEK KOZIOL, Modele biznesu przedsiębiorcy .....	57
MALGORZATA MIKŁOSZ, Technologie informacyjne w zarządzaniu projektami międzynarodowymi.....	79
KAZIMIERZ MROZOWICZ, Predyspozycje zawodowe jako podstawa kompetencji i wiedzy organizacyjnej .....	87
KAZIMIERZ MROZOWICZ, DANIEL PUCIATO, Organizacja Niebieskiego Krzyża jako podmiot zarządzania bezpieczeństwem w turystyce górskiej .....	99
RADOSŁAW PYREK, Charakterystyka systemu wytwarzania – Quick Response Manufacturing .....	109
MALGORZATA RAMOCKA, Kultura jako czynnik wzrostu gospodarczego .....	117
ADAM STABRYŁA, Aspekty i kryteria oceny systemów zarządzania przedsiębiorstwem.....	125
JOLANTA STANIENDA, Potencjał klastra .....	137
MALGORZATA TYRAŃSKA, System jakości w hotelu.....	149
ANNA WOJTOWICZ, Zarys metodyki diagnozowania kultury organizacyjnej .....	161
RENATA ŻABA-NIERODA, Znaczenie marki w identyfikacji wizualnej.....	183

## Foreword

Another issue of the “The Małopolska School of Economics in Tarnów Research Papers Collection”, published on the occasion of the fifteenth anniversary of the university, includes mainly the results of research and implementations as well as theoretical and methodological studies compiled at universities and other entities.

Due to an increase in the pace of changes in the organisational environment and increasingly fierce competition as well as due to weaknesses of the traditional management, where the same paradigms from the past are still being accepted, the problem of choosing and shaping the management model—broadly speaking, the business model of modern enterprises—is growing. One of the most important methods of solving these problems is sustainability, i.e. creation of conditions for an enterprise to be able to continue to develop continuously and constantly, irrespective of the situation in the enterprise’s micro-environment. However, for an enterprise to retain a sustainable and strong position on the market it is essential to find harmony between economic, ecological and ethical responsibility. Furthermore, or perhaps above all, this social responsibility should be encompassed by the corporate strategy whose priority is to aim to achieve economy of stakeholders in order to, among other things, answer the question towards whom business is responsible. A broader interpretation of these aspects can be found in works by Anna Czubała, Mieczysław Dobija, Adam Stabryła, Małgorzata Ramocka, Anna Wojtowicz as well as Kazimierz Mrozowicz and Daniel Puciato. It is worth stressing and paying special attention to the original, general theory of ‘capital-work-money’, described by Mieczysław Dobija. As a self-contained work it is a new conceptual and methodological tool of defining values of the above-mentioned economic categories.

It is obvious that the basis for the functioning of an enterprise is its good relations with the environment, whereas a success or failure depends on accuracy of identifying the strategic goals—achieved with the help of modern and efficient methods. Therefore a few articles are devoted to the subject-matter of the strong brand, business model, the mechanism of owner’s supervision, cluster’s potential description. This excerpt of the “Research Papers” was prepared by the authors: Renata Żaba-Nieroda, Leszek Koziół, Kazimierz Barwacz and Jolanta Stanienda. It is a discussion forum about evaluation of changes as well as definition of efficiency of modern concepts and instruments of management.

The major part of the presented publication consists of works devoted to corporate management systems, with special attention paid to risk management, quality

management, project management, know-how management or production management. The authors of the works within this current stress aptly that it is important for one to find themselves in the right business, but it is equally important to manage the business properly. The following researchers within this group should be mentioned: Marzena Bac, Małgorzata Tyrańska, Małgorzata Mikłosz, Kazimierz Mrozowicz and Radosław Pyrek.

One can easily notice that the “Research Papers” present an original theoretical and methodological interpretation of selected management and economic problems, provide results of the article authors’ own empirical research, reflections over the fundamental problems which need to be solved urgently, but they determine at the same time survival and growth of Polish companies in the following years.

Due to these reasons, among others, the bulletin can prove an interesting and useful reading both for management theoreticians and researchers concerned with economic problems as well as students and practitioners both in Poland and abroad.

*Leszek Koziol*  
Chief Editor

MARZENA BAC\*

# Models of risk management in organisations

---

---

**Key words:** risk management, risk management in organisations, risk management models

---

---

**Summary:** The article concerns risk management in generally understood organisations. It contains a synthetic presentation of the risk management process and its most common methods. The summary outlines positive consequences of running the process of risk management by an organisation as well as problems connected with its practical implementation.

## 1. Introduction

All modern organisations operate in the conditions of risk. Risk arises out of both the environment and internal factors of a business entity. The environment generates threats directly connected with the financial and economic sphere of an organisation (interest rate, inflation, accessibility of loans, currency exchange rates, domestic and world economic situation, labour market, losses following catastrophes and natural disasters as well as other random incidents), strategic (clients and demand for a product/service plus competition, i.e. the generally understood situation in a given business area), organisational and operational position (organisational culture, management board, organisational changes, contracting parties), as well as legal situation (legislation and legal regulations governing the conditions of managing an organisation and its duties towards its employees or the state). Threats inside an organisation are, however, connected with conducting operations within the field of accountancy, cash flows, maintaining financial liquidity, the supply chain, IT systems, recruitment and employees, the entity's assets, products and services plus their technologies, research and development as well as intellectual capital (*Standard...*, 2003) and they arise out of decisions taken on specified levels within various time horizons.

---

\* Marzena Bac—PhD, Department of Real Estate and Insurance, Małopolska School of Economics in Tarnów.

The necessity to take decisions is of fundamental importance in organisation strategic management and endangering it (i.e. exposing = exploration). The above-mentioned elements of the external and internal structure often determine the entity's future position by affecting its economic results, quality of products and services, including its competitive position and market share.

The results of risk performance and in particular the necessity of bearing its costs (Williams, Smith, Young, 2002, p. 41) are the main reason for implementing operations defined as risk management by business entities.

This study lists methods serving risk management in generally understood organisations. The aim of the article is to present the *risk management process* synthetically in a traditional and modern (integrated) approach as well as to demonstrate the basic problems connected with this issue.

## 2. Risk management

Risk management supports more effective management of an organisation because it helps to understand and assess the threatening risk. Conducting this process in an organisation allows undertaking operations which increase the probability of success and decrease the possibility of failure. The fact what kinds of risks are subject to management depends on the preference of the entity being analysed and may concern strategic, financial and operational risks or random incidents.

Risk management is a range of activities which an entity needs to undertake in order to allow only the amount of risk acceptable for the business operations which it conducts (Michalski, 2004, p. 42). This is a process of bringing risk under control and includes a range of activities connected with risk analysis, elimination, reduction and management in a given case (Monkiewicz, 2000, p. 40), but also a system of methods and actions aimed to reduce the level of risk impact on operations of a business entity and to take the optimum decisions for this purpose.

The theory of risk management by George L. Head and Stephen Horn distinguishes the five stages of risk management (Karlikowska, 2001, p. 41):

- stage I: identifying and analysis of ensuing losses;
- stage II: defining alternative methods of risk management;
- stage III: selection of the optimum method of risk management;
- stage IV: application of the selected method;
- stage V: monitoring results.

According to EU legislation 'risk management' means planned application of the policy, procedures and managerial practices within the framework of assignments concerning risk analysis, valuation and supervision (J. L. no. 108/4. art. 3.6).

At present several practices of risk management are used simultaneously, such as the American model applied in organisations; it also has a five-point system composed of task definition, risk and uncertainty assessment, risk control, risk financing and programme administration (cf.: Williams, Smith, Young, 2002, p. 61).

The basic stages of this process which are repeated in a number of models are: risk definition,<sup>2</sup> its analysis and assessment,<sup>3</sup> risk manipulation and its observation plus control.

The essence of risk management comes down to continuity of this process, because the exclusively continuous and constantly improved risk management process can help an organisation to reach its planned aims.

The above-mentioned process should not only refer to an entity's business operations, but also constitute part of a wider process, namely management of a whole unit (which means that it should refer to decisions taken by an organisation, particularly those of strategic character).

As a consequence of risk management an organisation can:

- determine the catalogue of threats and opportunities (present and future) resulting from the analysis of peculiarity of the entity's business operations and information about the organisation's environment plus define their possible influence on performing the strategic objectives (in order to achieve it potential threats are identified and their seriousness—assessed<sup>4</sup> on the basis of the probability of threat appearance and generation, i.e. risk maps are construed);
- design activities and procedures making it possible to prepare an organisation to undertake the identified risks and appropriate emergency plans which should be taken into consideration in the organisation's strategy (the aim of these actions is to reduce and minimise consequences of dangerous risk execution by selecting an approach to the risk from among the strategies of avoiding, limiting, stopping, sharing and transferring it onto professional entities within this scope such as insurers or acceptance resulting in continuous control of risk and decisions being made).

One of the stages of risk management strategy preparation is also the appointment of people responsible for strategy preparation for individual risks of an organisation and defining their roles.<sup>5</sup> In this way a dispersed risk analysis is drawn up, made from the point of view of different risk areas and people called risk owners.

Nowadays companies can make use of computer systems of risk management which make it possible to reduce probable costs, assess the risk of new operations being undertaken, increase a company's competitiveness and secure themselves against stock exchange crises. These systems include e.g. Risk Manager by PBSG sp. z o.o. and also Smart Risk module in Smart software by the same company (*Analiza ryzyka*, 2010) or a software serving to manage risk by SAS Institute, used generally

---

<sup>2</sup> E.g. using the schemes of flow, brainstorm, SWOT or PESTLE analysis plus risk register.

<sup>3</sup> During risk analysis direct and indirect consequences of various occurrences are taken into account.

<sup>4</sup> Defined as the product of possible consequences and the probability of their occurrence.

<sup>5</sup> Appointing a risk management unit managed by a director or the Risk Management Team—RMT, including 12 people on average, in smaller organisations 6–8, in bigger ones 16 up to 25.

in the following business areas: banks, financial institutions, telecommunications,<sup>6</sup> power industry,<sup>7</sup> insurance associations<sup>8</sup> and also in the public sector and administration<sup>9</sup> (*Zarządzanie ryzykiem*, 2010). However, these solutions are still expensive due to the necessity of continuous monitoring and implementing increasingly new procedures arising out of changes in the organisation's environment and those inside it; therefore they are usually applied by big companies (private and state-owned).

Owing to the above-mentioned support of IT technology risk management allows organisations to achieve their fundamental objectives, including, among others: security and financial stability maintenance, protection of assets, operational activities, company's reputation and image, profit maximising, boosting an entity's susceptibility to ensuing random incidents and their consequences by faster 'handling' them as well as raising risk awareness among managers, management board and employees or improving organisational culture. Securing the possibility of achieving the above-mentioned aims translates eventually to reaching higher value and competitiveness by an organisation.

Efficient risk management is an elementary ingredient of efficient management of a modern business entity, because it actually increases the probability of reaching the planned targets and limits the influence of risk factors on the elements of business operations being run.

### 3. Risk management models

Enterprise Risk Management—ERM (business risk management, holistic risk management) covers all the risks which can occur in organisations. ERM ensures responding to identified risks and preventing their consequences which may prove very unfavourable from the point of view of current and future operations of a given entity. This kind of risk management is an element of corporate governance and, coupled with internal controlling and audit, guarantees that the organisation management's or board's attention is focused on the most serious risks and protection of the fundamental interests of the entity's shareholders.

The aim of risk management is to maximise the value of a covered entity. An efficiently working system of risk management, based on the 'risk awareness' culture, enables the management board to concentrate on building the strategy of company development, value and competitiveness. Risk management companies can, in a con-

---

<sup>6</sup>E.g. in the companies: Polska Telefonia Cyfrowa, Telekomunikacja Polska, Polkomtel, PTK Centertel.

<sup>7</sup>E.g. Alma Market, Indykpol SA, Koncern Energetyczny ENERGA SA, Polskie Linie Lotnicze LOT, Zakłady Azotowe Puławy SA.

<sup>8</sup>The solution is used by: PZU SA, PZU Życie, ING Nationale Nederlanden Polska, Allianz Polska, STU Ergo Hestia, TU Compensa, Link4 Towarzystwo Ubezpieczeń, UNIQA, AXA Ubezpieczenia.

<sup>9</sup>E.g. Polish Financial Supervision Authority, Civil Service of the Republic of Poland.

trolled way, undertake a higher risk than an average company from the same business area—i.e. achieve higher profits and be more competitive (Rudnicki, 2010). As it follows, ERM can be defined in the most general terms as a system of risk management on the whole company scale, which concerns the full range of risks (internal and external) and is a complex approach to risk management, supporting management and boards in maximising a company's value, generated by risk management experts.

ERM helps organisations to prepare not only for catastrophic occurrences such as a terrorist attack on World Trade Centre in New York on 11th September 2001, but, above all, for more predictable risks which companies and enterprises are faced with on a daily basis. On the one hand the system allows avoiding unfortunate investments, on the other hand it encourages to make investments which may seem excessively risky at first glance.

Observing ERM rules, every decision is assigned a given kind of risk. The only actual form of protection against the consequences of its execution is to cover it with the protection process. By linking every decision with the respective risk following taking the decision, an organisation is able to respond to complex conditionings, because, in fact, it never loses sight of the area of risks which it is supposed to manage. This appropriate balancing of risks becomes the only way to efficiently manage an enterprise in the complicated world of uncertainty and risk.

The above depiction of ERM includes the following premises (Berinato, 2005):

- an integrated view of risks;
- observing risks on the company scale as a whole;
- looking at the risk from the point of view of the financial result and risk director;
- treating risks as a continuous phenomenon which needs to be managed and controlled on a constant basis.

Individual stages of ERM are consistent with the risk management process, so, above all, they consist of (Berinato, 2005):

- defining the risk (the so-called brainstorming stage, during which the answer to the question of the type: 'what would happen if...' are being searched for; one of efficient and generally used research methods is surveying employees) and defining its importance for the organisation;
- risk assessment by attributing them with an appropriate level of threats by the categories: low, medium, high (e.g. in the coordinate system where the ordinates' axis is the probability of risk execution and the axis of abscissa is their potential impact on the basic objectives of an organisation—the map of risks is drawn up in this way);
- risk reduction (selection of minimising and reduction methods of the risks being diagnosed).

The most crucial differences between the traditional approach to the risk management process and ERM integrated process ERM are presented in Table 1.

Table 1

The main differences between the traditional and integrated approach to risk management in organisations

Traditional approach	Integrated approach
limited influence on strategy	influence/cooperation with an organisation's strategic business plans
risk perceived in organisational units, on operational levels (but not at managerial level)	commitment of the highest-ranking management
reluctance to risk taking; a passive approach to risk, static management	readiness to act, readiness for risk, an active approach to risk, pro-active management
a fragmentary view of risk, perceived only inside an organisation (from the perspective of different organisational levels)	an integrated, holistic view of risk, taking into account also its external aspects (from the perspective of an organisation as a whole, including its surroundings)
risk management as orientation to loss avoidance (preventive actions towards threats which can cause losses)	risk management as a process increasing an entity's value (activities oriented to seizing an opportunity, taking the chance of value growth)
random and accidental risk assessment and analysis (static process)	risk assessment as a continuous process (a dynamic process, reacting to changes and being improved)
non-distinction of risk in particular business processes	risk taken into account in business operations, presented for analysis and assessment
incoherent information system	coherent, consolidated information
lack of communication in an organisation within the scope of risk	open communication in the matter of risk management
lack of division of responsibilities and competences within the range of risk management and control	responsibility clearly connected with a given level of risk management (assigning individual risk types to the so-called risk owners being in charge of them)

Source: author's own study based on: *Creating value in a volatile economy*, 2009; Machowiak, Stancic, 2007, p. 14; Zastawa, 2007.

The following standards and norms apply to the field of risk management:

- Risk Management Standard—ISO 31000 (an international standard which presents the basic rules of implementing the risk management system and can be used in different periods of an organisation's life cycle within a wide scope of its business activities, in a number of economy branches and concern both decisions and operations in private and public enterprises, associations, independent entities or groups of organisations);
- BS 25999-2 Business Continuity Management—Part 2: Specification (the first standard in the world referring to operational continuity maintenance during a serious catastrophe or accident as well as any unwelcome event; it serves to minimise disturbances which occur in any area of an organisation);
- Risk Management Standard prepared on the basis of the British management model and trade organisations: The Institute of Risk Management—IRM, The

Association of Insurance and Risk Managers—AIRMIC and The National Forum for Risk Management in the Public Sector—ALARM, (*Standard...*, 2003) supported by the Federation of European Risk Management Associations—FERMA);

- standards concerning implementation of risk management systems in case of units of the public finance sectors, defined in the publication entitled: “Risk management in the public sector—a manual of risk management system implementation in the public administration in Poland” or the “Orange Book—risk management—rules and concepts”, modelled on the British pattern (*Bezpieczeństwo finansowe*, 2010) (they present a danger for operational efficiency of public administration and public services posed by financial crises, terrorism, viral epidemics, frauds and corruption);
- standards more regional, such as the Australian and New Zealand standard of conduct in risk management AS/NZS 4360, prepared by Joint Standards Australia/Standards New Zealand Committee OB-007, American COSO II (The Committee of Sponsoring Organizations of the Tradeway Commission)—ERM Framework: internal control model enriched with the rules of corporate risk management, Management of Risk (MoR) presented by the English organisation Office of Government Commerce in 2002 and modified in 2007, Canadian COCO or the South African King II (based on: *PBSG Library*, 2010; Zastawa, 2007; Okuniewski, 2007, p. 2).

## 4. Conclusion

Efficient risk management is a process and constitutes a component of a holistic process of managing an organisation. It covers all the departments, functions and processes of an enterprise and its success is determined by cooperation of all elements. An appropriate attitude of an organisation’s management within the area of risk and uncertainty allows its continuous development. What is significant here is the management’s attitude to risk and its perception, because they determine the changes made in enterprises and condition an increase or decrease in productivity. An approach to risk can be expressed with a positive stance towards risk (love for risk), neutral (neutrality towards risk) or negative (aversion towards risk). However, running business operations without taking risks can be far more dangerous for organisations, because development, achieving profits and maintaining a position on the market is then impossible. It is not worth aiming at maximum risk reduction and subordinating excessively all decisions of an organisation to it, because these efforts do not ensure success on the market at all.

A significant element in the management process are also employees who are expected to be committed and behave in a responsible way in situations of risk exposure. Their motivation, cooperation, understanding of the essence of risk and threats

plus their support for the management's actions aimed at reduction and control of dangerous situations determine the quality of work being performed and eventually—a company's success. An employee's attitude to work plays a very important role in strategic management.

It is worth stressing the fact that risk management is strictly connected with the value of a managed entity as a whole which is composed of several elements. Their good financial condition and development constitute an organisation's strategic aims. Owing to risk management these aims can be achieved, ensuring a business entity's value maintenance and its growth. As it follows, risk management is a very important part of organisation management, the priority aim of which is an increase in its value.

In practice, however, efficient implementation of processes of risk management in an organisation is a difficult task, mainly due to lack of skills and experience of managers or their insufficient knowledge, the necessity of changes in the way of thinking and those in the organisational culture (communication between employees and people in charge of risk management breaks down most often), a requirement for acceptance and active support for management by a company's board of directors as well as incurring costs connected with risk management. Research into risk level and risk management in different organisations, cited in a report published in the summer of 2009 by a panel of Grant Thornton consultants (an auditing company from the USA) shows that out of 700 organisations being analysed over 60% noticed that the level of risk has significantly risen over the past 5 years, but, despite that 44% of them did not implement the process of risk management nor planned to introduce this system. 53% of them explained that it resulted from risk monitoring in their enterprises, in a different way outside ERM, nearly 30% did not record the necessity to change their approach to risk management, approximately a quarter had more urgent needs which did not allow initiating ERM, whereas 18% did not notice the benefits which would have predominated the costs of system implementation (*Creating value...*, 2009). As it follows, the system of risk management poses a huge challenge for organisations and their management.

## Bibliography

- Analiza ryzyka*. 2010. [online, accessed: 2010-04-20]. Available from Internet: [http://oprogramowanie-smart.pl/index.php?option=com\\_content&task=view&id=31 &Itemid=10](http://oprogramowanie-smart.pl/index.php?option=com_content&task=view&id=31 &Itemid=10).
- Berinato S. 2005. "Zarządzanie ryzykami". CIO. *Magazyn Dyrektorów IT*, no. 2.
- Biblioteka PBSG*. 2010. [online, accessed: 2010-04-10]. Available from Internet: [http://www.pbsg.pl/index.php?option=com\\_glossary](http://www.pbsg.pl/index.php?option=com_glossary).
- Błaszczuk D. J. 2001. "Czy można skutecznie zarządzać ryzykiem?" *Wiadomości Ubezpieczeniowe*, no. 3/4.
- Creating value in a volatile economy*. 2009. [pdf, accessed: 2010-04-20]. "Corporate Governor Series: Enterprise risk management". Grant Thornton. Available from Internet <http://www.GrantThornton.com/advisory>.

- Folga J., Redliński T., Słobosz J. 2007. "Czego potrzeba, aby wprowadzić w firmie zarządzanie ryzykiem". In: *Zarządzanie ryzykiem. Raport specjalny*. Stowarzyszenie Polsrisk. AON. Broker. SiG Polska.
- Karlikowska B. 2001. "Zarządzanie ryzykiem środowiska". *Prawo. Ubezpieczenia. Reasekuracja*, no. 9 (57).
- Kendall R. 2000. *Zarządzanie ryzykiem dla menedżerów*. Warszawa: Wydawnictwo Lider. ISBN 83-88170-09-0.
- Krupa M. 2002. *Ryzyko i niepewność w zarządzaniu firmą*. Kraków: Kluczbork. ISBN 83-87493-86-4.
- Machowiak W., Staniec I. 2007. "Nie ma jednego sposobu zarządzania ryzykiem". In: *Zarządzanie ryzykiem. Raport specjalny*. Stowarzyszenie Polsrisk. AON. Broker. SiG Polska.
- Michalski T. (ed.). 2004. *Ubezpieczenia gospodarcze. Ryzyko i metodologia oceny*. Warszawa: Wydawnictwo C.H. Beck. ISBN 83-7387-402-X.
- Monkiewicz J. (ed.). 2000. *Podstawy ubezpieczeń*. Vol. 1: *Mechanizmy i funkcje*. Warszawa: Poltext. ISBN 83-86890-79-7.
- Okuniewski M. 2007. "Jaką metodą wybierzemy... metodę zarządzania ryzykiem?" *Risk Focus*. Ergo Hestia, no. 4.
- Rozporządzenie [2009] Komisji (WE) NR 352/2009 z dnia 24 kwietnia 2009 r. w sprawie przyjęcia wspólnej metody oceny bezpieczeństwa w zakresie wyceny i oceny ryzyka, o której mowa w art. 6 ust. 3 lit. a) dyrektywy 2004/49/WE Parlamentu Europejskiego i Rady. Dz. U. L 108/4.
- Rudnicki R. 2010. *Bezpieczeństwo finansowe*. [online, accessed: 2010-04-20]. Available from Internet: <http://www.rudnicki.com.pl>.
- Rudnicki R., Słobosz J. 2007. "Zintegrowane zarządzanie ryzykiem – luksus czy konieczność". In: *Zarządzanie ryzykiem. Raport specjalny*. Stowarzyszenie Polsrisk. AON. mBroker. SiG Polska.
- Standard zarządzania ryzykiem*. 2003. [pdf]. Federation of European Risk Management Associations [FERMA].
- Williams C. A. Jr., Smith M. L., Young P. C. 2002. *Zarządzanie ryzykiem a ubezpieczenia*. Transl. by P. Wdowiński. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-13791-6.
- Zarządzanie ryzykiem*. 2010. [online, accessed: 2010-04-20]. Available from Internet: <http://www.sas.com/offices/europe/poland/software/risk.html>.
- Zastawa M. 2007. [pdf, accessed: 2010-04-20]. *Zintegrowane zarządzanie ryzykiem – strategie zarządzania ryzykiem*. Szczyrk: V Konferencja nt. Systemów Zarządzania w Energetyce. Available from Internet: <http://www.iso.ellaz.pl/downloads/Vkonf/PBSG.pdf>.

## Modele zarządzania ryzykiem w organizacjach

**Streszczenie:** Artykuł dotyczy zarządzania ryzykiem w szeroko pojętych organizacjach. W syntetycznym ujęciu przedstawiono proces zarządzania ryzykiem oraz jego najpowszechniejsze metody. W podsumowaniu zarysowano pozytywne skutki prowadzenia przez organizacje procesu zarządzania ryzykiem oraz problemy związane z jego wdrożeniem w praktyce.

---

**Słowa kluczowe:** zarządzanie ryzykiem, zarządzanie ryzykiem w organizacjach, modele zarządzania ryzykiem

---



KAZIMIERZ BARWACZ\*

# Effectiveness of mechanisms of the owner's supervision in capital companies of municipal sector

---

**Key words:** corporate governance, municipal economy, effectiveness of supervisory mechanisms

---

**Summary:** The article presents the specificity of the corporate governance of municipal firms. It also presents the result of empirical research concerning effectiveness of the mechanisms of the owner's supervision of municipal firms. The final part of the article presents the directions of the improvement of the corporate governance of these firms.

## 1. Introduction

The essence of the present system of the corporate governance is the assurance of pro-development balance between the interests of all subjects involved in functioning of the corporation, including: investors, managers, workers, suppliers, customers. This balance should be assured by different legal and economic institutions and mechanisms, forming the formal and informal regulation system, which concerns all entities taking part in the economic life of the country. A history of present corporations is the continuous development of legal and economic institutions. These institutions help to restrict the scale of changeability in the relations resulting from the theory of agency.

An attempt to reconcile the groups of stakeholders in the firm demands the implementation of both economic and social tasks at the same time. Practically, this is very

---

\* Kazimierz Barwacz—PhD, Department of Management, Małopolska School of Economics in Tarnów.

difficult. A lot of objectives create also serious barriers to the efficient management, such as: the impossibility of creation of coherent and long-term strategic plans, the blurring of systems of effectivity's measurement, the difficulties in building systems of incentives (Barwacz, 2009).

## 2. Creation of the municipal economy

Competitiveness of the region and its potential of development are mainly determined by the quality of lives of the population living on the given area. Suitable communal infrastructure and high standard of communal services greatly influence the competitiveness of the region and its potential of development. Municipal service satisfy basic needs of the population: water supply, heat and electricity, and influence the attractiveness of cities as a place to settle. The priority of satisfactory maintenance of cleanness and order—through the suitable managing of waste, the state of roads and communication—leads to the efficient way of getting around within the community and the region. Consequently, services of the public utility become an element of the investment—the climate.

Reforms introduced a few years ago in Poland at the level of local government caused the takeover of different objectives and the implementation of various economic tools. The improvement of the effectiveness in the functioning of firms and the reduction of costs carried by local governments may seem to be the main target.

According to the Polish Constitution local government has taken over some of public tasks. This law allowed the authorities of local governments to become the entity which can administer their own finances and be the entrepreneur taking part in economic processes.

The municipal economy (Ustawa, 1997) is to perform publically useful functions, in order to satisfy collective needs of the community. It particularly considers publically useful tasks whose purpose is the current and uninterrupted fulfilment of collective needs of the population by serving universally accessible services. In compliance with municipal law, local government is responsible for the assurance of suitable supply of services, which does not mark the immediate necessity of its realisation. In order to execute the tasks local governments can create organisational units, including firms, and conclude contracts concerning deliveries of services with other subjects. The choice of the form of the organisation of communal services is an element of the local governments' policy.

The purpose of its activities is the satisfaction of collective needs of the local community, and not the pursuit of the profit. That is why business managed according to the communal subjects stays at odds with market rules of business. It effects in differences among public needs of the local community and requirements of the economic effectivity of subjects serving these services. Such situation leads to differences of aims of local governments as an organiser of municipal services and subjects serving

it. Local governments dealing with the realisation of municipal services appear in two different, contradictory parts:

- businessmen who should be well-informed in the maximisation of the profit;
- a representative of business of the local community which has to take into account priorities of their own electors.

The condition of implementing market solutions in the municipal economy is to overcome this contradiction. One can accomplish that by means of privatisation of firms and focus on the role of the regulator—an organiser of the market or a customer who buys services according to the public orders procedures. The implementation of market mechanisms by local government to the municipal economy comes from attempts to achieve the following aims:

- improvements of quality of municipal services;
- minimisation of budget expenses prior to the unchanged range and unchanged quality of services;
- eliminations of influence of political factors on economic decisions;
- rationalisation of consumption of some goods and municipal services by means of elimination or diminution of subsidies;
- engagements of private capital in municipal investments.

The success of these aims is not easy and demands conscious creating and support, by local governments, of competitive arrangements and market regulations for firms which function in monopoly.

### **3. Mechanisms of owner's supervision of municipal firms**

Supervisory mechanisms are the courses of action consequential from the influence of supervisory institutions on the firm. In consideration of the subject performing supervision we divide them into internal and external. Internal mechanisms are: contracts concluded by managers with owners, manners of exertion of the influence on the management by board of directors, ways of workers' participation or the influence of the structure of property. External mechanisms are connected with the influence exerted on the firm first of all by capital market, market of the inspection of firms, market of products, market of manager talents.

The topic of supervision of capital companies of communal sector in Poland will be examined in the context of owner's supervision, which is obligatory in our country (in capital companies with the majority of participation of local governments in particular), a system of corporate governance—because of practical tools used in it, and a supervision of closed ownership—because of its supervisory character (insiders). All this makes it closer to owner's supervision than to corporate supervision.

Based on the analysis of structures of organisational communal companies and the review of literature of the subject, a model of supervisory mechanisms had been constructed (Figure 1).

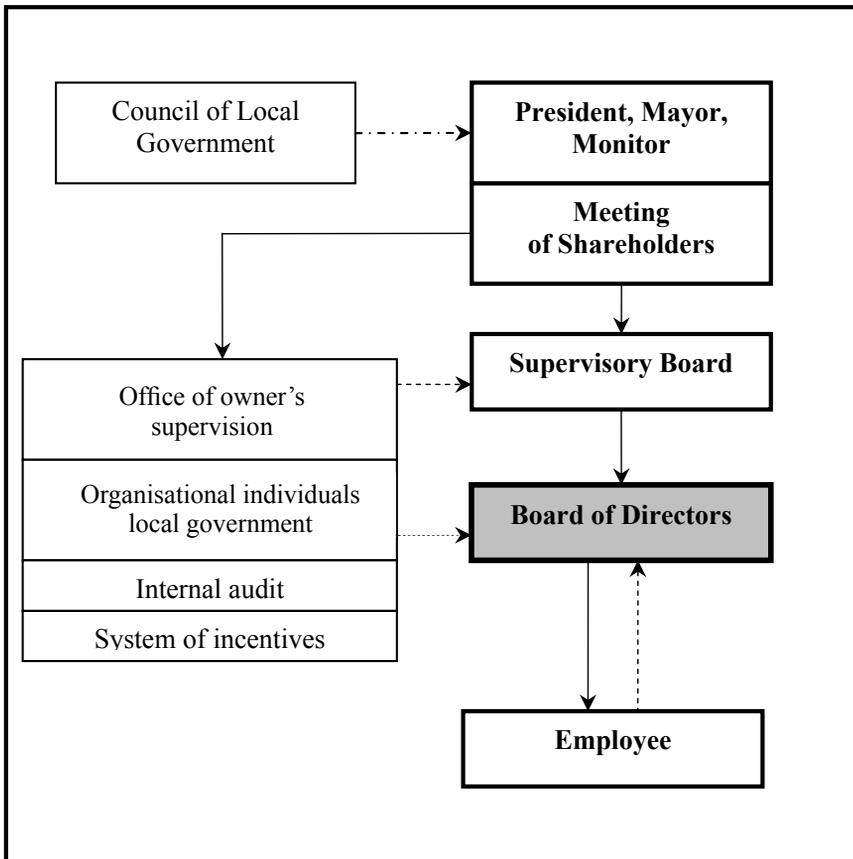


Figure 1. Model of supervisory mechanisms in the structure of an organisation and the management of a capital company of the business' communal sector with participation of local governments

Source: author's own study based on: Koziol, Barwacz, 2009, p. 388.

The acceptance of such model of mechanisms of supervision results in conviction that effectivity of the corporate supervision of capital companies of communal sector depends on the effectivities of its internal mechanisms. Besides that, a research of the efficiency of supervisory mechanisms has a wider dimension than it would result for example from economic indicators. It is difficult to determine the effectivity of internal supervisory mechanisms in a measurable way. The use of behavioural (the qualitative analysis) approach creates greater possibilities. It is based on the research of behaviours and on accepted diagnostic statements derived from the criteria of estimation formulated beforehand.

Such interpretation of the research problem was the consequence of realisation by local government of the accepted strategy of the management of municipal economy. Territorial government uses communalised property, and then in order to undertake decisions in the range of its structural-ownership transformations, relying mostly on commercialisation and privatisation, it shapes the definite model of organisational strategy of the management of the communal economy. The research was thus an attempt to elaborate the methodics of diagnosing the mechanisms of the corporate supervision in the sector of communal business and general estimation of the effectivity of this supervision.

#### **4. Research methods applied and the outcomes**

The effect of the research carried by the author was the construction of a tool, thanks to which it would be possible to make estimations of the effectivity of mechanisms of the owner's supervision in the commercial code of a company's in municipal sector. This tool, in the form of specially designed diagnostic sheet, helped to achieve the main objective of the dissertation—the identification of mechanisms of the owner's governance, adequate for this type of firms. It also helped to work out the methodology of diagnosing and estimation of the effectivity of the corporate governance in municipal firms.

Categorisation<sup>1</sup> is the base of the conduct of the research helping to diagnose the rules and supervisory tools, used in the system of corporate governance of firms in municipal sector. Generally, categorisation is the research procedure aimed at defining the category of quality of a given firm. It serves the qualifying role in the firm undergoing the research to define category of quality in terms of functioning and achieved results.

Using the analyses of literature and statements of experts, to estimate the degree of the effectivity of the owner's supervision of the municipal sector in examined firms, the following criteria of the estimation had been used:

1. Defining of objectives for the municipal firms;
2. Influence of groups of stakeholders on decisions made by the management;
3. A role of the board of directors and the manner of its work;
4. Competence of members of supervisory board;
5. Manners of paying salary to the managing board of the company;
6. A degree of influence of external supervisory institutions;
7. Barriers which make it difficult for the company to participate in capital markets;
8. The quality of audits and research of year's balances;

---

<sup>1</sup> The characterisation of 'categorisation' is introduced in: Stabryła, 2005.

### 9. Information policy used by the management.

Categorisation of researched companies led on to comparative analysis of rules and supervisory tools, used in the system of corporate supervision of firms of communal sector, to determine the effectivity of mechanisms of the owner's supervision in commercial code of the company in this municipal sector.<sup>2</sup> Figure 2 presents results of estimation of accepted criteria, made by the presidents of managements of researched companies, according to accepted criteria.

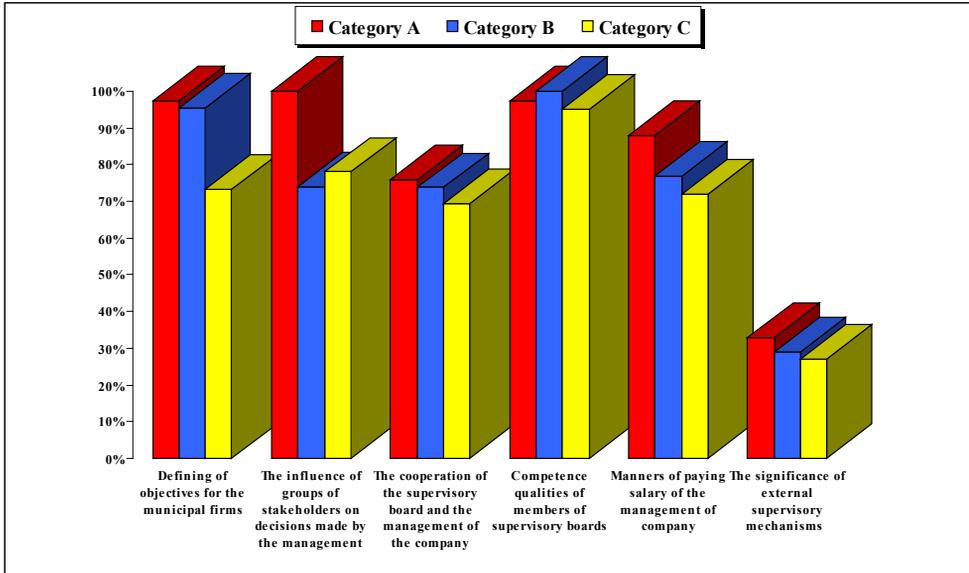


Figure 2. Results of estimation of accepted criteria made by the presidents of the board of researched companies according to accepted categorisation

Source: elaboration according to the outcome of the research.

Figure 3 presents the estimation of the same criteria made by chairmen of the boards of directors, also according to accepted criteria.

<sup>2</sup> Category A—good companies, Category B—average companies, and Category C—weak companies.

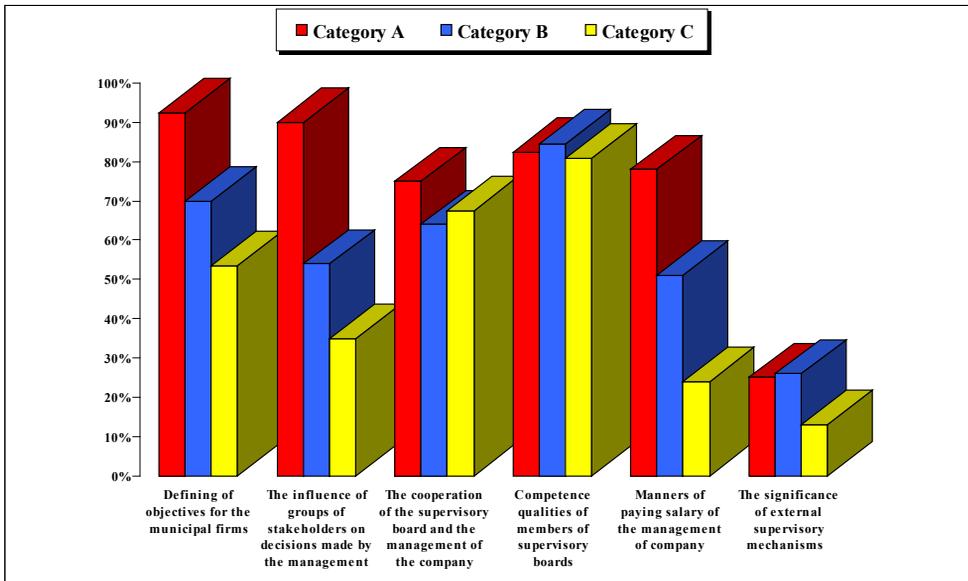


Figure 3. Results of estimation of accepted criteria made by chairmen of the boards of directors of researched companies according to accepted criteria

Source: elaboration according to the outcome of the research.

## 5. Conclusions of the research

Results of the research point to the necessity of reconstruction of the existing model of the owner's governance in municipal firms with bigger participation of territorial government. The research confirmed that only about 30% of the firms examined fulfill the accepted criteria, though the meaning of some mechanisms is treated marginally. The role of the supervisory board and the manner of its work was assessed rather weakly. Besides, answers given by chairmen of supervisory boards to the questions concerning the essential problems connected with the matter of municipal economy or corporate governance differed significantly from the accepted criteria.

The essential differences are:

- among representatives of supervisory boards, especially companies of Categories B and C, existed the problem with qualification of objectives for the municipal company;
- for representatives of supervisory boards, especially companies of Categories B and C, i.e. for about 70% of respondents, these not customers are the most important group of stakeholders in the municipal company, deciding about the character of the public utility, and local government or provincial government;

- the same group of respondents ignored manners of justification warranting: a longer time of work of managements, definite objectives or the management's capital involvement into the company.

Both groups of respondents completely ignored as well the possibility of the company's participation in capital markets, where among many barriers the basic one is the lack of interest on the part of territorial government, that is the owner of the firm.

In firms researched there was no use of effective owner's governance, which is very essential for leadership. Neither there was no use of internal mechanism of the governance, that is internal audit. The results confirmed this fact, which can be alarming, because lack of this mechanism and growing level of complexity of functioning of an organisation greatly limits the possibility of direct control of their activity. Also the situation of companies in the context of the system of controlling looks pessimistic.

That is why the reconstruction of the model of the owner's governance for municipal companies with the major participation of territorial government assumes introduction of internal audit as one of the essential mechanisms of the owner's governance.

On the basis of conclusions from the research, the model of the supervision comes from the monistic (one-level) model. It is based on the construction of the uniform supervisorial—administering authority, present in Anglo-American system and in a European company. Such construction of supervisorial-managerses authorities will allow to eliminate weakly rated in the research board of directors whose mechanisms showed low effectivity. Besides, a replacement of the model of dualistic (two-level) supervision with a monistic model will greatly increase elasticity of the management, it will extend economic freedom and can contribute to the decrease of costs of personal owner's supervision. By reconstructing the performance of the supervision of companies of the communal sector, on the basis of the change of this model to one-level, one refers to the idea of multidimensional interpretation of the system of management, including following aspects: objective, subjective, functional, structural and instrumental, emphasising the last two.

A structural aspect comes down to the qualification of the place and the part of supervisory mechanisms in the organisational structure of the firm and to its environment, and—what's more essential—to the qualification of their effectivity. Determinants of the structural aspect are among other things internal mechanisms of the owner's supervision of firms in municipal sector.

Functioning of municipal firms is connected with the multistage of relation of the agency, and this two-level model introduces the additional level of such relation in the form of the board of directors. Reconstruction of the supervision model of the companies in municipal sector, based on monistic model, will simplify the institution of supervision.

That is why, to practical application, one accepted the idea of the modification of the institution of the internal (the board of directors) supervision, both regarding the manner of the work, qualifications or rules of the recruitment. System of the supervision proposed in here became supplemented in additional internal mechanisms.

Considering the results of own research, as well as the research of predecessors, most effective internal mechanisms for the performance of the owner's supervision of companies in municipal sector are:

- internal audit and controlling;
- motivating mechanisms based on proeffective contracts;
- support of existing with innovative mechanisms Balanced Scorecard (BSC) and Accountability Scorecard (ASC).

Taking this into consideration, the schema of the model of the owner's supervision for municipal companies with the major participation of territorial government has been presented. Light grey colour below marks new elements described above, denoting the essence of proposed changes (Figure 4).

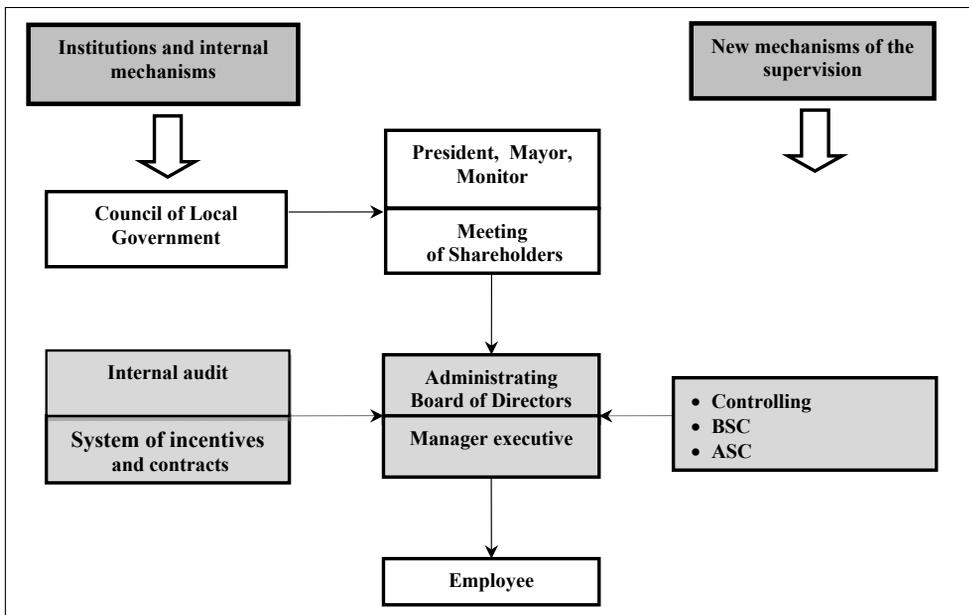


Figure 4. The model of the system of the supervisory boards structure constituting the reconstruction of monistic model of the owner's supervision for municipal companies with the participation of territorial government

Source: author's own study.

Solution presented above is a novelty in Polish legislation (Law about European Company) (Ustawa, 2005) and that is why indirect solution—having its justification

in Polish legal system, and more precisely in the Code of Commercial Companies—is being introduced.

The difference between presented models lies in keeping in indirect model of the two-level system with the support of such mechanisms of supervision as internal audit or motivational way of reward. This model assuming the cooperation of the management and the board of directors in the way of constructive cooperation, competence and knowledge—aims towards the reconstruction of the supervision via changing the way of work of the supervisory board by new mechanisms which are highly effective (see Figure 5).

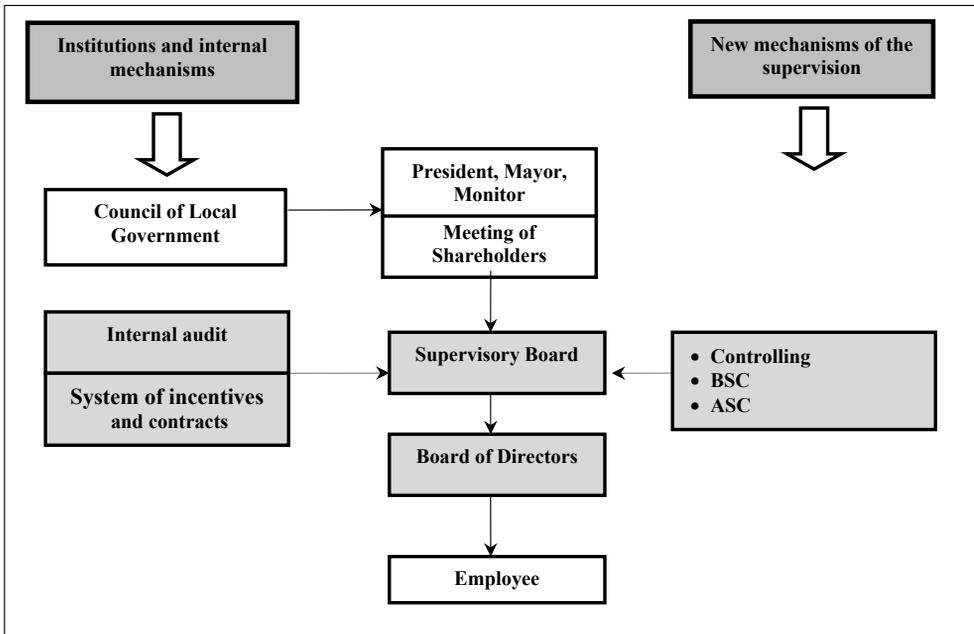


Figure 5. Model of the system of supervisory boards structure being the reconstruction of the dualistic model of the owner's governance for municipal companies with participation of territorial government

Source: author's own study.

Model of the owner's supervision in companies of municipal sector with major participation of territorial government, presented in the commercial code, is a new solution in this field, as in Polish literature it is difficult to come across any examples of a model of the owner's supervision for this sector, apart from the adaptations of solutions for the need of the municipal economy, existing in the market economy. Agencies of the municipal sector have their own specificity as well as special features, so taking this into consideration one needs to realise that solutions working in private sector demanded previous verification and modification.

Problems of functioning of the municipal sector in Poland, characterised above, create an image of the model as well as quality of the owner's supervision, performed by territorial government.

## 6. Conclusions

Proposed reconstruction of existing structure of the supervision, based on the monistic model, is a pioneer solution in the field of the owner's supervision of municipal firms. However, in consideration of the lack in the Code of Commercial Companies of legal regulations concerning of the monistic system, this model is a future solution, the final stage of development of the owner's supervision of municipal firms (Barwacz, 2010).

The model of the owner's supervision for companies of the municipal sector should reflect accepted „philosophy” in the range of manner of the supervising with regard of:

- the function of public utility;
- huge fortune these companies can use;
- multitude of agencies or the common agency;
- rationality of decision in short and long period of time.

Beneficiaries of increase in the effectiveness of the municipal firms are broadly understood shareholders, among other; customers-voters, workers-voters and territorial government. That is why the way of looking at this sector should consider on the one hand problems of the agency, but on the other hand the idea of shareholders, being the surface of functioning of this section. Research of predecessors, concentrating on the strategy of the development of territorial government, that the problem of the supervision over municipal firms has its own roots, reaches the accepted „philosophy” in the range of the model of the management in this sector. The acceptance and the realisation of the model of governance over municipal companies is the derivative of the strategy accepted by territorial government, meaning the level of knowledge and experience as well as the decision-makers' willingness to learn.

## Bibliography

- Barwacz K. 2009. *Efektywność mechanizmów nadzoru właścicielskiego spółek kapitałowych sektora komunalnego*. Doctoral thesis. The Economic University in Cracow. Unpublished.
- Barwacz K. 2010. “Problematyka skutecznego nadzoru właścicielskiego przedsiębiorstw sektora publicznego w świetle teorii praw własności”. In: *Nadzór korporacyjny w warunkach kryzysu gospodarczego*. Ed. Piotr Urbanek. Łódź: Wydawnictwo Uniwersytetu Łódzkiego. ISBN 978-83-7525-393-1.

- Koziół L., Barwacz K. 2009. "Efektywność mechanizmów nadzoru właścicielskiego przedsiębiorstw sektora publicznego – w świetle badań empirycznych". In: *Nadzór korporacyjny a przedsiębiorstwo*. Prace i Materiały Wydziału Zarządzania Uniwersytetu Gdańskiego. Sopot: Wydział Zarządzania Uniwersytetu Gdańskiego – Fundacja Rozwoju Uniwersytetu Gdańskiego. ISSN 1732-1565.
- Stabryła A. 2005. "Categorization as an Instrument in Managing Company Development Capacity". *Argumenta Oeconomica Cracoviensia*, no. 3.
- Ustawa [1997] z dnia 20 grudnia 1996 r. o gospodarce komunalnej. Dz. U. z 1997 r., nr 9, poz. 43, ze zm.
- Ustawa [2005] z dnia 4 marca 2005 r. o europejskim zgrupowaniu interesów gospodarczych i spółce europejskiej. Dz. U. z 2005 r., nr 62, poz. 551.

## Badanie efektywności mechanizmów nadzoru właścicielskiego w przedsiębiorstwach sektora komunalnego

**Streszczenie:** W artykule zaprezentowano specyfikę nadzoru korporacyjnego przedsiębiorstw komunalnych. Ponadto przedstawiono wyniki badań empirycznych dotyczących efektywności mechanizmów nadzoru właścicielskiego przedsiębiorstw komunalnych. W końcowej części artykułu omówiono kierunki doskonalenia nadzoru korporacyjnego tych przedsiębiorstw.

---

**Słowa kluczowe:** nadzór korporacyjny, gospodarka komunalna, efektywność mechanizmów nadzorczych

---

ANNA CZUBAŁA\*

## Presentation of social responsibility in exporters' missions

---

**Key words:** corporate social responsibility, enterprise's strategy

---

**Summary:** Social responsibility means that an enterprise voluntarily takes into account the ethical, social and ecological dimension in its economic operations and relations with all the interest groups. An important and pragmatic sign of social responsibility is recognising social commitment as a significant distinguisher of an enterprise's identity, an element of its mission, accepted values and principles. The article presents the results of a review and mission content evaluation of 100 biggest Polish exporters, uploaded to their www sites.

### 1. The nature and scope of corporate social responsibility

The evolution of the concept of CSR—Corporate Social Responsibility—leads from philanthropy to opposing companies' business objectives to social ones to the recognition of the social commitment as an integral and crucial part of an enterprise's overall strategy (Blowfield, Murray, 2008; Nakonieczna, 2008; Rybak, 2004). At present, several scientific dissertations, documents of the European Commission as well as those of international and national organisations which support the implementation of the CSR concept into practice, most often define social responsibility as enterprises' voluntary consideration of the social, ethical and ecological dimension in their economic operations and relations with all their partners. This perception of social responsibility means that enterprises recognise voluntarily their social commitments towards their different interest groups as a condition which limits the scope of their choices and obliges them to run business operations plus achieve profits while simultaneously shaping partnership and trust-based relations with all their

---

\* Prof. Anna Czubała, PhD—Department of Management, Małopolska School of Economics in Tarnów.

interest groups, manufacturing and supplying products and services in an environment-friendly way, fulfilling their duties conscientiously, applying transparent business practices et cetera.

The theory of interest groups lies behind the concept of social responsibility comprehended in the above-mentioned way. According to the theory, formulated by R. Edward Freeman, an enterprise is a constellation of interest groups cooperating and competing with it (Freeman, 1984), including:

- first degree interest groups (also known as risk carriers, sub-deciding), connected with the enterprise by formal agreements, contracts, arrangements which determine the company's development; their most crucial groups are made up of shareholders, lawyers, clients, suppliers;
- second degree interest groups (context-based) that are influenced or exert an influence on the enterprise's functioning but do not run any transactions with it, these are entities of the opinion-forming environment, local communities, media, social organisations et cetera.

Interest groups are entities interested in formal or actual aspects of an enterprise's activities. The interest of the interest group is the company's joint value, which means that every interest group deserves attention. Satisfaction and willingness to cooperate on the part of different interest groups are a significant corporate asset (Rybak, 2004, pp. 50–52). They depend on the level of satisfying their expectations. Expectations of an interest group towards enterprises vary, their priorities and intensity change with the course of time; for example, shareholders (owners) expect that the company's and share value will grow and that they will be thoroughly and fully informed about the company's achievements and growth prospects, shaping the company's positive image.

Employees' expectations concern equal employment and promotion chances regardless of their gender, age, nationality, religion, working time and health-and-safety-at-work regulations observance, creating conditions for development and improving qualifications, efficient information system and others.

Current customers, increasingly aware of their rights and well-informed, expect not only valuable good-quality and safe products from suppliers but also those which take into account international standards of quality, products and environment-friendly packaging, interactive communication, diligent, honest and ethical advertising.

Suppliers and business partners expect firms to conduct ethical business operations being based on mutual trust, satisfy their commitments, abiding by payment dates, partnership cooperation.

The society (local community) expects enterprises to be responsible for preventing further degradation of the natural environment bearing in mind future generations, compensating damages, co-financing social campaigns, investing in new, environment-friendly technologies, sponsoring social goods and services, cultural, sports and educational events et cetera.

Every interest group assesses the enterprise and creates demand for given activities through its expectations, thus setting the area of the company's wanted social

commitment. These expectations vary considerably. Therefore managers are faced with the new task of maintaining balance between several, contradictory at times expectations of different interest groups as well as choosing those social issues which, when applied, might prove mutually beneficial.

Identifying individual interest groups and forms of their connections with the company plus selecting those groups without which companies are not able to survive or develop is becoming the point of departure in the CSR management. Once the most important interest groups for an enterprise have been identified it is essential to recognise their expectations, their potential influence and areas for cooperation.

According to Michael E. Porter and Mark R. Kramer any company is not able to satisfy all social expectations. As it follows, every company should divide its social matters into three categories (Porter, Kramer, 2007):

1. Social matters which the company's business operations do not influence or which do not determine the company's long-term competitiveness as such;
2. Social matters which the company's business operations forming a chain of values strongly influence;
3. Social matters present in the company's environment which influence significantly the level of its competitiveness.

This division and identification of social expectations of an enterprise's interest group in these three groups should form a crucial assumption in order to identify the degree of their convergence with the company's targets and identify the kind (economic, legal, ethical, philanthropic) and range of responsibility of the company towards the selected interest groups (Rybak, 2004, p. 90). Activities undertaken with this execution in mind and resources designated for this purpose may cover greatly diversified programmes and undertakings from philanthropy and charity activities to reactive undertakings which compensate the caused damages and prevent adverse social consequences of enterprises' business operations, to enriching the product range and value chain with the solutions beneficial to the interest group and the company's competitive position, to integrating business and social objectives in the corporate development strategy.

## **2. Elements of social responsibility in the missions of experts**

The content of missions (visions) and values being formulated can be regarded an important and pragmatic sign of social commitment and corporate responsibility for the fulfilment level of the interest group's expectations.

The mission of an enterprise is not explicitly defined in the subject literature. Some authors consider the notion of mission and vision to be identical, others believe that preparing the mission specifies the vision and should include the latter's execution process, again others, on the contrary, claim that the mission is a term broader than vision, the mission sets the general direction of an enterprise, while

the vision is its projection in a further time perspective (Nakonieczna, 2008, p. 90). Trying to avoid definition arguments over the mission subject, it was assumed for the purposes of this report that a ‘mission’ is the ‘value (something relatively rare and valuable) which an organisation should create for its environment (a broader community in which it operates and to which it sells, possibly gives its products, expecting resources for survival and development in return), members and founders’ (Kozłowski, Jemielniak, 2008, p. 15). “The declaration of the corporate mission should reflect joint divisible moral values. The mission defines a special, exceptional sense and *raison d’être* of an organisation—now and in the future. The mission is of normative character, gives the reason for starting a company and the general sense of its existence and sets the direction of its development. It outlines the fields which the company is able to be concerned with and which it wants to be concerned with. As it follows, it is the subject of corporate aspirations, long-lasting aims which set the range of the enterprise’s social responsibility, in other words—it serves the society” (Rybak, 2004, p. 132).

The mission, through its content, sets the direction, integrates and makes all business operations of an enterprise credible. Every important function of the mission informs internal and external interest groups of the enterprise about its economic and social objectives as well as the standards of their achievement. The mission is also a very crucial instrument of shaping the enterprise’s image in social awareness, because it determines the attitude of the environment towards the concept of running business operations, applied by the company.

The influence power of the mission is a function of its credibility in reflecting joint corporate values for an enterprise and its interest group plus an ability to communicate it (Davis, 2007, p. 62). In the present business environment, the most important and the fastest means of market communication of an enterprise is the Internet. Therefore, the undertaken research, the aim of which was, among other things, the assessment of the exporters’ mission content from the point of view of the range of taking into account companies’ social responsibility and commitment in it, analysed the main www sites of 100 biggest Polish exporters from the ranking list of *Polityka* in 2008.<sup>1</sup> The research included exporters with the assumptions that, breaking into developed foreign markets, they need to satisfy expectations of business partners and international organisations, formulated in the standards of conduct and accepted rules of running business operations, trade codes, norms (e.g. AA1000, SA 8000, ISO 14000) etc. It arises out of the research that the rules of ethics and social responsibility in companies operating on a world scale are definitely more often accepted (Rok, Stolorz, Stanny, 2003). Having the CSR strategy and good results within this area determine the corporate image, improve opportunities for establishing business contacts, facilitate access to the market, boost credibility and competitiveness of an enterprise.

---

<sup>1</sup> The research was conducted by Krystyna Flis MA. Its results are presented in the study (Czubała, 2010).

As it results from the review of information uploaded to the websites of the analysed companies, more than 1/3 of exporters do not present their mission (vision) of the business operations being conducted. The websites of these companies contain information about the enterprise, devoid of the declaration of objectives, directions of development, values (Table 1). In 21 cases out of the presented descriptions of the companies one can notice certain references to the social objectives being fulfilled, mainly environmental protection, sponsoring of cultural, sports and scientific events.

Table 1

Mission on www sites of Polish exporters

Specification	Number of enterprises
Lack of mission formulation	37
Exclusively product-business oriented mission	6
Mission containing only references to customer care	10
Mission stressing the significance of different areas of social and ecological responsibility	47

Source: author's own study based on a review of Internet sites.

Among exporters presenting their missions one can distinguish three groups: the first is made up of companies with a clear product-business orientation, the second—companies which mainly care about satisfying their customers' needs, the third—companies which declare activities in favour of different interest groups (Table 2).

Table 2

Examples of exporters' missions

Business and product-oriented missions	
Nitrogen Plant Kędzierzyn SA	<p>“ZAK vision</p> <ul style="list-style-type: none"> <li>– We will be a company which is going to dynamically boost its value over a longer period of time through development in every area of its business operations.</li> <li>– We will achieve a higher value added index than other companies in our sector, irrelevant of the economic situation.</li> <li>– We will become a leader in our field and we will be the first-choice company for our customers.”</li> </ul>
Ciech SA	<p>“We create value in these chemical market segments where we possess competences and reach a strong and long-lasting competitive position.</p> <p>Aims</p> <p>Our aim is to create value for shareholders through building up the position of a leader of the chemical field in the region.”</p>

Client-oriented missions	
Black Red White SA	<p>“Fifteen years ago, when we were starting our business operations, we decided to make furniture matching the needs of the majority of Poles: that of good quality, but at affordable prices.</p> <p>According to this principle we have been active until now. As a leader on the market, we offer more than 800 furniture models in our product range.</p> <p>However, we bear in mind the most important aspects—our client, their needs and resources in their portfolio.”</p>
Polar SA-Whirlpool	<p>“The vision of our company is as follows: in every home, everywhere, with pride, passion and the best results. Our mission is following: everyone builds customers’ loyalty with passion. The vision and mission reflect what is most important for us, they set the direction of our present and future activities.”</p>
Stalprodukt SA	<p>“The company’s mission is to satisfy the needs and expectations of its all customers: buyers of products manufactured in the processing of steel into cold and recipients of services provided by Stalprodukt.”</p>
Missions stressing the importance of CSR	
Arctic Paper Kos-trzyn SA	<p>“We are a paper producer that supplies the product consistent with the clients’ requirements. Our clients’ needs are the most important to us and therefore they determine directions of our development.</p> <p>We aim to achieve a stable position among European producers of paper by partnership relations with our clients and suppliers.</p> <p>Efficiency of the management system, diligence of our operations and capacity ensure our competitiveness on the market.</p> <p>We motivate employees by creating good and safe working conditions plus guaranteeing development opportunities.</p> <p>Caring for the natural environment we always choose long-lasting solutions. We consider ourselves to be part of the local community and we accept responsibility for supporting it. Ethical standards determine our actions.”</p>
Kronopol sp. z o.o.	<p>“The basis for the philosophy of Swiss Krono Group is the belief that only environment-friendly and environment-safe products are truly useful for human being. Since caring about the environment is one of the most important elements of the corporate policy, production investments are also accompanied by environmental protection ones. Special attention is paid to appropriate care for natural resources at the very beginning of the production line, avoiding harmful emissions and care for air, land and water.”</p>
PKN Orlen SA	<p>“Aiming to achieve the position of a regional leader, we want to ensure long-lasting growth in the company’s value for our shareholders by offering our clients products and services of the highest quality.</p> <p>As a transparent company, we conduct all operations observing the corporate order and business’s social responsibility, taking care of our employees’ development and caring about the natural environment.”</p>
Avon Operations Polska sp. z o.o.	<p>“The mission of Avon defines the long-term objectives towards those that we serve: our clients, our consultants, our employees and women around the world.</p> <p>Our mission is to be:</p> <ul style="list-style-type: none"> <li>– a leader among cosmetic companies all over the world;</li> <li>– a company chosen by women;</li> <li>– the best direct seller;</li> <li>– the best work place;</li> <li>– the biggest foundation in favour of women;</li> <li>– the most valued company.”</li> </ul>

Arcelor-Mittal Warszawa sp. z o.o.	“The steel mill ArcelorMittal Warszawa conducts its business operations according to the Balanced Development Principles. It means that we undertake to manufacture products of the highest quality, in the best interest of our clients, but also with respect to all the entities and environments that our operations might influence: employees, local community, natural environment.”
------------------------------------	---

Source: www sites of the analysed companies.

The first group of companies is small, accounting for 6% of the whole of the analysed body. It includes companies whose essential operations, aspirations and plans are:

- a dynamic increase in the company's value by development in every active area, an improvement of the competitive position, reaching the leader's position on the market;
- creating value for shareholders;
- innovation and safety of products.

The second group contains 10% of the analysed companies that recognise their clients as the most important interest group. The companies, being market-oriented, declare in their missions:

- aiming to meet their clients' needs and satisfaction;
- building clients' loyalty;
- taking into account the variety of clients' expectations in the product portfolio;
- ensuring innovative solutions for clients which can help them to achieve market successes, professional service, partnership in cost and benefit breakdown.

The most numerous group of exporters (47%) defines the scope of social responsibility in their missions, informs about its attitude towards different interest groups, the natural environment, moral values. Exporters most often stress their care for the natural environment in their missions, conduct of business operations according to the principles of balanced development, undertaking activities in favour of development and partnership relations with clients and employees. In many missions there are also references to actions performed for local communities and regional development where the company operates.

### 3. Conclusions of the research

Summarising, one can state that the exporters covered by the research do not use fully the opportunity of building their reputation and image by formulating the mission, taking into account pro-social commitment and responsibility for simultaneous fulfilment of economic and social aims in favour of their various interest groups and its communication on the Internet.

As it follows, a review of www sites of 100 biggest Polish exporters allows stating that 37 companies do not upload the mission (vision) to their website, and missions of

only 47 companies explicitly accentuate their pro-social attitude, actions in favour of environmental protection and those aimed at establishing partnership relations with different interest groups, clients, employees, trade partners, local communities.

On this basis one should not consider, however, that only these companies conduct socially responsible business operations and respond to serious social problems. As it follows, the research, whose results are presented more broadly in another study, allowed identification of various social undertakings and programmes, being performed by experts, including also those companies which did not upload the mission to their www sites (Czubała, 2010).

## Bibliography

- Adamczyk J. 2009. *Spoleczna odpowiedzialność przedsiębiorstw*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 978-83-208-1804-8.
- Blofield M., Murray A. 2008. *Corporate responsibility: A critical introduction*. New York: Oxford University Press. ISBN 97880199209095.
- Czubała A. 2010. "Spoleczna odpowiedzialność w marketingu przedsiębiorstw. Teoria i praktyka eksporterów". In: *Strategie marketingowe eksporterów*. Ed. A. Czubała, R. Niestrój, J. W. Wiktor. Kraków: Fundacja Uniwersytetu Ekonomicznego w Krakowie (in publishing process).
- Davis A. 2007. *Public relations*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 978-83-208-1706-5.
- Freeman R. E. 1984. *Strategic Management. A Stakeholder Approach*. Boston: MA Pitman ISBN 0273019139.
- Koźmiński A. K., Jemielniak D. 2008. *Zarządzanie od podstaw*. Warszawa: Wydawnictwo Akademickie i Profesjonalne. ISBN 978-83-60501-58-0.
- Nakonieczna J. 2008. *Spoleczna odpowiedzialność przedsiębiorstw międzynarodowych*. Warszawa: Difin. ISBN 978-83-72519-30-6.
- Paliwoda-Matiolańska A. 2009. *Odpowiedzialność społeczna w procesie zarządzania przedsiębiorstwem*. Warszawa: Wydawnictwo C.H. Beck. ISBN 978-83-25507-35-0.
- Porter M. E., Kramer M. R. 2007. "Strategia a społeczeństwo: społeczna odpowiedzialność biznesu – pożyteczna moda czy nowy element strategii konkurencyjnej?" Transl. from Eng. *Harvard Business Review Polska*, no. 52 (June).
- Rok B. 2004. *Odpowiedzialność biznesu w nieodpowiedzialnym świecie*. Warszawa: Forum Odpowiedzialnego Biznesu. ISBN 83-919623-4-2.
- Rok B., Stolorz S., Stanny D. 2003. *Menedżerowie 500 i odpowiedzialny biznes. Wiedza – Postawy – Praktyka*. Warszawa: Forum Odpowiedzialnego Biznesu.
- Rybák M. 2004. *Etyka menedżera – społeczna odpowiedzialność przedsiębiorstwa*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-14314-2.

## Prezentacja społecznej odpowiedzialności w misjach eksporterów

**Streszczenie:** Społeczna odpowiedzialność polega na dobrowolnym uwzględnianiu przez przedsiębiorstwa wymiaru etycznego, społecznego i ekologicznego w ich ekonomicznych działaniach oraz w relacjach ze wszystkimi interesariuszami. Ważnym, pragmatycznym jej przeja-

wem jest uznanie społecznego zaangażowania za ważny wyróżnik tożsamości przedsiębiorstwa, element jego misji, uznawanych wartości i zasad. W artykule przedstawiono wyniki przeglądu i oceny treści misji 100 największych polskich eksporterów zamieszczonych na ich stronach www.

---

---

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstwa, strategia przedsiębiorstwa

---

---



MIECZYŚLAW DOBIJA\*

## Open source currency and balanced credit size

---

---

Key words: credit size, money creation, labour productivity

---

---

**S u m m a r y:** What is the adequate size of credit for a given economy? What variables are essential in order to solve this problem? A solution of this task points to variables: the volume of compensations, the real labour productivity ratio, and the percentage of pays changed into bank deposits. These three categories determine the maximum value of credit, and this size does not boost inflation. However, compensations should be in accord with the amount of employees—the human capital. Considerations and computations presented here are in tune with perceiving capital as an abstract category of the capacity of doing work, and money as work receivables as discussed in the earlier papers. Considering the triad: capital—labour—money is the key for finding the solution of the agenda. In addition, the accurate concept of capital leads to an innovative interpretation of the economic matters. In the paper the solution of the problem is introduced as a part of theoretical clarification of the open source currency economic system.

### 1. The open source currency agenda

According to the idea presented in the earlier papers (Dobija, 2007; 2008; 2009b) money arises as the accounting record of the accomplished work. It is the process of labour which creates money, and productive labour makes wealth. In the last years many papers have discussed the problem of *open source currency*. One recognised author is Douglas Rushkoff (2008, p. 244) who has written articles about open source currency. We read: “(...) Open source or, in more common parlance, ‘complementary’ currencies are collaboratively established units representing hours of labour that can be traded for goods or services in lieu of centralised currency. The advantage is that while the value of centralised currency is based on its scarcity, the bias of complementary or local currencies is towards their abun-

---

\* Prof. Mieczysław Dobija, PhD—Faculty of Management, Department of Accountancy, Cracow University of Economics.

dance. So instead of having to involve the Fed in every transaction—and using money that requires being paid back with interest—we can invent our own currencies and create value with our labour ...”

The most recognised author is Bernard Lietaer (2001) who wrote the significant book *The Future of money: Beyond greed and scarcity*. He promotes the idea of complementary currency as a source of benefits for communities. This author admits existence of a national currency together with a complementary one. It is a progress but not sufficient, since creating money is a process that acts against the fundamental laws of reality. The author sees the worsening of economic matters and so he states: “Specifically in Europe, the traditional ways to handle unemployment are increasingly failing. In areas with high unemployment, people have already demonstrated that living conditions can be significantly improved by creating their own complementary currencies instead of just relying on welfare. Surprisingly, it is in fact not the first time that such solutions have been successfully implemented in the Modern world. During the 1930’s many thousands of such initiatives were operational in the US, Canada, Western Europe and other areas affected by the Depression. Complementary currencies could become a key tool to buffer a region from the shocks caused by failures and crises in the official money system. Finally, this approach is a win/win for both locally owned businesses and society at large.”

Another author, Thomas Greco, writes books about future money titled: *Money: Understanding and creating alternatives to legal tender* (Greco, 2001) and *The end of money and the future of civilisation*. His books show ways of monetary liberation, empowering communities and building economies that are insulated from the financial crises. He shows how an individual and a community could liberate themselves from the centralised and politicised money power.

Then, Ellen Hodgson Brown (2007) is the author who reveals the shocking truth about contemporary money systems. She claims that in the USA “... the creation of money has been ‘privatised’ or taken over by a private money cartel. All money are created as loans advanced by private banking institutions. Banks create the principal but not the interest to service their loans. To find the interest, new loan must continually be taken out, expanding the money supply, inflating prices—and robbing you of the value of your money ... .”

The statement that a correct idea of money as work receivable and its theoretical clarification appear gradually in economic thoughts is not untrue. Nowadays the idea of money formed by work is being reborn. Truly speaking, the idea that money arises as a result of labour is as old as human civilisation. The earliest idea of money created by labour and measured in adequate labour units was applied millennia ago in the ancient cities-states. Vasilii Vasilevich Struve (1969) provides an explanation of the measurement and labour registration practices in the Sumerian economy. He argues that the analysed accounting documents show that workforce was measured in time units (on a daily basis) and productivity ratios. According to Struve (p. 152), fractions

smaller than one, e.g.  $5/6$ ,  $2/3$ ,  $1/2$ , were applied to the measurement of working time. This led to the establishment of a common calculation unit, and in this way the main function of money was created.

The idea of money related to work is earlier than clay tablets with records of work done. It was the central idea of token accounting discovered by Denise Schmandt-Besserat (1988). As his research (2007) shows the tokens having the shape of a tetrahedron (Figure 1) stood for money units in the earliest economic system of labour accounting.



Figure 1. Plain tokens, Mesopotamia, present day Iraq, ca 4000 BC. The cone, spheres and disk represented various grain measures; the tetrahedron stood for a unit of labour.

Courtesy Denise Schmandt-Besserat, The University of Texas at Austin

According to Karl Polanyi (1957, p. 21), the state authorities kept accounts of equities and liabilities of each individual. The work of every citizen was precisely recorded and one was entitled to take as many goods from the temple's storage as his or her amount recorded in an account allowed for. In this way, public authorities could guarantee that everyone in the state would spend no more than what he or she had earned. Tangible money represented by coins was not necessary thanks to the existing system of overwhelming accounting. The Sumerian economy enjoyed the situation of zero inflation because the whole supply of intellectually perceived money was equal to the sum of receivables for work of all citizens. The value of goods was based on the value of work needed to produce them. Metals, like gold or silver, served merely to facilitate calculations and exchanges.

Douglas Rushkoff (2008) comes back to the Middle Ages and writes: "... Throughout most of history, complementary currencies existed alongside centralised currency. While local currency was used for labour and local transactions, centralised currencies were used for long distance and foreign trade. Local currencies were based on a model of abundance—there was so much of it that people constantly invested it. That's why we saw so many cathedrals being built in the late middle ages, and unparalleled levels of investment in infrastructure and maintenance. Centralised currency, on the other hand, needed to retain value over long distances and periods of time, so it was based on precious and scarce resources, such as gold.

The problem started during the Renaissance: as kings attempted to centralise their power, most local currencies were outlawed. This new monopoly on currency reduced entire economies into scarcity engines, encouraging competition over collaboration, protectionism over sharing, and fixed commodities over renewable resources. Today, money is lent into existence by the Fed or another central bank—and paid back with interest ...”

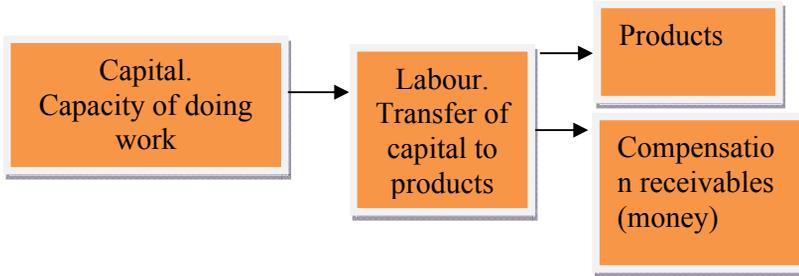
A contemporary follower of the Austrian School Roger W. Garrison (2001, p. 7) underlines the fact that money is a problem: “... Unavoidably, however, the medium of exchange is also the medium through which difficulties in any sector of the economy—or difficulties with money itself—get transmitted to all other sector. Further, the provision of money even in the most decentralised economies is—not to say must be—the business of a central authority. ... Money comes into play both as a source of difficulties and as vehicle for transmitting those difficulties throughout the economy ...”

Where, then, is the mistake? The core error that so badly influences macroeconomics and economy in general? The answer is introduced in a recent paper (Dobija, 2010). It is lack of respect to the fundamental law of reality. Economics is not sufficiently concerned with the fundamental laws but one of them is critical. Energy does not arise from nothing. Not everybody is able to create energy, but only the Creator. Monetarism, instead, admits that Central Banks should produce money and transfer it to economy. Capital being the ability of doing work can be transferred merely by labour. This is the process of labour where money can correctly flow to economy. The above-mentioned law is fundamental. Nobody can break it. Therefore Central Banks produce inflation and crises.

## 2. The framework of economy with correct concept of money

The key concept which was not sufficiently elaborated in economics is the process of labour. It is essential to recognise that the labour process creates two economic categories; *products* (where capital transferred by labour is concentrated) and *work receivables* as it is illustrated on Scheme 1. The last category is our money and it is exchanged for goods. The abstract and accounting nature of money as work receivables is the essence of the money—goods, economy and correct economic thought. Therefore it is the labour process, which creates our money and balanced economy, not the central bank activities. This institution and its main product: cash, is the reason for poor effects of the contemporary economies and societies. Unemployment, poverty, inflation, weak markets, crises are to some extent the results of the central bank activities and the existence of such an artefact as cash. Money in the correct approach is a part of the triad of capital, labour and money, where capital is an ability to do work, labour is transfer of the capital to product, and money is the equivalent of labour value recorded as work receivables. Understanding of this triad opens way for

a very advantageous economic reform. Decreasing unemployment, decreasing taxes, and decreasing of the budget deficits are the three main benefits. We can gain it since labour is self-financing by definition. The framework of the reform has been introduced in the papers by Mieczysław Dobija (2005; 2007; 2010).



Scheme 1. Triad: Capital—Labour—Money

Capital is perceived as an abstract category of the capacity to perform work, instead value is a concentration of capital in products and objects. The value is measured in numerous approaches: market value, cost value, present value, realisation value, etc. Labour is a transfer of capital to products. Scheme 1 shows an extremely important agenda, that the labour process creates two streams; the first is a stream of products, and the second stream is full of abstract work receivables, that is to say: money. It is a fact, regardless of how contradictory to theories and activities of the central banks.

Correct understanding of the triad capital—labour—money leads to the economic thought consistent with the fundamental laws of Nature. It can be depicted by a set of statements formulated by M. Dobija (2009b; 2010) which form a new approach to economics. This new, consistent, corresponding approach is portrayed as follows.

1. Capital means an abstract capability of doing work and this category is in the economic world as energy in physics.
2. Our reality is subdued to the fundamental laws as: energy conservation, law of capital diffusion, law of the least action, among others.
3. An average yearly growth of capital is limited by the physic-like economic constant of the potential growth  $p = 0.08$  [1/year]. This constant manifests Nature. It expresses the natural potential of growth, which can be changed into real one provided with wise labour and management.
4. The above mentioned constant manifests itself in many economic domains, as stock exchanges, average value of the ROA, human capital and fair wages computation, among others. It is differently called in research, as: the risk premium, the equity premium, the natural interest rate, the average yearly return. Let us remind that Physiocrats referred to the potential of Nature as a source of value.

5. Central Banks act against the first fundamental laws as if capital could arise from nothing. It is wrongdoing being responsible for economists and politicians. The present system can be conducted in a better or worse way but it is principally incorrect.
6. Money can only correctly arise as records of work done, that is to say the work receivable. Money is an abstract category.
7. Labour is always self-financing, since it is a transfer of the human capital and the capital embodied in the assets into the products.
8. Therefore labour accomplished in the public sector does not need tax funds and well organised economy is free from budget deficit. Fair pays are free from taxation as well.
9. The main function of the reformed Central Bank is an accomplishing transfer of pays for the public sector employees. This activity is a part of the correct process of ‘money creation’.
10. Cash does not exist anymore nor any material artefact called money.
11. The size of the total pays in the public sector is limited by labour productivity ratio  $Q = \text{real GDP}/\text{total cost of labour}$ . The  $Q$  is currently close to 3.5 for the USA.
12. The sum of salaries that can be paid out in a year  $t$  in the public sector is determined by the natural mathematical formula as follows: ( $Q_p \geq Q_{t-1}$ ;  $Q$  denotes labour productivity,  $W$  denotes compensations,  $GDPR$  denotes real GDP,  $p$  denotes budgeted year).

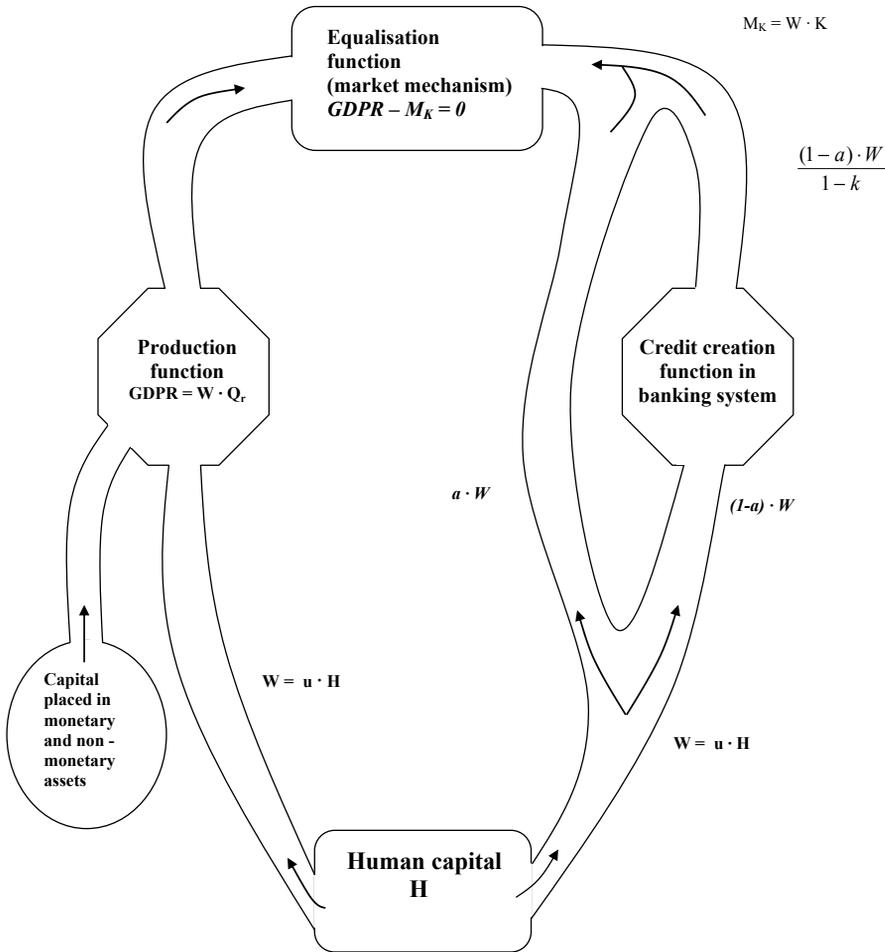
$$W_{public} = \frac{GDPR_p}{Q_p} - W_{private}$$

When the Central Bank transfers pays for work done by employees’ in the public sector then it is only the corroboration of accomplished labour, that is to say a human capital transfer. It is not creating money from anything. Commercial banks conduct their credit actions to the extent determined by amounts of deposits. The great benefits of the new approach is deficit less economy, since labour accomplished in the public sector is self-financing. The second advantage is releasing fair pays from tax, which will shape the right demand. In peaceful conditions the way to the tax less economy is open.

### 3. Flow Model of Money—Goods Economy

To solve the problem of the balanced size of credit we use flow models of the money—goods economy, as described in the paper by Martyna Śliwa and Mieczysław Dobija (2001). Having understood economy as a constant flow of capital localised in

natural, human, intellectual, institutional and physical resources, we attain the most essential description showing the dual nature of the money—goods economy. The essence of money-goods economy is the existence of two streams: the stream of products and the stream of money that is to say wage/salary receivables. The only source of these two streams is labour of human capital that is to say a transfer of human capital to products. Therefore the stream of products arises as a result of a composition of labour costs and of various assets, while the essence of the other stream is work receivables. The second stream is created by a sequence of accounting entries made in respect of compensation receivables and payables transferred into employees’ bank accounts. Compensation receivable is employee’s money.



Scheme 2.  
Market mechanism equalises the stream of products and the stream of money

Constant confrontation takes place in the market, between the products composed of different layouts, and the stream of money; and, as a consequence of this confrontation, the value of exchange is determined. This exchange leads to the equation of exchange of money for goods and vice versa. In the process of exchanging goods and money, the basic economic variables and their values are shaped. These variables characterise economy in general; particularly: the Gross Domestic Product, the labour productivity ratio, and the level of inflation. The measurement of these values is based on the performance principle; therefore, it is done in the market value. When we consider the stream of products and the stream of pay receivables, we can talk about the dynamic balance of the goods and the money, in which the above variables are revealed as a result of a given market configuration and the goods—money exchange. The exchange process is illustrated in Scheme 2, which in turn enables the formulation of the equation of exchange. The bottom of Scheme 2 shows that it is an employee (human capital) who sets into motion the labour process. This individual includes some amount of capital denoted by letter  $H$ , which can be precisely measured in economic terms and the product  $uH$ , determines pay ( $W$ ).

**The left side** of the scheme shows the process of producing goods and services. Labour costs ( $W$ ) composed of various sorts of assets make the final products (GDP) measured in historical costs before confronting money claims of payable holders. The relevance of the amount of labour used in a particular instance to the market accepted one is tested in the marketplace. The process of production is modelled by the relevant production function, which can also serve as a determinant of the wage productivity ratio  $Q$ .

**The right side** of the scheme shows not material streams but the stream of records arising as a results of pay receivables if considered from employees' point of view, or pay liabilities when considered from the employer's point of view. This is the responsibility of the state, not only of the banking system that exchange of money for products runs smoothly according to the expectations of money holders. The role of the banking system is creation of credit money in a way adequate to economy requirements. We shall see later that that process should depend chiefly on real wage productivity. It depends to some extent on parameter ( $a$ ) which says what percentage of wages is not included in bank deposits serving as the base for credit action. Therefore parameter ( $a$ ) points to the society attitudes (propensity for savings) and after all the degree of surplus.

**The upper box** shows the constantly accomplished exchanges: money for products and vice versa. This is the essence of monetary economy that the records of wage receivables are exchanged for goods. Despite the fact that these receivables change the owner and play the role of the most required assets for them, they still remain liabilities of the state system. This process can be roughly described by the equation of exchange. Obviously, the more money in respect of bulk of goods, the higher prices, and higher inflation rate. However, the fact that *pay should be in ac-*

*cord with value of labour* is the only correct conclusion stemming from the above considerations. The value of labour depends on the human capital of an employee and accessible assets. This constant confrontation leads to formulation of the Wage Equation of Exchange.

### The Wage Equation of Exchange

Scheme 2 leads to formulation of the equation of exchange which presents relations between the integrated stream of products and the integrated stream of money. Assuming that the market mechanism does equalise value of streams of money and products, the following equation can be written and called ‘the wage equation’:

$$GDP = GDPR \cdot (1 + i) = W \cdot Q = M_K = W \cdot K$$

where

$GDPR$  denotes real GDP,  $i$  denotes inflation,  $W$  denotes compensation stream,  $Q = GDP/W$ ,  $K$  is credit money factor.

Directly from the equation of exchange stems the following condition:

$$GDP/GDPR = 1 + i = Q/Q_r, \quad Q_r = Q/(1 + i)$$

where

$Q_r$  denotes real wage productivity.

According to the above formula, in the situation of zero inflation, the nominal labour productivity equals the real productivity. In other words, all processes are managed in such a way that a raise in wages always stems from the growth of labour productivity. In addition, creation of credit money is limited by the real productivity of labour. The concept of inflation understood as a relationship between the nominal and the real labour productivity describes the degree of chaos in a given economy, and this chaos will not be remedied by a contemporary monetary policy. Appropriate management systems assuring consistency of value of labour with compensation are necessary in all organisational units of the private and the public sector.

### The Monetarist Equation of Exchange

The well-known monetarist equation of exchange highly appreciated by Milton Friedman (Lüchinger, 2007, p. 144) is as follows:

$$GDP = GDPR \cdot (1 + i) = M \cdot V$$

Thus  $M$  is money amount and  $V$  is circulation of money velocity. Letter ( $i$ ) denotes the rate of inflation;  $GDP$  and  $GDPR$  denote the nominal and real general domestic product. The commonly known variable  $M$  is the principal amount of money (Dwendag et al., 1993; Galbraith, 1982), circulating with velocity  $V$ . It is, in our opinion, the main disturbance of disclosing the true nature of money and money—goods economy. Money does not circulate and the principal amount of money does not exist as an essential creative idea. Money arises as an accounting entry as we will prove later. Coins and coined money are the very source of such inadequate concepts. It leads to confusion because money is immaterial. Using the above equation as the tool of a monetary policy of decreasing inflation is the main cause of disturbing economy.

#### 4. Stream of products. Production function

Managers strive for the best combination and orchestration of production factors. Economists describe this task with the production function as an abstract way of discussing how a given company or economy obtains the output from its inputs. The production function relates the output of an enterprise to the amount of inputs, typically capital and labour. It describes, in mathematical terms, the technology available to the enterprise. It is important to keep in mind that the production function describes technology, not economic behaviour. A firm may maximise its profits given its production function but generally it takes the production function as a given element of that problem.

Philip Wicksteed (1894) first proposed the *production function* for an item ( $y$ ) in the general form:  $y = F(x_1, x_2, \dots, x_m)$ , which relates a single output  $y$  to a series of factors of production  $x_1, x_2, \dots, x_m$ . This idea of production function is developed here, not an econometric model. This approach, presented among others in the paper (Dobija, 2009a), involves variables measurable in accounting systems. From the point of view of the costing system product ( $P$ ), either less or more intellectual in character, produced by companies, is the product of costs ( $C$ ) and cost profitability ratio  $r$ .

$$P = C \cdot (1+r)$$

Taking into account the fact that costs  $C$  are the sum of the cost of labour  $W$  and other costs one can attain the formula introducing  $P = W \cdot Q$  where  $Q$  is a function of the six variables as described in the paper (Dobija, 2009a). The labour costs are determined by the product  $W = u \cdot H$ . This cost represents transfers of the human capital ( $H$ ) to product  $P$ . In addition  $u = p + v$ , where  $p$  is a constant of the potential growth ( $p = 8\%$ ) as discussed in the paper (Dobija, 2009b), and  $v$ —is the percent of a premium pay in relation to the human capital  $H$ . The constant  $p$  determines fair constant pays. Thus  $u$  is limited, since  $p$  is limited and  $v$  is also limited by the return on assets

ratio. Thus a product arises from labour leveraged by factor of wage productivity  $Q$  so that  $GDP = W \cdot Q$ . The  $Q$  can also be perceived by formula  $Q = e^{FT}$ , where  $F$ —reflects the level of management, and  $T$  reflects the technical equipment of the labour.

Taking into account the above formulas, and applying the natural approach based on the cost accounting, we arrive at a production function with seven specified arguments. As a result, the structure of arguments specifies all significant variables, and the basic analytical formula of the function does not require an estimation of parameters. The production function expressed analytically may be a tool of economic analysis using differential calculus; or it may provide numerous non-linear models describing behaviour of a selected variable. The cost value of production in historical prices of outlays may be expressed as follows:

$$\text{Cost of output} = (W + M - R) = (W + z \cdot A - s \cdot A)$$

where:  $W$  denotes costs of labour,  $A$ —assets as valued in the balance sheets,  $M$ —costs resulting from the use and depreciation of assets,  $R$ —natural loss of assets in production processes. Denoting  $M/A = z$  and  $R/A = s$ , we determine value of the product manufactured  $P$ , expressed in market prices, as follows:

$$P = (W + z \cdot A - s \cdot A) (1 + r) (1 + I)$$

where:  $P$  value of products in real market prices,  $z$ —index of annual assets' turnover in respect of none compensation costs,  $s$ —ratio of losses on the assets in the production processes,  $r$ —average increase of outlays historical prices to market prices,  $I$ —additional increase over average increase of market value as a result of intellectual capital presence in a company and an economy.

After rearranging, the value of production  $P$  is determined as follows:

$$P = W \cdot [1 + A/W \cdot (z - s)] (1 + r) (1 + I)$$

As the variable  $W$  is related to human capital, we apply  $W = u \cdot H$ , where:  $u$  is the rate of remuneration of human capital (pay off) and  $H$  is the total value of human capital of all employees; thus when we replace the equivalents we arrive at the formula:

$$P = W \cdot [1 + A/H \cdot (z - s)/u] (1 + r) (1 + I)$$

Components of sums follow one approximate zero, therefore when we apply the approximation of:  $1 + x \approx e^x$ , we may express the production function as the following formula:

$$P = W e^{r+I} [1 + A/H \cdot (z - s)/u] = W \cdot Q$$

where  $Q$  is labour productivity. Thus work productivity is a dimensionless variable (multiplier) and as a function of several variables, it can be written as follows:

$$Q = \frac{GDP}{W} = e^{r+I} \left[ 1 + \frac{A}{H} \cdot \frac{z-s}{u} \right]$$

$Q$  therefore depends upon the capacity to generate market value ( $r + I$ ), technical equipment for the work ( $A/H$ ), assets rotation ( $z$ ), cost of risk ratio ( $s$ ) and the degree of remuneration for labour ( $u$ ). Additionally the sales profitability  $r$  is the function of the ROA/ $w$ , where  $w$ —is index of annual assets' turnover towards the total costs.

Then variable  $Q$  is the labour productivity ratio understood as a multiplier of labour costs, which generates the production volume and  $Q$  represents value of production per one dollar of disposable compensations. There is, therefore, a functional relationship that expresses non-linear relations between the structure of variables and production as expressed in market prices. A rise of productivity ratio  $Q$  means an increase in the society's wealth. A decline of the  $Q$  means after all a growth in inflation. Nowadays that index is usually higher than one, and for example, in the USA it approximates 3.50. What is more, as commonly known, the real productivity ratio  $Q$  is a significant element of the exchange rate theory (Dobija, 2008).

The percentage of pay adequacy expresses the degree of basic pay fairness. According to the human capital theory as discussed in the earlier papers (Dobija, 2001; Cieślak, Dobija, 2007) and others, human capital of employee's is preserved if the present value of the future stream of pays is equal to the employee's capital. This rule holds when the basic pay is determined as 8% of the employee's capital. The research done shows that Western capitalist countries entirely apply this rule when establishing the legal minimum wages. The last one is a benchmark for basic pay for others. This is not a case in for example Eastern European countries. The Ukrainian basic pay is only 52% of that resulting from the human capital calculation. Consequently, the Polish and Ukrainian workers seek employment abroad, usually in the Western countries, where they enjoy fair pay, and these countries gain progress in their labour productivity.

Denominator of ratio  $Q$  is the sum of employees' disposable earnings. This means that the size of compensations has an essential impact on labour productivity. In order to make a fair comparison of countries labour productivity the level of remuneration should be examined. The shape of production function points out that an optimal pay level exists, because the compensation payoff ratio ( $u$ ) appears both in the nominator and denominator.

$$P = u \cdot H e^{r+I} [1 + A/H \cdot [(z-s)/u] ]$$

This means that ratio  $u$  is limited to a determined value. In fact, it is known that the bottom limit of payoff ratio  $u$  is 8% of the employee's human capital. The eight

percent determines the basic right pay but some premiums can increase it. A research carried out in Poland points out that a typical payoff ratio ( $u$ ) is approximately 10% on average in a prospering company. The eight percents determines the basic pay and 2%, which makes 25% in respect of the basic pay, indicates an average size of premium.

The stream model of the money—goods economy also involves products which do not partake directly in the goods-for-money market exchange, which are however generated as a result of work, and therefore, according to the production function. These are public goods such as the safety of citizens, i.e. work of the police and the soldiers, education of children and youths, and so on. The denominator of the  $Q = GDP/W$  is the sum of compensations paid both in the private sector and the public sector.

## 5. Credit money creation function

On the right side of the scheme there is a stream of money that flows into the market. Both streams (products and money) confront each other on the market (exchange of money for products). During the confrontation the size of an inflation or deflation variable is disclosed. The money stream can also be quantified as a function of wages ( $W$ ). Wages paid to employees split into two lesser streams. The first stream has measure  $a \cdot W$ , ( $0 < a < 1$ ), and tends directly on the market without the banking system. This means that the exchanges are done immediately. Parameter ( $a$ ) arrives at this part of wages that are exchanged for products directly, without becoming a bank deposit that is able for a credit action. The parameter can be interpreted as a welfare or poverty level and saving propensity. The second part of the original stream of wages  $(1 - a) \cdot W$  feeds firstly the banking system and allows a credit action. Then amplified in the banking system (credit money creation) it flies into the market linking earlier with the first sub-stream. A part of this stream (which is not disclosed on the scheme) is not used by the banking system as the basis for credit creation because of the mandatory reserve system and the requirements of current account conditions. We omit reserves in the present considerations so that the formula is as follows:

$$M_K = a \cdot W + \frac{(1-a) \cdot W}{1-k}$$

where  $k$  denotes a parameter of credit money creation in the banking system. The total stream of money is therefore equal to:

$$M_K = W \cdot K = W \frac{a \cdot (1-k) + (1-a)}{1-k}$$

The problem of determining the right value of credit money creation for parameter  $k$  (that minimises the level of inflation) can be solved by use of a fragment of the equation of exchange as follows:

$$GDPR \cdot (1 + i) = W \cdot K$$

Solving variable ( $i$ ) we obtain the formula:

$$i = \frac{K}{Q_r} - 1$$

where  $Q_r = GDPR/W$  is the real wage productivity.

Assuming the condition  $i = 0 \Rightarrow K = Q_r$  we can find the value of the parameter  $k$  that minimises the inflation level. Using the equation:

$$a + \frac{(1-a)}{1-k} = Q_r$$

we obtain the equation:

$$1-k = \frac{(1-a)}{Q_r - a}$$

Thus the wage multiplier (Scheme 2) is equal to:

$$\frac{1-a}{1-k} = \frac{(Q_r - a)(1-a)}{(1-a)} = (Q_r - a)$$

The ultimate opinion is that the stream going through the banking system can be increased to a level  $W \cdot (Q_r - a)$  or in the rearranged form  $GDP(1 - a/Q_r)$ . The size of the credit depends on the wage level ( $W$ ), welfare level ( $a$ ) and productivity level as well. To compute the credit size  $C$  for a year the following formula is a convenient tool:

$$C = GDP \left(1 - \frac{a+b}{Q_r}\right)$$

where  $b$  denotes the percentage of the mandatory reserves.

To keep control over the money supply should only mean adequate compensation systems as well as a precise feasibility study in respect of investment projects that involve debt financing in particular. Wages should be derived on a basis of the human capital value as discussed by Dobija (2001), and Cieślak, Dobija (2007). To pay less than 8% the economic constant applied to the human capital of an em-

ployee is a sin against an individual but overpaying is a sin against the society (inflation and depreciation of wage receivables) is a clear conclusion of the consideration.

### 5.1. Illustrative computation. Case of Poland

The research presented in the paper (Dobija, 2009b) include a table of the  $Q$  computed for a group of states. In case of Poland the ratio  $Q$  for year 2008 is 1.836. An estimation of the parameter ( $a$ ) requires a separate research so here only a rough estimation is presented. The level of mandatory reserves, which eliminate deposits from the basis of the credit, can increase value of the parameter ( $a$ ) as well. Estimating the size of this parameter as  $a = 0.8$  (more than half of population in Poland cannot afford savings) one can estimate the size of the credit, which does not cause exposure to inflation.

Computations are as follows:  $Q_{2008} = 1.836$ , therefore  $W_{2008} = GDP/R/Q = (1\ 253\ 560\ \text{mln PLN}) / 1.836 = 682\ 767\ \text{mln PLN}$ . Thus the upper limit of the credit for 2008;  $W \cdot (Q - a) = 682\ 767\ \text{mln PLN} \cdot (1.836 - 0.8) = 707\ 347\ \text{mln PLN}$ . A report of Polish Statistic Office have issued information (date 2009-01-21) about the level of credit in Poland. The amount of credit on this date was 611 billion. Apparently, the reserves and solvency requirements did not allow a credit.

The data for 2009 show that in Poland an average ratio of credits to deposits is more than 112%, so  $k \geq 0,11$ . Therefore one can estimate an adequate level of credit taking into regard the labour productivity level. Assuming for 2010: real  $Q = 1.9$ , one can write the equation  $Q - a = 1.12$ , so  $a = 0,78$ , that is to say 22% of compensations become deposits. Estimating the real  $GDP$  for 2010 with amount of PLN 1300 bn we get a rough amount of compensations  $1300/1.9 = \text{PLN } 684,2\ \text{bn}$ . Thus credits in 2010 in Poland could achieve the level of  $684,2 (1.9 - 0.78) = \text{PLN } 766\ \text{bn}$ . In the years 2008 and 2009 credits reached respectively the levels 611 and PLN 645 bn (GUS, 2009). Citizens buy also the government bonds.

## 6. Conclusion

The problem of money creation is not properly conceived in the present monetary approach since money arises in the processes of productive work. This statement should be credited with our attention as one of the fundamentals of the money—goods economy. The research shows a significant role of the ratio  $Q$  in control of the money—goods economy. The upper limit of the credit for a given economy depends mostly on the labour productivity ratio  $Q$  and the size of the parameter ( $a$ ); a measure of citizens welfare. It depends on savings by assets, which represent the savings. The productive use of assets increases the ratio  $Q$ , and therefore the size of credit arises.

## Bibliography

- Cieślak I., Dobija M. 2007. "Teoretyczne podstawy rachunkowości kapitału ludzkiego". *Zeszyty Naukowe*, no. 735. Kraków: Akademia Ekonomiczna.
- Dobija M. 2001. "Human resource costing and accounting as a determinant of minimum wage theory". *Zeszyty Naukowe*, no. 553. Kraków: Akademia Ekonomiczna.
- Dobija M. 2005. "Financing labour in the public sector without tax funds". *Argumenta Oeconomica Cracoviensia*, no. 4.
- Dobija M. 2007. "Abstract nature of capital and money". In: *New developments in banking and finance*. Ed. L. M. Cornwall. Chapter 4, pp. 89–114. New York: Nova Science Publishers. ISBN 1-60021-576-9.
- Dobija M. 2008. "Labour productivity ratio and international comparison of economic performance—formalization of the PPP theory and preliminary examination". *EMERGO*, no. 1.
- Dobija M. 2009a. "Produktywność pracy a rozmiar sektora publicznego". *Master of Business Administration*, no. 1 (96), January–February.
- Dobija M. 2009b. "Fundamentalne przyczyny kryzysów finansowych". *Zeszyty Naukowe Małopolskiej Wyższej Szkoły Ekonomicznej w Tarnowie*, no. 2 (13), vol. 1.
- Dobija M. 2010. "Economics in harmony with the fundamental principles". In: *Enterprise in the face of challenges of the 21<sup>st</sup> Century economy*. Ed. R. Borowiecki. Toruń: Towarzystwo Naukowe Organizacji i Kierownictwa. ISBN 978-83-7285-509-1.
- Duwendag D. et al. 1995. *Teoria pieniądza i polityka pieniężna*. Transl. by R. Kokoszcyński. Warszawa: Poltex. ISBN 83-85366-80-6.
- Galbraith J. K. 1982. *Pieniądz pochodzenie i losy*. Transl. by S. Rączkowski. Warszawa: Państwowe Wydawnictwo Ekonomiczne.
- Garrison R. W. 2001. *Time and money: The macroeconomics of capital structure*. London: Routledge. ISBN 0415079829.
- Greco T. Jr. 2001. *Money: Understanding, and creating alternatives to legal tender*. Chelsea Green Publishing Company. ISBN 1890132373.
- Główny Urząd Statystyczny. 2009. *Wyniki finansowe banków w 2008 r.* Informacje bieżące. Wyniki wstępne. Warszawa.
- Hodgson Brown E. 2007. *The web of debt: The shocking truth about our money system and how we can break free*. Third Millenium Press. ISBN 978-0-9795608-1-1.
- Lietaer B. 2001. *The future of money: Beyond greed and scarcity*. London: Random House. ISBN 0712683992.
- Lüchinger R. 2007. *12 ikon ekonomii; od Smitha do Stiglitz*. Transl. by J. Miron. Warszawa: Wydawnictwo Studio EMKA. ISBN 978-83-60652-18-3.
- Polanyi K., Arensberg K., Pearson H. 1957. *Trade and market in the early empires*. New York: The Free Press.
- Rushkoff D., 2008. "Waluta open source". In: *Niebezpieczne idee we współczesnej nauce*. Ed. J. Brockman. Sopot: Smak Słowa. ISBN 978-83-925897-3-0.
- Schmandt-Besserat D. 1988. *Accounting in prehistory*. 5th World Congress of Accounting Historians. Sydney.
- Schmandt-Besserat D. 2007. *Jak powstało pismo*. Warszawa: Wydawnictwo AGADE. ISBN 978-83-87111-38-0.
- Struve V. V., 1969. "Some new data on the organisation of labour and on social structure in Sumer during the reign of the III rd Dynasty of Ur". In: *Ancient Mesopotamia*. Moskwa: Nauka.
- Śliwa M., Dobija M. 2001. "Money as an intellectual venture". In: *Intellectual product and intellectual capital*. Ed. S. Kwiatkowski, Ch. Stowe Warszawa: Wydawnictwo Akademii im. Leona Koźmińskiego. ISBN 83-86846-65-8.
- Wicksteed Ph. H. 1984. *An essay on the contribution of the laws of distribution*. 1932 edition. Reprint no. 12. London: London School of Economics. (1999 electronic edition.)

## Zmienne kształtujące ograniczenie kredytu w gospodarce

**Streszczenie:** Jaki jest właściwy dla danej gospodarki rozmiar kredytu udzielanego przez banki komercyjne i jakie zmienne wywierają nań istotny wpływ? Analiza teoretyczna wskazuje, że najbardziej istotne wielkości to rozmiar płac w gospodarce, następnie poziom produktywności pracy. Dodatkowo znacząca jest zmienna określająca, jaka część bieżących zarobków pracowników staje się depozytami bankowymi umożliwiającymi akcję kredytową, czyli wielkość wskazująca na stan zamożności. Rozważania prowadzą ponadto do wniosku, że pieniądze powstają w rezultacie pracy. Współczesne poglądy o roli banku centralnego w kreacji pieniądza wymagają zasadniczej rewizji. W sterowaniu gospodarką towarowo-pieniężną podstawową rolę pełni wskaźnik  $Q$  wyznaczający poziom produktywności pracy.

---

**Słowa kluczowe:** rozmiar kredytu, kreacja pieniądza, produktywność pracy

---



LESZEK KOZIOŁ\*

## Entrepreneur's business models

---

---

**Key words:** components of business model, ownership structure, owner classification, business model, owner's supervision, enterprise management, supervision system in an enterprise

---

---

**S u m m a r y:** The article presents a discussion around the essence and meaning of the entrepreneur's business model and its components. Further, the article provides and characterises seven classification systems that cover all the features of corporate owners: legal status, economic goal, contribution to the realisation of a business idea, investment horizon, participatory rate, attitude to risk and the most important—their role in creating business model. The article characterises the dualistic and monistic system of management and supervision in an enterprise. It stresses their grave importance for the owner's supervision, as well as for operations of the enterprise. Through a comparative analysis of both systems the conditions of applying them are indicated, as are the assumptions to use one of them.

### 1. Introductory comments

The scale of transformations taking place in the organisational environment, particularly the scale of growing consequences of the changes which arise out of extended cause-and-effect chains, makes us gradually lose an ability to recognise the consequences of our own actions. The problem is growing, influenced by the time compression of social occurrences and economic processes, so e.g. a shorter functionality cycle of innovations, technologies, intensifying the globalisation process of economy, an increase in the significance of networks of values, ecosystems as well as a greater share of the state in the economy, which makes increasingly more companies fall behind changes. On the other hand, a lot has been said recently about the weakness of management, particularly strategic planning. Small efficiency of this

---

\* Prof. Leszek Kozioł, PhD—Department of Management, Małopolska School of Economics in Tarnów.

method and marginal usefulness of the forecasts being prepared and scenarios are, in scientists' opinion, caused by future unpredictability, while the success is to a large degree down to coincidence.<sup>1</sup>

This extreme standpoint of some authors stresses the essence of the planning problem in organisations, in other words, planning is considered to be the 'weakest' function of the management.

How do financial capital owners (shareholders), who have the most to lose, cope with this situation? This category is extremely varied, irrespective of the approach. Therefore, there are different goals and behaviour patterns of individual owners. From the point of view of strategic thinking and planning, most of them tend to take an active stance, following the maxim that the less they have to say in the supervision and management process, the more they pay when the company falls into trouble or bankruptcy. In this situation it is difficult to imagine long-term orientation of a company without an entrepreneurial mental attitude, a vision of its development directions and continuous reconstruction of one's own business model.

The subsequent part of the article presents a discussion about the business model notion, including selected, major components of this model, a description of the ownership structure and the owners' classification as well as their preferred investing models, enterprise supervision and management models.

## 2. Business model—*notion content and scope*

In the view of the authors concerned with this concept it is necessary to distinguish between the business and strategic model as independent entities directing and operating the structure and activities of an enterprise. Simultaneously, it is highlighted that the business model, as a broader notion towards the strategy, contains if

---

<sup>1</sup>In numerous and already extensive literature within the area of strategic management, for several years the accepted paradigms of this management have been as follows (Koziol, 2010, p. 264):

- Searching for and assessment of research approaches as well as verification of methods and techniques adequate to cope with the unpredictability of changes in the corporate environment;
- Another group of problems is made up of strategic choices, i.e. strategic decisions causing an occurrence of long-term effects with frequently irreversible results or adverse consequences;
- Another paradigm is the problem of choosing the strategy taking into account its profitability on the one hand and the risk brought by it on the other hand;
- The issue which has been broadly discussed in speaking and writing recently is strategic creation of the environment, instead of applying quite popular adjustment strategies. Contemporary examples of creating the market of modern products are the strategies of the blue and red ocean;
- A huge interest and doubts of researchers at the same time are also caused by the postulate of increasing strategic flexibility, in particular flexibility of structures, resources and processes—analysed within the context of efficiency and effectiveness of an organisation.

not all, then most of the strategic elements, reflects mainly the static character of an occurrence, because it describes schemes—procedural models (framework, relation system et cetera) in a more distinct way. The strategy, on the other hand, i.e. is the method of performance, describes the dynamic character of an occurrence, pointing to flexibility of an enterprise's behaviour patterns in changeable conditions in which it operates (Gołębiowski, Dudzik, Lewandowska, Witek-Hajduk, 2008, p. 57; Hedman, Kalling, 2005). Furthermore, it is also stressed that the business model specifies a number of hitherto vague contents attributed to the term strategy. It provides the strategy with a specific and often practical meaning, pointing to the necessity of making choices clearly defined. Its aim is to create conditions for an enterprise to be able to develop, ones that are defined and analysed within the context of its competitiveness, innovation and profitability (Muszyński, 2006).

According to Tomasz Gołębiowski and his colleagues from the Warsaw School of Economics the business model is a new conceptual tool, containing a set of elements and relations between them which present the logics behind operations of a given enterprise, in a given field (business). It covers the entry of value offered by an enterprise to a group or groups of clients, including specification of the basic resources, processes (operations) as well as external relations of this enterprise, serving to create value and ensuring competitiveness of the enterprise in a given area plus allowing an increase in its value.

In Bogdan Nogalski's opinion, however, the business model can be treated as an advanced form of the organisational model of corporate management and presented as a new management tool, with conceptual character which specifies the strategy, particularly in the structural, static dimension of the latter. It can be described as a representation of the desired directions of an enterprise's development (including its strategy) and conditionings in which it operates (cf. Nogalski, 2009, p. 39). In other words, though also in a descriptive way, the business model is described by foreign authors. According to Adrian J. Slywotzky (1996): it approaches both coherently and holistically the way in which a company both selects clients and defines, diversifies its product range, specifies and achieves its goals, making use of the third party's services (outsourcing), the way in which it configures its resources, breaks into the market, creates value for its customers and achieves profits. American authors emphasise the decision-making aspects of the business model, defining it as: a concise description presentation as variables which appear within the area of the strategy, architecture and economics of an enterprise which are taken into account in the decisions being made, oriented on achieving balanced growth and competitive benefits on a given market (Morris, Schindehutte, Allen, 2005).

It arises out of the above-mentioned definitions and other interpretations of the business model that it covers both management levels within its range: strategic and operational, it reflects the static and functional character of an organisation, emphasises, which should be stressed, the economic pragmatics, a significant dimension of

the corporate management system.<sup>2</sup> The essence of the model can be defined modifying Jeffrey Pfeffer's observation which leads to the statement that it is important to be in a given business but it is equally important to manage the business efficiently.<sup>3</sup> In short, the business model defines how an enterprise makes money and how it is going to make it in the future, using the key components of a given business for this purpose. As a matter of fact, the business model identifies the key business components and provides their unique combination in the process of value creation, stressing both what should and should not be done.

### 3. Business model elements

Among numerous classifications of the business model one should pay attention to the one, in which four types of the model are distinguished—internally cohesive and overlapping—namely such as (Johnson, Christensen, Kagermann, 2008, p. 53):

- Customer Value Proposition—CVP;
- profit formula;
- key resources;
- key processes.

The fundamental element and, simultaneously, the first step of the business model construction is to find the way of creating customer value, i.e. to run business operations aimed at meeting customers' needs in a given place and time. What matters is that the prepared offer (CVP) should be better than that of other competitors, i.e. the level of customer satisfaction should be higher than it has been so far, moreover—or perhaps above all, it should be cheaper. The proposition should include not only that what is or will be on offer but also how (in what way) the products and services will be sold.

The most frequently encountered problems (barriers) of offer implementation are: too small purchasing power (wealth) of potential customers, problems of entering the market, inefficient qualifications of the staff or finally the time of breaking into the market and problems of competing with time.

*The profit formula* defines the way in which a company creates value for itself while creating value for customers. The formula is specified by:

- a) the income model which shows the projected inflows on selling the manufactured products (price x sales volume);

---

<sup>2</sup> In Porter's opinion the strategy means making things which are not produced by the competition or making similar things in a different way. He clearly distinguished between the strategy and the operational activities and juxtaposed strategic efficiency with operational efficiency. The business model, however, contains elements of both these strategies and operational productivity (Morris, Schindehutte, Allen, 2005).

<sup>3</sup> According to J. Pfeffer, "appropriate business management is more important than finding oneself in business as such."

- b) cost structure presents the volume and structure of direct, indirect, unit costs, the economy of scale. The cost structure should include above all the costs of using the key resources in the business model;
- c) profitability model points to the production volume as well as the volume and structure of costs allowing profit achievement, i.e. profit mass, profit rate;
- d) capital turnover tempo and financial liquidity.

*The key resources* are the adequately organised assets used in the production process, such as e.g.: employees, technology, products, equipment, information, distribution channels, strategic alliances, the brand. The key resources, by their very nature, are the basic production factors which form value for customers and the company.

*The key processes*, in particular operational and managerial ones, create value on their part, they are recurrent, can increase (or decrease) their scale. The selected, more important ones are: designing, planning, budgeting, training, development, production, sales and service. The key processes also include principles, meters and norms applied in organisations.

The above-mentioned interdependent elements form the basis of every business (they are components of the business model). The first two, i.e. the customer value proposition and profit formula define value both for the customer and the company whereas the key resources and key processes describe how the value is created for both management entities—the customers and the company. It should be stressed here that not only particular resources and processes form the product quality but above all—their configuration and mutual cooperation.

Owners and managerial personnel should know the usage degree of the potential of an organisation by the accepted business model within the range of the above-mentioned four elements and they should know whether it is possible to use it in order to construe a new, radically different value for the customer (CVP). An issue for an entrepreneur is also the imperative of reconstruction or making changes to the business model. It mainly concerns the question of a change in the situation on the market, e.g. an arrival of a big group of potential customers who are not satisfied with the existing proposition (CVP) due to the price or the degree of complication; development of new technologies; creating a new value for the customer, i.e. doing something that has not been done so far or, finally, reselling redundant resources, i.e. eliminating solutions which would interfere with the functioning of the enterprise.

Authors concerned with this matter, particularly foreign researchers (Morris, Schindenhutte, Allen, 2005), stress the importance of entrepreneurs (owners and their managers) in formulating the model of an enterprise. It is entrepreneurs that specify the model of investing their money and point to the ways of multiplying it, taking into account the context of running a business. Among numerous components of the business model they often list: the main players (business players, actors and roles, stakeholder network, stakeholder structure) (Gordijn, Akkermans, Vliet, 2001, pp.

7–11), cost structure and profit models (Chesbrongh, Rosenbaum, 2000), corporate governance (Donath, 1999, pp. 1–14), internal value chain (Chesbrongh, Rosenbaum, 2000; Obłój, 2002, p. 154) and others. As regards the last matter, it should be added that enterprises in different places of the value network create the value and therefore make profit in different ways.

#### 4. Typology of owners and their role in creating the business model

The property structure plays an important role in creating the business model, which has been reflected in numerous definitions of this model.

Defining the classifying systems of the owners (shareholders) is the first and simultaneously a significant stage of the research into the business model and an enterprise's corporate supervision, the system motivating the managerial staff is the point of departure for the analysis and a company's productivity assessment so as it follows—its competitiveness as well. It should also—as it seems—constitute an important element of the strategic analysis and strategic planning.

The question of the property structure attracts increasingly bigger attention of researchers not only due to imperfection of the strategic management, uselessness of scenarios, inadequacy of forecasts or weakness of corporate supervision mechanisms, but also due to numerous bankruptcies of known and high-profile companies, money laundering or terrorism financing and high managers' bonuses and commissions which Henry Mintzberg calls the 'legitimacy of corruption'.

From among a number of owners' classifications which may be identified in literature, those which are more important from the point of view of shaping business components (Thomsen, Pedersen, 2006) have been selected. It was assumed that the model is a form of an enterprise's intellectual property which makes use of an entrepreneur's patent in business.

One of the criteria of owners' division is their legal status. Due to this formal criterion two categories of owners are distinguished:

- Physical persons (individuals, families);
- Legal persons (the state, i.e. the national, local property, institutional investors, e.g. banks, societies as well as insurance and retirement funds).

Growth of the public sector observed in the recent years and an increasingly bigger share of the state in the economy—being the owner of substantial resources of several economic organisations—significantly diminishes the role of private owners and their managers, leading at the same time to limiting the use of the copyright and even to decreasing the range of applying the strategic management. The principles and tools of this management are mainly directed to the private sector, market-oriented companies, but they are considerably less used in public institutions or state-owned enterprises, particularly those with the dominating or monopolist position on a given market.

In the situation of putting a substantial constraint on the owners' rights by the state or financial institutions (e.g. banks), their position is changing in the entrepreneurial hierarchy as well as the role being fulfilled—they become rather agents than employers. Owners controlled by the state, controlling the organisation, apart from their rights to surplus, they also attempt to secure their interests participating in management and try to increase their income forming the so-called 'pyramids'.

Limiting the copyright or imprecise rules of the market game imposed by big players, i.e. the state or financial institutions, enterprises being monopolists on the market considerably decrease the use of the owners' financial and intellectual potential.

Due to the role being fulfilled one can distinguish two classes of the owners:

- active;
- passive.

The owners being shareholders do not have formal obligations, specified by the law, they but have the right of vote. They express their activeness by voting aimed at creating the structure of the owner's supervision, the management board structure, e.g. choosing members of the supervisory board or the revision committee, the management board members.

Observing the business practice or research results one can notice that owners are emotionally attached to their property, they try to secure it both by creating adequate mechanisms of the owners' supervision and by demonstrating activeness in the process of formulating the model of business and strategic management. As it follows, the active owners have more or less precisely formulated company goals which they try to achieve. From the point of view of a tendency to risk, owners can be divided into those who:

- have a tendency to big risks (risk takers);
- are reluctant to take on big risks (risk spreaders).

Referring to numerous research results one should stress the fact that the higher is the profitability of the capital being invested, the bigger is the risk of losing it in case of a failure.

Results of several audits, carried out as long ago, as prior to the financial crisis, had shown that the major part of enterprises had applied to risky strategies, forced by risk takers, 'cocky' managers, which is exemplified by 'strategic mistakes' of Swissair, Vivendi-Universal, AOL Time Warner (Hilb, 2006, p. 137).

One of the most important classifications of owners is division into two categories:

- owners with strategic goals (strategic owners);
- owners with financial goals (financial owners).

The first are interested in the company's balanced growth over a longer period of time. They apply the development model in the investment practice. They act according to the traditional business formula which can be demonstrated in the following way:

Money—Goods—Money

They are characterised by strategic thinking and acting. Their strategy is based on entrepreneurship and is orientated on the future, combines planning with implementation and intuition plays an important role in the planning process. In order to secure endurance of the company they are inclined to invest in the growth of its key competences; developing them skilfully with the belief that the source of values is a unique combination of the possessed resources and relations with the environment.

The owners, however, motivated by the financial goals, are interested mainly in earning money and their preferred business formula takes on the following form:

#### Money—Money

Having their own technology, not always identical with the company's strategy, they create or buy a company (or part of its shares), develop it and sell afterwards. Above all, they are interested in an increase in the share price and return rate (profitability), less—in the company's development, e.g. production dynamics, sales. Owners of this kind prefer a profitable investment. At this point it is worth reminding lessons learnt from inflation and financial crises which show that financial assets are eliminated first and, at least for this reason, they are hardly useful to be invested over a long, many years' period of time.

The classification shown is connected with another one which distinguishes, taking into account the investment period, two categories of owners as well:

- owners investing over a longer period of time (more than a year);
- owners investing over a shorter period of time (less than a year).

Long-term investments (buy and hold) are based on the investors' belief that, despite seasonal rises and falls in the company's share price, they bring a high return rate of the invested capital over a longer period of time. Furthermore, they believe that a short investment time on the market is not beneficial, particularly for small investors—therefore it is better and much easier to apply the strategy of the long-term investment.

This principle contrasts with the concept of the short-term investment (concept of day trading) which consists in selling off shares when they reach a high price and buying at a low price. They accept the speculative investment model as the business method. Owners of this kind may have difficulties defining the ex-ante of the goal of the enterprise's functioning, they do not pay much attention to development of further relations with customers or other stakeholders, they aim at maintaining costs on the possibly lowest level.

One of the important reasons for this state of affairs is the problem of the time horizon choice when taking decisions. In practice contradiction between decision rationality over a shorter and longer period of time may appear and appears increasingly often (Senge, 2002, pp. 11–12). One should remember here that the pace of acting is nowadays the survival prerequisite of politicians and whole organisations. However, fast actions, rational over a short period of time often do not have much in common with rationality of a long period of time (Pasiczny, 2005).

In conclusion one more classification of owners should be mentioned, mainly their division into:

- majority owners (with over 50% shares of the company);
- minority owners (with less than 50% shares).

The first group has unlimited power of influence over the company. Capabilities of minority owners are limited, which means the necessity of interaction and even cooperation with the other shareholders who can have different goals.

Not always and not everywhere does this cooperation of shareholders run in a way specified by institutional structures. The bargaining power of a group connected with the enterprise determines whose interest is in the first place, leading most often to a disadvantage or interest omission of other groups—which effects in numerous conflicts at the end of the day.

Property concentration strongly influences the applied politics of paying out dividends. The majority owner (owner identity) has a direct influence on this policy, which also affects the income of individual owners or families (rentiers) on its part. Therefore wealth of the minority owners directly depends on the policy of dividends, conducted by big entities. The investment method by individual minority owners is called the existential model.

The entities, particularly financial institutions that have much more than 30% of shares in property, often come into conflict with smaller shareholders, e.g. big investment banks caring about their interests set in the credit policy (e.g. decide to whom and on what interest rate they will award a loan), influencing the company's value in this way.

It should be added that the bigger share of an entity (owner) in property, the bigger its impact on managers to represent this entity's interest. Spread capital in an enterprise gives managers more leeway (freedom of management) (Heubishl, 2006).

## 5. Management and supervision system

As soon as the property was separated from the management board or, more precisely, as soon as the principal-proxy interdependence was created, the problem of monitoring the proxy's behaviour by the principal appeared, known as the corporate supervision<sup>4</sup> or, in other words, corporate order. As it follows, these behaviour patterns, due to different reasons, can differ from those which the principal expects. In particular, it concerns the process of establishing and performing business transac-

---

<sup>4</sup>For the purposes of, among other things, analyses it was assumed that corporate supervision is a set of legal and economic institutions plus controlling mechanisms, aimed at securing efficient functioning of an enterprise in the situation of ensuing different interests of the entities involved in their functioning (Polish Forum Corporate Governance). The owner's supervision, however, is understood as a system of institutions and controlling mechanisms reporting to them, used by the capital owner; as it follows, it is a method of performing supervisory and managerial activities in an enterprise.

tions, exchange of information, hidden actions, actions difficult to be identified, self-oriented decisions and actions, which can lead to misuse of the power of attorney and even to taking over the company by the proxy in extreme situations. It is worth adding that both practice and theory provide several examples and arguments of good cooperation between owners or their representatives on the one side and the proxies (managers) on the other side. Nevertheless, the system of corporate supervision is indispensable and its structure should consist of: the subsystem of supervision and control, the subsystem of motivation and implementation of modern management methods. Due to these reasons the system of supervision and management belongs to important components of the business model (Donath, 1999; Morris, Schindehutte, Allen, 2005).

One can easily notice that the asymmetry problem of information and control of employees' actions is difficult, its solutions are hardly possible in business practice and redundant. Full control of employees' actions would undoubtedly restrict their entrepreneurship, decrease an inclination to risk taking, limit safety of information et cetera. So, we can only speak about a certain degree of exercising the owner's supervision bigger or smaller, but always incomplete due to the above-mentioned limitations on the one hand and economic inefficiency of the managers actions' full monitoring on the other hand.<sup>5</sup> Analysing the subject-matter from a wider perspective one should remember that accepted mechanisms of owner's supervision should add to minimising the agency's costs, i.e. prevent a decrease in market value of the company, e.g. as a result of a conflict between managers and the owners; a conflict potentially existing in the supervision—well described in the agency theory.

In the conclusion of describing matters of more general character and concerning efficiency of institutions and mechanisms of the owner's supervision, one should mention actions of the European Union's bodies. As it follows, three subsequent presidencies claim that administrative loads imposed on EU companies should be limited. Actions aimed at streamlining and modernising companies' business environment of companies are going to be undertaken, in particular improvements of legal regulations concerning the owner's supervision (*Monitor Europejski*, 2009, p. 27).

Owners of shares, bonds or non-cash options can, within the framework of the owner's supervision and managerial competences, influence the shape of the business model, the company's strategy (corporate strategy) and its execution. The issue was interpreted in a similar way by Peter J. Idenburg, who wrote that strategic behaviour patterns in an organisation are determined by the owners' approach as well as that of their managers both in the process of creating and implementing the strategy (Iden-

---

<sup>5</sup> Supervising, particularly the result measurement—in case of a proxy's work effects under discussion, requires raising costs and outlays. The result grows as the supervision is being improved, but more improved supervision means higher costs. One can also insure themselves against risk, but costs of this operation are high. As it follows, the dependence between result growth ( $x$ ) and supervision cost growth ( $y$ ) so that  $x > y$  should be kept.

burg, 1993). One can also refer here to entrepreneurial strategies and business models recommended by Peter F. Drucker and even use the theory of economic growth by Joseph A. Schumpeter, which stresses the importance of entrepreneurship and innovation in this development. It should be added that entrepreneurship and strategic thinking are an imminent feature and, at the same time, a behaviour pattern of the two above-mentioned entities of supervision and management.

Until recently the Polish legal code allowed the possibility of running a capital company exclusively based on the dualist (double-rung, double-degree) management and supervision system. The system provides for the functioning of the management board and the supervisory board in a company (in a ltd company the supervision body is usually optional). The legislator has divided the management and supervision between the management board and the supervisory board (Art. 368 and 382 the law of 15th September 2000 of the Code of Commercial Companies; J. L. 2000, no. 94, entry 1037 as subsequently amended), introducing, among other things, a ban on issuing orders by the supervisory board to the management board (Art. 375<sup>1</sup> CCC) and a ban on combining positions in both bodies (Art. 387 CCC). The dualistic system, sometimes called the continental and Japanese model, is applied in European countries, particularly those which are member states of the European Union.

Since March 2005 there has been a possibility of running a capital company based on the monistic system of the supervision and management, also known as single-rung or single-level. Its structure is based on the existence of one supervisory and management body. The solution, functioning in Anglo-American countries, was introduced by the law of the European concentration of economic interests and the European company (The Law of 4th March 2005 of European concentration of economic interests and the European company. J. L., no. 62, entry 551, amended by J. L. of 2005, no. 183, entry 1538, of 2006, no. 149, entry 1077), making it possible, at the same time, for an entity of international character to function and to choose between the dualistic and monistic system of managing the entity. As it has been mentioned above, the monistic system provides for the existence of one body responsible for managing the company which, in terminology of the Polish law, has been named the administering board.

The management and supervision system means the construction of the company's bodies' structure and the way of performing their supervisory and managerial actions by these bodies. It is worth adding here that it is the division of managerial and supervisory competences that is one of the most important distinguishers of the dualistic and monistic systems. In the situation where companies manage their shareholders' property, regulations concerning management and supervision, including the choice of the proper system, are an important matter.

In practice one uses several diversified mechanisms and supervisory institutions based on legal regulations, competition, binding standards and customs. Figure 1 presents the existing supervisory mechanisms and institutions.

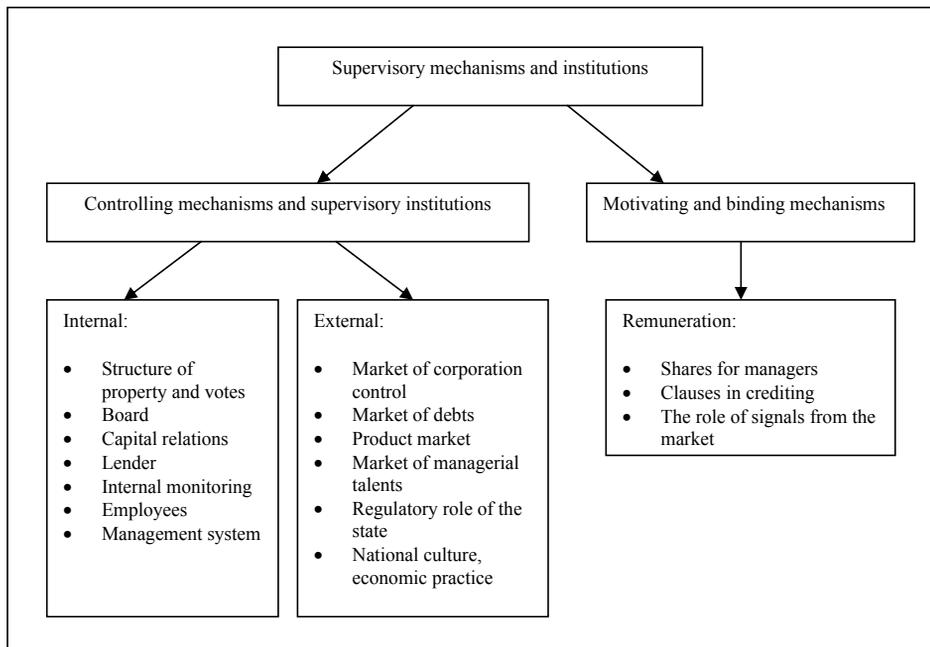


Figure 1. Supervisory mechanisms and institutions

Source: Wolf, 1999, p. 12.

### 5.1. Dualistic system

In the dualistic system, typical of European countries and Japan, a company's body are the management board, the supervisory board and the general meeting of shareholders (see Figure 2).

Although the general meeting of shareholders is a factor entitled to select members of the supervisory board and to possible agreements as regards employees' participation in managing the company, shareholders do not have the rights to directly instruct members of the supervisory board about the decisions taken by the latter. The binding legal regulation provides for lack of hierarchical subjection of the supervisory board to the general meeting of shareholders.

The supervisory board is perceived as a body increasing an enterprise's (company's) credibility and its actions testify to the functioning of the owner's supervision mechanisms which ensure that responsibility for the management board's actions is enforced. The task of the supervisory board is to oversee the execution of resolutions of the general meeting, loyalty towards the company and care about its development—as it follows, one can speak about fulfilling the function of trust by the supervisory board (Art. 382 §3 CCC) which comes down to creating value for shareholders in management practice. Its fundamental duties are:

- Assessment of financial reports within the range of consistency with accounts and documents and with the actual state;
- Assessment of the management board's motions, concerning profit division or loss coverage;
- Submitting the annual report on the results of the assessments to the general meeting of shareholders.

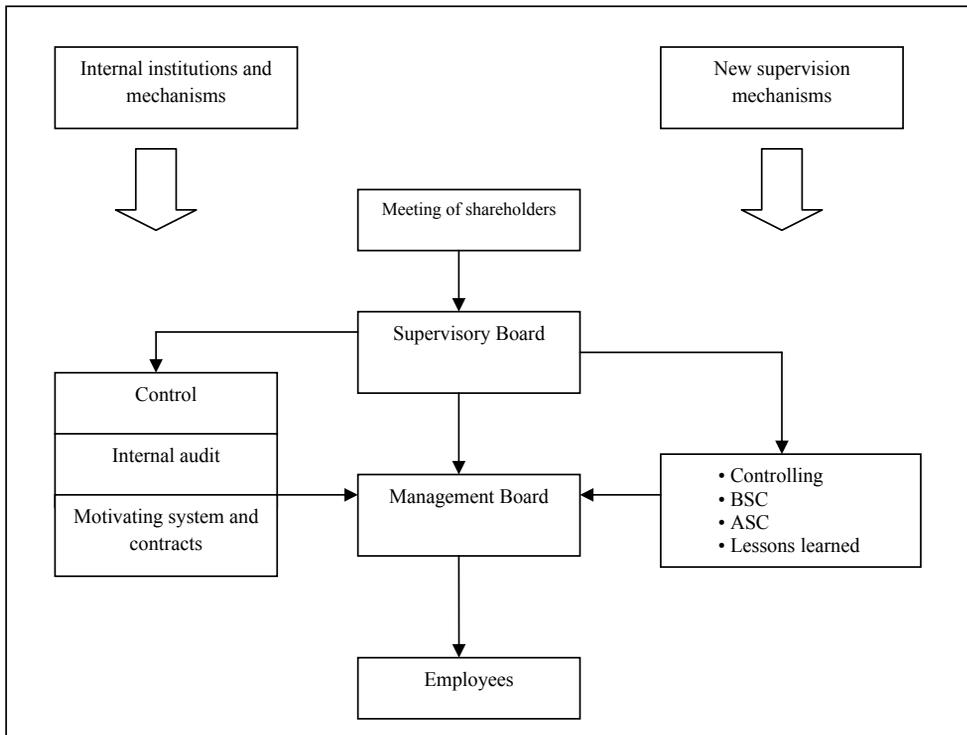


Figure 2. Structural model of the supervision and management dualistic system

Source: author's own study.

A member of the supervisory board accepts personal responsibility and undertakes to hold the function in person. For this purpose the managerial body is obligated to immediately notify the supervisory body about any changes which may affect the functioning of the company, in particular about conducting the company's affairs and the forecast development of its business operations. Furthermore, the supervisory body can require from the managerial body information of any kind which may be indispensable in order to exercise supervision. Apart from supervisory functions the supervisory board can also hold managerial ones. Regulations of the Code of Commercial Companies allow for extension of competences of the supervisory board by, among other things, implementing adequate regulations in the company's statute

which can obligate the management board to obtain consent of the supervisory board to perform particular actions. It means that the supervisory board can control the assumptions passed in the plan, prepare plans and programmes and even control individual stages of their execution. Expressing their disapproval or lack of consent to actions to be undertaken by the management board, still prior to them being performed, the supervisory board holds managerial functions (Art. 328 §1 CCC; see also Cejmer, Napierała Sojka, 2006, p. 332). As it follows, one can state that between the supervisory board and the management board there is no complete division of managerial and supervisory functions. In such cases the supervisory board is *per se* the mechanism of the owner's supervision, holding the controlling function.<sup>6</sup>

In 2008 the law of accountancy was amended. It increases criminal responsibility of a company's bodies. Responsibility of supervisory boards for financial reports was extended as well. Prior to the law's regulations becoming effective, supervisory boards had assessed financial reports making use of or being guided by expert auditors' opinions. At present supervisory boards bear responsibility for the whole of the cycle of drawing up financial reports. In practice it means that supervisory board members are going to be responsible not only for the financial side of correct drawing up of the reports, but they will also bear responsibility for the risk of report correctness within the context of presenting a company's actual situation and the financial development interpretation based on it. The possible area of discussions and even conflicts between the supervisory board and the management board will undoubtedly be assessment and projection of financial liquidity, in short—management of financial liquidity risk.

Another obligatory body of a company, operating based on the dualistic system is the managerial body—in Poland the management board. It acts within two areas—conducting affairs of the company and its representation. The concept of conducting affairs of a company refers to internal matters of a company, i.e. actions which do not cause direct results in relations with third parties and mainly include physical, planning and organisational actions as well as controlling and even executive ones. The concept of representation, however, refers to the sphere of external relations and includes all activities which lead to external results (Bieniak, Bieniak, 2005, p. 267). Within both these areas rights of the management board are of executive and managerial character.

It arises out of the presented competences of the supervisory board and the management board that between these two bodies there are a number of relations, particularly those which concern the process of initial and current control. Despite the fact that the legal structure referring to these relations forbids the supervisory board to issue orders to the management board, it happens in business practice that it is difficult to state unambiguously whether the supervisory board is examining actions of

---

<sup>6</sup> Several authors pay attention to this issue as early as in the definition of corporate supervision, distinguishing two actions within this scope: supervising, i.e. monitoring of the results of managers' actions and responsibility, i.e. settling managers (Lis, Sterniczuk, 2005, p. 17).

the management board or interferes in the conduct of the company's affairs, being reserved to the management board. Within this context dialogues and cooperation between these two organs are significant. It allows avoiding slowing down or even obstructing the decision-making process, business processes and conflicts between the supervisory board and the management board. Finally, it contributes to the company being managed in a more effective way.

Results of extensive research prove that most supervisory board members are orientated on acting in favour of shareholders' interests, in other words—on maximising value for shareholders. For most management board members of the examined companies, however, the management board is based on the philosophy of stakeholders. This divergent approach to the philosophy of corporate management can also, on its own part, become a hotbed and hamper running affairs of the company.

Business practice provides several examples of relations existing between the supervisory board and the management board. A strong supervisory board, using binding legal regulations, can have a big influence on conducting a company's affairs. Although the initiative is down to the management board, both these bodies can jointly take strategic decisions, which practically means that the division into supervisory and managerial functions becomes unclear, little disjunctive. In this way the outlined pragmatics of cooperation between the corporate bodies brings the dualistic system closer to the monistic one. A strong supervisory board, cooperating with the management board constitutes an important assumption in favour of applying the dualistic system.

However, in the situation of lack of good cooperation or a weak supervisory board, arrangements between the two bodies run slowly and unwillingly, decreasing efficiency of the management and supervisory processes, generating additional costs of the owner's supervisions. In short, bad cooperation of the corporate bodies or a weak, 'façade' supervisory board—hampers managing a company—these are significant arguments in favour of introducing the monistic system.

## 5.2. Monistic system

An interesting solution within the range of the corporate order has been suggested by the European Union—included in the Action Plan for the Company Law—proposing passing a guideline which would grant business entities and public limited companies freedom of choice between the dualistic system (management board and supervisory board) and the monistic one (one managerial and supervisory body) (see Figure 3).

The reform was initiated by the European Community Council, appointing a European joint-stock company, with the order of 8th October 2001 (Order of the Council (EC) no. 2157/2001 of 8th October 2001 on the statute of the European company (SE) J. L. U E L 294/1). The aim of this initiative was to create a strong European business entity, being competitive on the global market.

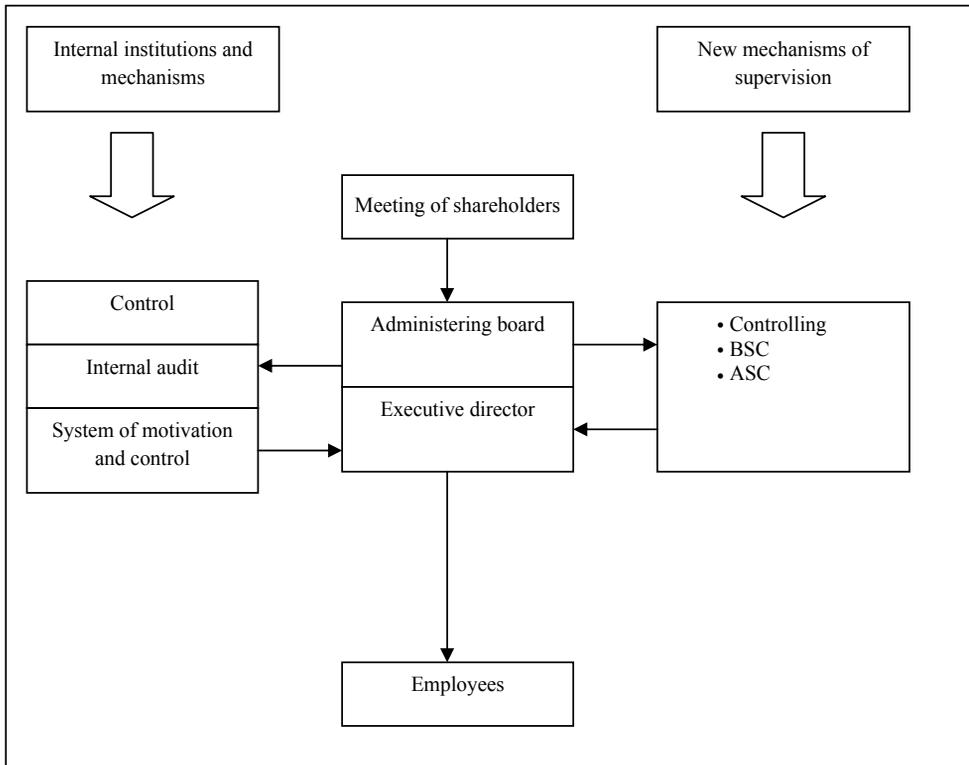


Figure 3. Structural model of the monistic system of supervision and management

Source: author's own study.

The European Commission, in the above-mentioned order recommends applying the monistic system in it, leaving simultaneously the freedom of choice of another option. Pragmatic reasons, in particular the necessity to attract investors from one-rung model countries, encourage introduction of the monistic system with reference to joint-stock companies into the Polish law, as an alternative system to the dualistic system. The order at issue introduces the system only for the purpose of creating the so-called European company. Simultaneously, the order is superior towards national order in the sense that national regulations inconsistent with it have no binding power when being applied. In this situation the adjudication court will appoint community regulations. For the directive of the European Council on the European company to be applied, the Law of European Development of economic interests and the European company of 4th March 2005 was passed in Poland (Journal of Laws of 2005, no. 62, entry 551).

The regulation of the monistic system, being proposed in the project, is characterised by the following features (Siemiątkowski, 2005, pp. 150–153):

- Replacement of the management board and supervisory board by one body, called the administering council. The project includes the principle of presuming the competences of the administering council in all matters not reserved by the law or the statute for the general meeting (art. 28, subparagraph 2), binding also within the Code of Commercial Companies (earlier the Commercial Code) with reference to the management board of a joint-stock company, but not expressed *expressis verbis*;
- Accumulation of managerial and supervisory competences with their but functional division and a possibility of delegating the competences to the executive director (directors) not being a member of the company's administering board to conduct affairs of the company;
- Acceptability of combining the function of a member of the administering board and the executive director and a relatively binding ban on simultaneous holding the function of the administering board chairperson and the general executive director;
- A possibility of issuing executive directors with binding orders concerning conducting the affairs of the company by the administering board; acceptance of the rule of each and every change or withdrawing a delegation by passing a law by the administering board and within the range of 'transfer of competences' to the committees, the project allows for but statutory limitation of competences to be delegated;
- A possibility of performing certain competences by members of the supervisory board themselves, selected in committees;
- The project includes the definitions: transfer of competences and the structure of transferring competences. Delegation of competences can take place exclusively in favour of the executive director and concern conducting affairs of the company, it does not decrease competences of the administering body within the range of conducting affairs of the company or its representation. The transfer of competences takes place, however, in favour of committees being, in fact, the committees of the administering board, made up of, according to the rule, exclusively the board's members (art. 32, subparagraph 3). The subject of 'transfer' can also be that of competences exceeding the scope of conducting affairs of the company (in particular competences within the range of supervision and control) and their transfer will adequately decrease competences of the administering board.

Should this solution be accepted within a projected period of time, i.e. by 2012, the necessity of amending the Code of Commercial Companies appears within the scope of regulating a joint-stock company by introducing, at least to public companies, the possibility of choosing the corporate order. It is a significant change which should take place even this decade, it will significantly improve management flexibility, extend business freedom and may contribute to decreasing personal costs of corporate supervision. Moreover, passing the above-mentioned guideline will facili-

tate cooperation with foreign investors, particularly managers representing investors from countries with the monistic system in Poland, included in the American, Swiss law, and that of some member states of EU.

As always in such complicated matters, different voices and opinions appear. They refer to the 14th motif of the order 2157/2001 whose wording is as follows: “despite the fact that a European company has the right to choose one of the systems, adequate duties of people responsible for management and supervision should be clearly defined.” It leads to the conclusion that in both systems, in practice there is division into people responsible for management and those responsible for supervision, but in the monistic system both these groups act in the administering board, whereas in the dualistic system—in the supervisory board and the management board. Similar solutions can be used by European co-operatives. Therefore it is thought this differentiation between the two analysed systems of management and supervision is rather of formal, not actual character.

## 6. Conclusion

How do owners of financial capital (shareholders) cope in the present, difficult situation; they have, in fact, the most to lose. This category is exceptionally diversified. As it follows, there are different aims and behaviour patterns of individual owners. From the point of view of strategic thinking and planning most of them tend to accept an active stance here.

The owners who prefer a traditional form of business (M—G—M) and those who are used to investing over a longer period of time, have ideas for the business model, are motivated by some aims, even though imprecisely formulated. The problem is that strategic thinking and the strategy as such are art, art of creation (it fulfils art, designates designations) which require of the owners or the manager to have imagination, knowledge and intuition. It is the last feature of the human mind that plays a special role.<sup>7</sup> In business practice one can find several examples that decisions taken in an intuitive way are more appropriate than those based on scientific rules. If, as it follows, owners and their managers have managerial gifts, supported by knowledge and intensive work and are also orientated on seizing an opportunity, they can succeed businesswise, even in difficult times.

However, if there is no certainty as regards appropriate competences of the owners or managers, it is better to focus on the current operations of an enterprise, which also

---

<sup>7</sup>Analysing the essence of planning from the perspective of neo-evolutionism allowed formulating the thesis which says that the human mind was equipped evolutionarily with cognitive mechanisms, making it possible to predict and shape the future (Sperber, 1994, p. 39, after Sułkowski, 2009, p. 126).

Planning as a process is determined by our cognitive equipment which is rooted in the past of our species. We plan a very limited number of variants, we have a tendency to exploit trends from the past, we use heuristics, while emotions and intuition play the key role in the planning process.

requires special attention and a quick response to dynamic changes in the environment. Therefore there are ideas of apparently most of the owners for business models providing for investing over a short period of time and stressing financial aims (M—M), with a high tendency to risk in case of many of them. But actions, quick and rational over a short period of time, often do not have much in common with rationality of a long period of time, an enterprise's interest in its strategic dimension. Finding a balance, i.e. appropriate balancing of both kinds of actions is a problem as such and its solution requires adequate competences on the part of decision makers.

In conclusion it is worth stressing one more time that in the process of shaping the business model one should allow for the subjective aspect of supervision and management to a greater degree than so far, paying attention particularly to the interest of the owners (shareholders) and the role which they play in the company. For the corporate success not to be accidental one should also better use both the shareholders' financial and intellectual potential.

Summing up the above-mentioned remarks one should stress the fact that the corporate management and supervision systems characterised briefly are the key element of the owner's supervision and business model. Neither of them has a universal meaning—because it is difficult to specify in advance which one of them (dualistic or monistic) is characterised by higher efficiency and effectiveness. As it follows, one can but speak about the conditions of applying them, the conditions in which one of them may prove more efficient. Understanding the essence of a company and the superior aim of its existence, business partners' expectations, harmonisation of interests, competences of supervisory board and management board members, a willingness and ability to cooperate, knowledge of modern management methods are only some of the selection assumptions of the management and supervision system. Taking the above-mentioned statement into account one should call for amendment of the Code of Commercial Companies by introduction of the possibility of choice of the corporate order. The postulate is functional towards the passed doctrine of economic freedom which allows for, among other things, the freedom of choice of the organisational and legal form and the freedom of applying structural changes to the company.<sup>8</sup>

## Bibliography

- Bieniak J., Bieniak M. 2005. *Spółka akcyjna. Komentarz*. Warszawa: Wydawnictwo C.H. Beck. ISBN 83-7387-664-2.
- Cejmer M., Napierała J., Sojka T. (ed.). 2006. *Corporate governance*. Europejskie Prawo Spółek. Vol. 3. Kraków: Wolters Kluwer Polska. ISBN 83-7444-422-3.

---

<sup>8</sup>The principle of business freedom was reintroduced to the Polish business order by the law of 23 December 1988 of business activity (J. L., no. 41, entry 324 as mended), and taken over by the law of 19th November 1999 Law of business activity (J. L., no. 101, entry 1178).

- Chesbrough H., Rosenbaum R. S. 2000. *The role of the business model in capturing value from innovation* (working paper). Boston: Harvard Business School.
- Donath R. 1999. "Taming e-business models". ISBM business marketing web consortium 3 (1). State College (PA). Institute for the Study of Business Markets, pp. 1–24.
- Gołębiowski T., Dudzik T. M., Lewandowska M., Witek-Hajduk M. 2008. *Model biznesu polskich przedsiębiorstw*. Warszawa: Wydawnictwo Szkoły Głównej Handlowej. ISBN 978-83-7378-347-8.
- Gordijn J., Akkermans J., Van Vlier J. 2001. "Designing and evaluating e-business models". *IEEE Intelligent Systems*, vol. 16 (4), pp.11–17.
- Hedman J., Kalling T. 2003. "The business model concept. Theoretical underpinnings and empirical illustrations". *European Journal of Information Systems*, vol. 12, pp. 49–59.
- Heubischl J. S. 2006. *European network governance. Corporate network systematic in Germany, The United Kingdom and France: An empirical investigation*. Doctoral thesis. Tutor prof. M. Saat. Tallinn: TUT Department of Business Administration.
- Hilb M. 2006. "Corporate governance". In: *Corporate governance. EBS Review*, no. 21 (1) Tallinn: Estonian Business School.
- Idenburg P. J. 1993. "Four styles of strategy development". *Long Range Planning*, vol. 26, iss. 6, p. 132.
- Jeżak J. 2001. "Zarządzanie przedsiębiorstwem zorientowane na wzrost wartości dla jego właścicieli". *Przegląd Organizacji*, no. 5.
- Johnson M. W., Christensen C. M., Kagermann H. 2008. "Reinventing your business model". *Harvard Business Review*, vol. 86, iss.12, p. 51.
- Koziół L. 2010. "Rola instytucji nadzorczych i zarządczych w kształtowaniu strategii przedsiębiorstwa". In: *Zarządzanie strategiczne: Strategie organizacji*. Ed. R. Krupski. Wałbrzych: Wydawnictwo Wałbrzyskiej Wyższej Szkoły Zarządzania i Przedsiębiorczości. ISBN 978-83-60904-12-1.
- Lis K. A., Sterniczuk H. 2005. *Nadzór korporacyjny*. Kraków: Oficyna Ekonomiczna. ISBN 83-89355-83-3.
- Monitor Europejski*. 2009. Warszawa: Urząd Komitetu Integracji Europejskiej. Departament Dokumentacji Europejskiej. ISSN 1732-8268, no. 51.
- Morris M., Schindehutte M., Allen J. 2005. "The entrepreneur's business model: Toward a unified perspective". *Journal of Business Research*, vol. 58, iss. 6, p. 726.
- Muszyński M. 2006. *Aktywne metody prowadzenia strategii przedsiębiorstwa*. Warszawa: Placet. ISBN 83-7488-105-4.
- Nogałski B. 2009. "Rozważania o modelach biznesowych przedsiębiorstw jako ciekawym poznawczo kierunku badań problematyki zarządzania strategicznego". In: *Zarządzanie strategiczne: Problemy, kierunki badań*. Ed. R. Krupski. Prace Naukowe Wałbrzyskiej Wyższej Szkoły Zarządzania i Przedsiębiorczości. Wałbrzych: Wydawnictwo Wałbrzyskiej Wyższej Szkoły Zarządzania i Przedsiębiorczości. ISBN 978-83-60904-05-3.
- Obłój K. 2002. *Tworzywo skutecznych strategii: Na styku starych i nowych reguł konkurowania*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1412-X.
- Order of the Council (EC) no. 2157/2001 of 8th October 2001 on the Statute of the European Company (SE) J. L. U E L 294/1.
- Pasieczny J. 2005. "Pułapki krótkookresowej racjonalności". *Master of Business Administration*, no. 6 (77).
- Senge P. 2002. *Piąta dyscyplina: Teoria i praktyka organizacji uczących się*. Transl. by H. Korolewska-Mróż. Kraków: Oficyna Ekonomiczna. ISBN 83-88597-68-X.
- Siemiatkowski T. 2005. "Monistyczny model ładu korporacyjnego w spółce europejskiej jako alternatywny system zarządzania i nadzoru w korporacji". In: *Wolność gospodarza: Wybrane zagadnienia prawne*. Ed. Z. Niewiadomski. Studia i Prace Kolegium Zarządzania i Finansów. ISSN 1234-8872, no. 57. Warszawa: Wydawnictwo Szkoły Głównej Handlowej w Warszawie.

- Slywotzky A.J. 1996. *Value migration*. Boston: Harvard Business Review Press. ISBN 0875846327.
- Sułkowski Ł. 2009. "Myślenie strategiczne 'trzeciego szympansa'". In: *Zarządzanie strategiczne: problemy, kierunki badań*. Ed. R. Krupski. Wałbrzych: Wydawnictwo Wałbrzyskiej Wyższej Szkoły Zarządzania i Przedsiębiorczości. ISBN 978-83-60904-05-3.
- Thomsen S., Petersen T. 2000. "Ownership structure and economic performance in the largest European companies". *Strategic Management Journal*, vol. 21, iss. 6, p. 689.
- Ustawa z dnia 4 marca 2005 r. o europejskim zgrupowaniu interesów gospodarczych i spółce europejskiej. Dz. U. z 2005 r. nr 62, poz. 551, zm. Dz. U. z 2005 r. nr 183, poz. 1538, Dz. U. z 2006 r. nr 149, poz. 1077.
- Wolf J.B. 1999. *The effects of agency problems on the financial behavior, performance and efficiency of German industrial stock corporations*. Peter Lang Europäischer Verlag der Wissenschaften. ISBN 0820432415.

## Modele biznesu przedsiębiorcy

**Streszczenie:** W artykule przedstawiono dyskusję wokół istoty i znaczenia modelu biznesu, jak również wybranych, ważniejszych jego komponentów. Zaprezentowano krótką charakterystykę struktury własności w przedsiębiorstwie oraz klasyfikację właścicieli ze względu na ich status prawny, spełnianą rolę w określeniu celów organizacji, aktywność, skłonność do ryzyka, okresu inwestowania, jak również z punktu widzenia udziału we własności oraz ze względu na ich znaczenie w systemie nadzoru i zarządzania przedsiębiorstwem oraz kształtowania modelu biznesu. Nadto w artykule scharakteryzowano dwuszczeblowy i jednoszczeblowy system zarządzania i nadzoru w przedsiębiorstwie. Podkreślono ich duże znaczenie dla nadzoru właścicielskiego, jak również dla funkcjonowania przedsiębiorstwa. Dokonując analizy porównawczej obu systemów, wskazano na warunki ich stosowania, przesłanki wyboru jednego z nich.

---

**Słowa kluczowe:** struktura własności, klasyfikacja właścicieli, model biznesowy, nadzór właścicielski, zarządzanie przedsiębiorstwem, system nadzoru w przedsiębiorstwie.

---



MAŁGORZATA MIKŁOSZ\*

# Information technologies in international project management

---

**Key words:** project management, management by projects, project oriented company, information technologies, TESPI Platform

---

**Summary:** The article presents the process of project management from an international perspective. Particular attention has been put on presentation of the most popular information technologies which have the key meaning in the context of project completion by organisations from various countries. The article is based on literature and experiences of the author as a trainer, consultant and a coordinator of numerous international projects.

## 1. Introduction

As the economy becomes more integrated, a vast majority of companies finds project completion as the key activity which helps to achieve planned aims and objectives. It is essential to cooperate with foreign organisations. Even though the procedure of such project completion does not differ a lot from projects undertaken at the national level, it is possible to name the key role of issues related to communication, information transfer and, increasingly often, transfer of digital products. Remote project management and modern IT tools usage are taking on the full meaning. The article is devoted to the impact of new information technologies on international projects management.

---

\* Małgorzata Mikłosz, MA—PhD candidate in management, Faculty of Management, Cracow University of Economics; Danmar Computers

## 2. International project management

Project management is linked with completion of customer's actions which often take place on a one-off basis, though undertaken by various enterprises, non-profit organisations or public authorities. The specificity of a project is meant by a temporary effort which is taken in order to create a unique product or service (PMI, 2000, p. 4). In comparison with standard and repeated actions of a given organisation, projects are described by uniqueness, an increased risk level or a unique preparatory procedure. Several features of a project are given by reference books as fundamental (Wysocki et al., 2005, pp. 48–49):

- projects are specific in respect of costs, time and quality;
- projects' main goals and objectives are definite;
- projects' time-frames are clear regarding the beginning and the end of the project, the reasons why the project should be closed when the time runs out.

Project management processes are detailed actions, which rely on process organisation regarding not only project completion, but also its initiation, preparation and closure. It is worth mentioning that project completion is related not only to its content, but also wraps the issues related to task group creation, evaluation and various techniques of its implementation (Stabryła, 2006, p. 15).

With regard to the fact that projects management is a wide concept, it is impossible to omit its various aspects. Marek Pawlak suggests defining project management in four surfaces (2007, p. 28; 2001, p. 35):

1. Instrumental—wrapping all the techniques and methods used during the project completion period.
2. Functional—wrapping the process of planning (setting objectives), making decisions regarding project completion and steering with the project management.
3. Institutional—wrapping the process of creating and assigning task groups, appointing decision makers, setting tasks and key competences together with defining interrelations.
4. Social (staff)—wrapping the procedure of appropriate project manager appointment.

Since project management is a process, it is possible to enumerate several stages of its completion (Nosál, 2006, pp. 182–183):

1. Project initiation—consists of: setting priorities, setting aims, risk and restrictions awareness, team creation.
2. Planning—consists of: project's task and time structure planning, budget planning.
3. Completion—including project's inauguration and organisation.
4. Control—wrapping the activities of project audit.
5. Closure—in order to finalise all the agreements and to meet all the financial requirements within the framework of the project.

There are a few factors which support successful project management (Bosschers, 2003, p. 34):

- questions to be answered as soon as possible;
- immediate definition of undefined factors;
- instant threat analysis and elaboration of an action plan in case they occur;
- conflict resolution and common interest aspiration;
- clear separation of problems, aims, wishes, starting points and assumptions from the proper resolution;
- solution approval just-in-time.

At present, the project environment changes tend to dominate within the structures of individual organisations. As far as occasional project realisation is concerned, it is possible to talk about project (or projects) management procedure. However, when it comes to a situation when a project realisation dominates the basic activities, it is likely to be called management through projects (Nosal, 2004, p. 624). Such type of organisation is called POC—Project Oriented Company, and it is characterised by a specific project culture. POCs are described by (Turner et al., 2007, p. 651):

- approval of management through project as a part of strategy;
- realisation of all the activities through project realisation;
- creation of project organisational structure;
- consistent adaptation of PM methods;
- wide range of different project types management.

Actions which lead to project completion are often beyond the organisation's framework. As it was emphasised before, POC's organisational structure is unique. Generally, flexible structures which may easily adjust to a variety of circumstances, are designed for project completion. Pawlak puts an emphasis on the fact that structures meant for project completion need to be accessible to many experts in different fields (2004, p. 15) who are often workers of different organisations. Therefore, a specific network structure is created in order to successfully undertake the project. The structure itself gives an opportunity to involve people (from different institutions) who are equipped with key competences. Owing to that, each of the organisations may deal with things accordingly to their expertise (Nalepka et al., 2006, pp. 108–109). It seems to be the key postulate in the international project management context. Their specifics does not differ a lot from typical projects undertaken by several organisations. However, the geographical distance is taking on a great meaning. It is obvious that the international project completion needs to take the multicultural aspect under consideration. However, not in all of the cases (Low et al., 2001, pp. 276–285).

Forms of communication and information transfer are playing a vital role. As far as cooperation between local or regional organisations is concerned, direct contact is relatively easy. However, cooperation with external organisations makes face to face meetings more difficult to take place. It is linked not only with time restrictions, but also with tense financial efforts. In this context, virtual means of project management

and coordination are of great value and help to sustain the postulate of minimal costs. The specifics of project completion forces project group members to trust each other, to support successful liaison and to coordinate a project competently (Nalepka et al., 2006, p. 110; Perspectives, 1997, pp. 236–238).

In order to successfully accomplish the project, it is necessary to define certain essential issues (Miller, 1993, p. 176):

1. To define precisely the core of the project, i.e. the impact and the aims of the project foreseen to be achieved through project activities.
2. To enumerate the reasons which make the project necessary and to define the benefits.
3. To set the timeframes, organisational rules and the resources needed to fruitfully undertake the project.
4. To appoint representatives responsible for project completion and resources acquisition.
5. To estimate the overall cost of the project realisation as well as the costs of all individual parts.
6. To name the potential risk spheres and the obstacles which may interfere with the project completion procedure.

Modern information technologies are to be used in international project management in order to obtain all the information stated above.

1. TESPI platform as an example of modern information technologies in international project management

Information technologies belong to the fastest developing branches. They deliver many innovative solutions which are designed for management process completion (Baccarini et al., 2004, p. 286). One of the IT solutions, which are used in the projects management processes, are individually constructed internet platforms. Often, an advanced software like MS Project is used in order to manage projects, however its usage becomes impossible because of several reasons. Firstly, while cooperating with various institutions within the network, it is necessary for all the members to be equipped with the software, but it is quite expensive. Secondly, all the network members are obliged to use the same release version of the product. Thirdly, it is necessary for all the members to become familiar with the functions of the software, which may become bothersome and time consuming, especially in case of groups which take part in the project for a short period of time. Undoubtedly, such a software is very useful and makes it possible to use its advanced functions not only during the project completion phase, but mainly during project planning. However, individually constructed platforms become more and more favoured with regard to managing a particular project. Platforms may be based on *open source* solutions, i.e. a type of software which may be legally and fee-free copied, used and modified. A PHProject (ver. 5)

internet platform called TESPI may be used as an example of such a solution. It was created within the framework of ANIMATOR project in order to meet the needs of international Partnership (PEGASES) management. The Partnership included organisations from Germany, Belgium, Italy, France and Poland. The task completion was estimated for 30 months (July 2005–December 2007). Since the Partnership meetings were foreseen to be held every 6 months and were held every couple of days each, it was necessary to develop communication, and information exchange plus a management tool. As a result, the TESPI platform was developed and it contained the following modules:

1. Summary—which consisted of all the elements linked with user account.
2. File manager—which enabled file archiving that are digital products of the project. This module made it possible to manually upload files, which therefore became available to all of the network users. Owing to that, it was possible to exchange files via the server instead of traditional electronic mail. Additionally, a detailed description of a given file was very useful—especially its upload and elaboration date, which allowed tracking any changes and updates. The files uploaded to the platform were divided according to their task group. It was essential to previously elaborate the Work Division Structure, which was a tool used to divide the main project product into elementary tasks, which later were to be realised and therefore to guarantee successful project completion. This made it possible to narrow down the range of searching to the desired category.
3. Projects—this module allowed the project administrator to elaborate detailed information regarding resources exploitation. Owing to that, it was possible to elaborate separate budgets for particular tasks by dividing the sum into given tasks. In addition, the module was connected with working time cards that allowed assigning working hours to individual employees of the project. The function was significantly useful during estimation of time and costs of staff employed on a part-time contract. Moreover, it was possible to create Gantt's charts for individual tasks or the project as a whole. Furthermore, the module allowed creating statistics, which summed up the activity of individual applications within the project.
4. Time card—allowed estimating the nature of undertaken tasks and their completion time in connection with an automatic calendar.
5. Notes—allowed elaborating contemporary notes as project supplement. It was possible to gather all the project information in one place. In order to make the process easier, it was possible to filter the notes accordingly to various categories.
6. Support—the module allowed solving problems on one's own or via administrator's professional advice.
7. Mail—the application was linked with a user's personal e-mail system. However, it did not replace it but cooperated with it. Such a solution allowed receiving mail in the most popular place.

8. Tasks—this module allowed tracking unfulfilled tasks. Moreover, it reminded of the terms, status and the person in charge.
9. Calendar—it allowed writing down task realisation terms. The system possessed an automatic reminder, which was very useful because of the vast number of project tasks and subtasks.
10. Contacts—allowed elaborating mailing lists of participants and clients. It allowed exploiting already existing databases, e.g. those created for personal e-mail.
11. Chat—module dedicated to direct and real-time information exchange.
12. Forum—a tool used as a standard discussion forum designed for project partners.

The application, which was used during platform development, had a few additional modules, but they could not be used in TESPI due to their level of advance. The platform preview is presented in Figure 1.

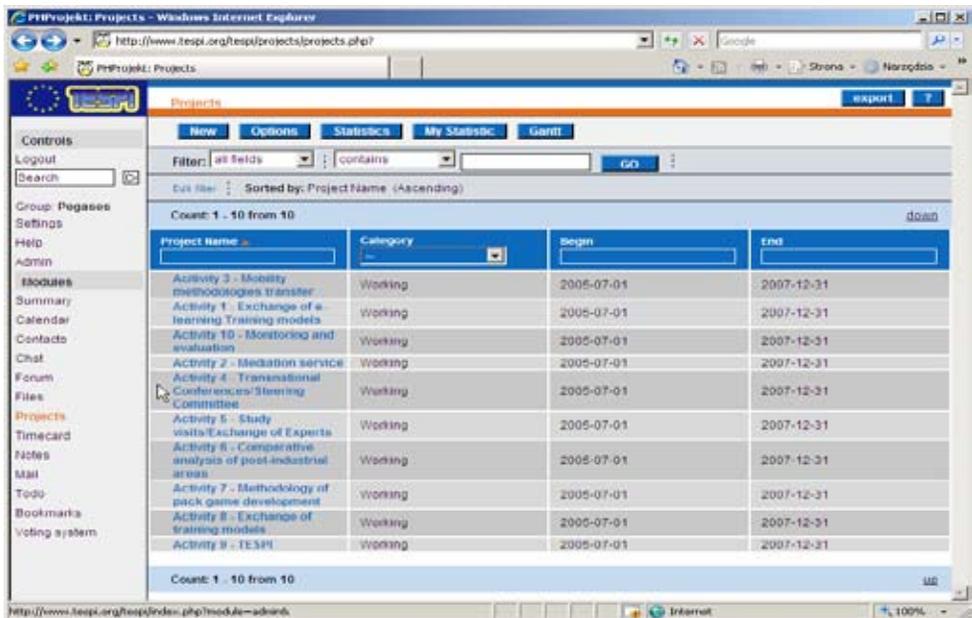


Figure 1. The TESPI platform preview

Source: [www.tespi.pl](http://www.tespi.pl).

Precise completion of particular tasks together with up-to-date control was possible owing to platform development. An increased level of network users integration was achieved thanks to the collective surface placed in the virtual dimension. It was visible especially in the context of comparison with the effects of two different

international partnerships undertaken within the ANIMATOR project framework. Information exchange via standard electronic communication tools, i.e. e-mail or website, did not ensure achieving important synergic effects. It was a common situation that information got lost among the vast number of messages which were not related to the project. Such an attitude towards project completion forced participants to archive the data on portable memories in order to have access to project documents in different places, while it was achievable via internet platform and the only thing that was required was internet connection. Another sensible aspect was the feeling of a unique relationship that was built between the project participants. The fact of personal login and password possession and the possibility to watch the process of platform development was motivating. Running the platform and creating a database was a great example of successful project management together with completion of the project's aims and objectives.

### 3. Conclusion

While observing an increased level of technological advancement regarding IT, a special emphasis must be put on its practical use in broad-scaled activities. The application of variety of IT tools in project completion requires elaboration of complex systems which allow handling many aspects of project management. Nowadays it is not enough to use only single solution in order to achieve the best effects and exploit the organisational potential. Due to complex progress of variety of project activities it is necessary to elaborate and exploit the systems directly designed for project management processes. Such an opportunity is provided by internet platforms which include a series of modules often adjusted to the project's specifics, requirements and the level of project staff competences. It is worth mentioning that during the process of progressing globalisation, the project environment itself acquires unique features. It is related to specific competences and skills of the project managers whose vocational group ceased to be simply engineers with pure technical qualifications. It is visible in case of projects which are completed with the support of European Union funds. IT solutions are especially created and exploited to meet the needs of project digital products management. In the era of economy based upon knowledge, the transfer and distribution of information are of key role. Therefore, the process of advanced use of information technologies may be simply called the art of information exchange.

### Bibliography

Baccarini D., Salm G., Love P.E.D. 2004. "Management of risk in information technology projects". *Industrial Management and Data Systems*, vol. 104, no. 4, pp. 286–295.

- Bosschers E. 2003. *Zarządzanie projektem: Model najlepszych praktyk*. Kraków: IFC PRESS & Nowe Motywacje. ISBN 83-913519-5-5.
- Low S. P., Shi Y. 2001. "Cultural influences on organizational processes in international projects: two case studies". *Work Study*, vol. 50, no. 7, pp. 276–285.
- Miller S. 1993. *Stealth Management*. New York: McGraw-Hill. ISBN 10 0963531603.
- Nalepka A., Kozina A. 2006. *Podstawy badania struktur organizacyjnych*. Kraków: Wydawnictwo Akademii Ekonomicznej w Krakowie. ISBN 978-83-7252-346-4.
- Nosal E. 2004. "Management by Projects jako nowoczesny sposób zarządzania przedsiębiorstwem". In: *Przedsiębiorczość i innowacyjność MŚP – wyzwania współczesności*. Ed. A. Kaleta, K. Moszkie-wicz, L. Woźniak. Prace Naukowe AE, no. 1030. Wrocław: Wydawnictwo Akademii Ekonomicznej im. Oskara Langego.
- Nosal E. 2006. "Koncepcja zarządzania projektami na przykładzie realizowania projektów finansowanych ze środków unijnych". In: *Zmiany gospodarcze i społeczne w integrującej się Europie*. Ed. J. Adamczyk. Zeszyty Naukowe Politechniki Rzeszowskiej, no. 226. Zarządzanie i Marketing, no. 6. Rzeszów: Oficyna Wydawnicza Politechniki Rzeszowskiej.
- Pawlak M. 2001. "Zarządzanie projektami". *Ekonomika i Organizacja Przedsiębiorstw*, no. 8, pp. 34–39.
- Pawlak M. 2004. "Struktury organizacyjne zarządzania projektami". *Przegląd Organizacji*, no. 1, pp. 15–18.
- Pawlak M. 2007. *Zarządzanie projektami*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 9788301150419.
- Perspectives. 1997. "Teamwork and the high performance company". *Management Development Review*, vol. 10, no. 6/7, pp. 236–238.
- Project Management Institute [PMI]. 2000. *A guide to project management body of knowledge*. Pennsylvania, Newton Square: PMI Inc. ISBN 1-880410-12-5.
- Stabryła A. 2006. *Zarządzanie projektami ekonomicznymi i organizacyjnymi*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 978-83-01-14846-1.
- Turner J. R., Huemann M., Keegan, A. E. 2007. "Human resource management in the project oriented organization: Employee well being and ethical treatment". In: *Gower handbook of project management*. Ed. J. R. Turner. Hampshire: Gower Publishing Ltd. Aldershot. ISBN 9780566088063.
- Wysocki R. K., McGary R. 2005. *Efektywne zarządzanie projektami*. Gliwice: Helion. ISBN 83-7361-861-9.

## Technologie informacyjne w zarządzaniu projektami międzynarodowymi

**Streszczenie:** Artykuł prezentuje proces zarządzania projektami w ujęciu międzynarodowym. Szczególną uwagę poświęca się prezentacji najpopularniejszych technologii informatycznych, mających kluczowe znaczenie w kontekście realizacji projektów przez organizacje z różnych krajów. Artykuł powstał w oparciu o literaturę oraz doświadczenia autorki jako trenera, konsultanta i realizatora wielu projektów międzynarodowych.

---

**Słowa kluczowe:** zarządzanie projektami, zarządzanie przez projekty, organizacja zorientowana projektowo, technologie informatyczne, platforma TESPI

---

KAZIMIERZ MROZOWICZ\*

# Predisposition as the basis of professional competence and organisational knowledge

---

Key words: professional talent, ability

---

**S u m m a r y:** Each participant in an organisation has a certain potential for development: skills, preferences and interests conducive to specific groups of occupations, types of activities or types of careers. Sufficiently early and accurate diagnosis of this potential is not only an important personal question, but first and foremost an issue of major importance for the society and organisation, including also economic aspects. Indeed, classics of economics have pointed out that the wealth of nations comes not only from the general principles of market management but also from that of how they are used for individual abilities, talents and motivation of creative activities. One of the main objectives of the education system at any level should be an early identification of skills and talents and training them for effective and creative activities. Age of workers should not be here a general factor, because the intellectual development of human resources is important at every stage of their career.

## 1. Introduction

In the era of knowledge society and changes in the business environment of its traditional resources in terms of classical theories of business, or work the land and capital have lost their dominant position (Calhoun, 2002). Revaluing their significance compels operators, as well as whole economies to seek new resources in order to decide the future of their competitive advantage. It seems that the resource potential of progressive investment and, according to Peter Drucker, even “the only economic resource” (Drucker, 1993 after Strojny, 1999, p. 12), is contemporary knowledge “recognised as the main and most important determinant of the capacity development of the economy and society” (Kornacka, Marek, 2001, p. 278). The higher intellectual

---

\* Kazimierz Mrozowicz, PhD—Department of Management, Małopolska School of Economics in Tarnów.

potential of an organisation in terms of professional competence level of staff morale and staff employees, including the quality of transmission and accommodation resources, the higher is the knowledge, of course. An indispensable part of this process is a properly targeted strategy for an organisation, continuously stimulated and supported by middle and senior managers' activities.

Due to that, the main purpose of this study is a presentation of knowledge about methods of diagnosis of occupational preferences and interests. They were recognised as an example in the world of science and practice of the concept by John Holland, who reached the highest level of relevance in a study of children and adolescents (Bajcar et al., 2006, p. 33). It is worthwhile, however, presenting as an example organisational methods of enriching knowledge, as well as a research tool commonly used in the practice of vocational guidance in Poland. It should be reminded that the major support to education systems is expected from the counseling and psychological diagnoses and a focus on individual differences (mental abilities, special abilities, preferences and professional interests, talents). In this sense it can be postulated that current and constantly evolving knowledge of psychological theories comes from the very pragmatic need, thus describing various forms of mental focus and personality of members of an organisation. Managers and executives should have a wider than ever grasp of learning about the orientation mechanisms of the mind, shaping the direction of interest and motivation, which becomes a source of strategic potential of the organisation (Bajcar et al., 2006, p. 9).

## **2. Organisational knowledge as a strategic resource of an organisation**

As a part of our culture and civilisation educational processes not only shape the minds and in general terms, but also prepare to choose a profession or career path. Knowledge and ability of employees (their cognitive styles, personality, intuition, intuition, experience, etc.), although a valuable source of information, like the signals from the environment of the organisation (customers, suppliers, partners, competitors), are not used by them, and even more—are overlooked. A way to solve such problems may be a new concept of managing an organisation as a “collection of processes for the creation, dissemination and use of knowledge to the objectives of the organization” (Murray, Myers, 1997, p. 35). Knowledge management, however, is still an exotic concept, which, as a practical allocation method of directing IT resources is ignored by the company (Mrozowicz, 2007, p. 441).

Every company, on the basis of available resources: databases, culture, intellectual resources in the form of trained staff, history and experience, could offer their own idea for a knowledge management system. Thomas Davenport and Laurence Prusak call for the start of the construction knowledge management system based on avail-

able resources. For such a system to be able to operate, there is a need for presentation of intellectual assets of organisations whose smallest element is a single worker, able to transform data into knowledge and use it for the benefit of the company (Davenport, Prusak, 1998). However, in many processes critical to the business collective knowledge may be as important or even more important (Mrozowicz, 2007).

In the minds of workers there is a large part of the knowledge base representing intellectual assets of a company, which are the sum of individual knowledge of workers and teams of employees that the organisation uses in its general activities. Knowledge is evolving, which is a manifestation of the learning process of an organisation (Probst, Raub, Romhardt, 2004). Evolution is, of course, also owned by an organisation's broadly and ambiguously understood intellectual capital. The above-mentioned ambiguity endorses diversity of terms, which specify the same values of intellectual resources, intangible assets, unmeasurable assets (Edvinsson, Malone, 2001).

Ikujiro Nonaka and Hirotaka Takeuchi in their now classic monograph distinguish two types of knowledge: tacit knowledge and explicit knowledge (Nonaka, Takeuchi, 2001). Tacit knowledge is extremely difficult, or impossible to codify. It is this type of knowledge that is available to a shoemaker and by the existence of which, even reading a dozen books will not allow the researcher to make as good shoes. They cannot do so without personal contact and practices through which such knowledge can be transferred (this process is also called socialisation of knowledge, and its effect 'hot know-how'). Tacit knowledge can be seen as immanent, internal knowledge, the context in which we perceive the information gained. Thanks to this the very fact is subject to different interpretations by the public. It is due to tacit knowledge that an expert is an expert. It is hidden by a lack of knowledge, some people cannot cope with solving technical problems that are not explicitly described in the instructions. Explicit knowledge, in turn, is the knowledge that is relatively easy to codify. There are various types of process descriptions, instructions and explanations of methods, suggestions for determining how to perform their respective tasks, algorithms and often covert operations, etc. The knowledge to be transmitted during the socialisation process, group work and supervision of teachers, mentors, the 'masters'.

When you manage to capture, communicate and share tacit knowledge, the process of knowledge articulation (externalisation) takes place. Yes, presented knowledge is structured and classified in the process of joining (combinations). Finally, knowledge can be assimilated (internalisation) in the process of imitation, comprehension and learning. The process of knowledge management does not end, and each transition continuum—a cycle of knowledge management—should move us to a higher level of something like a spiral, through the progress of quality of organisational knowledge. Knowledge is incorporated in the system of values, attitudes and motivation of employees in the phenomenological and collective dimension to this composition in order to regulate emotions, thinking and behaviour of members of an organisation.

### 3. Professional preferences in the theory by John Holland

Preferences and professional interests are a highly important component of an individual personality, functioning in a very variable and diverse socio-economic reality. Preferences are, however, the fundamental character and determine the direction of a more primitive type of a cognitive person. Interests indicate the specific types of situations, objects and activities whose exploration is possible, interesting and important for the person. A profile of interest is a form of a behavioural preference for implementing the conditions created by the environment (family, peer, school, professional, etc.).

The theory developed by John Holland (Holland, 1985; 1992) correctly recognised the fact that the choice of occupation is not a narrow, unplanned, trivial and transcendent issue towards a unit, but a form of expression throughout her personality, and therefore also some trends are encoded in the subconscious. A psychoanalytical thread of this ascertainment seems to be confirmed by analyses indicating that the extent of the impact of heredity on the profile of professional interest is analogous to the impact of the succession process for the basic personality traits (Plomin et al., 2001). Holland calls it an attention to the fact that the choice of a profession and career path within our culture and civilisation is indeed an important aspect of the development of human personality. As a part of our culture, the choice of occupation and relationship to the career has become an important means of personality expression. However, the process of training and choice of profession are not made easily, and thus seamlessly. It runs through several stages, among which the process of differentiation of preferences and their convergence in the context of an entity is essential, and also offers of development paths available socially and educationally (Gottfredson, 1986; Nosal, Piskorz, Świątnicki, 1997). This process is most fully described by Raymond Cattell in the theory of the development of mental capacities and competences (Gottfredson, 1996).

#### 2.1. General regularity of professional development

The theory of Holland set up four cardinal assumptions which characterise the overall accuracy of professional development (Nosal, 1990, p. 2, 5), the structure of occupational preferences and interaction between the human being and their environment; it poses a different choice of career paths. Due to the nature of deductive analysis undertaken, we will introduce them briefly. First, the structure of occupational preferences of most people can be classified, taking into account the reference system in a form of six types of preferences: realistic, research, artistic, social, enterprising and conventional. Each of these types of preferences is associated with its specific way of acquiring, collecting and understanding information about occupations and career paths. These preferences should be considered as a type of theoretical (model) and the ideal focus for professional development. A preference type is a model com-

parator with real diagnosis results, and many factors related to personal characteristics and conditions of socialisation in the environment determine the choice of a person's career path. From the perspective of organisational knowledge the structure of occupational preferences of workers becomes striking and intriguing from a research angle.

Another issue is that, by analogy to the six types of basic occupational preferences we can distinguish six types of professionals (types of organisations) within which certain personality traits, styles and problem-solving behaviour dominate and offer professional development opportunities. So you can extract the environment and organisations which prefer action and realistic styles, research, artistic, social, enterprising and conventional. On an organisation scale traits describing the characteristics of the organisation of their intrinsic behaviour fall within the category of organisational culture, including values and norms. However, the degree of expression of certain preferences in a given environment can vary, in other words, the professional environment (organisational culture), as well as personality (types), characterised by a certain profile of preferences can be characterised by more or less distinct nature, to a greater or lesser degree of consolidation (cohesion).

In the process of professional development such people seek environments that allow them to optimise the use of their opportunities, resources, aptitudes and preferences (the ability, competence, attitudes), realise certain values, act and take the most valued social roles. The third assumption Holland's theory emphasises is the compatibility of the individual dimension—a social role, which represents an ideal substrate preference, orientation and adjustment unit to an environment in which it performs a variety of socio-professional roles. Mutual adjustment is a source of development.

At the end a diabolic aspect. Knowledge of the degree of compatibility between professional preferences of a person and the possibilities offered by the environment can be used as a basis to predict their behaviour in the context of occupational choices, ways of education, career paths and improve professional competences.

## 2.2. Professional preferences and environmental conditions

Further interpretation of Holland focuses on the following five aspects of the relationship between the preferences of a person and the offer of the environment: internal consistency, diversity, identity, external coherence, similarity-difference (Holland, 1992, p. 64). Relations within some pairs of preferences or types of work environment differ in scope consistency. Holland points out that e.g. realistic and research preferences are more closely related to each other than conventional and artistic preferences. In a statistical sense, you can put the hypothesis on positive correlation between the first pair of preferences, and the negative correlation within the second pair. Here the problem under consideration of the degree of consistency in the set of several or all six preferences is closely linked with the relevancy of Holland's theory and the method of diagnosing occupational preferences based on it.

Secondly, some types of occupational preferences or types of environments are more clearly defined (as defined) compared to the others. At stake here are the differences in the degree of expression of the type preferences and characteristics of the environment. For example, a smaller variation is indicated a person who has been clearly dominated by one type of preference than a person whose profile contains several kinds of preferences of similar severity. Similarly, professional environment differs in the degree of contrast (sharpness) preferences. For example, in manufacturing organisations (industry) there are more expressive attributes of the action and realistic style similar to the type of organisational climate (subcultures, organisational culture) than in the educational and scientific organisations. It should be noted, however, that in these organisations with a high degree of centralisation and bureaucracy (machine bureaucracy) the science climate will be passive and not very creative. By contrast, organisations operating in the artistic and cultural education can dominate the style of artistic freedom, focused on building an individual expression and the entrepreneurial spirit plus an innovative approach to managing an organisation and processes. Identity is an important general criterion for assessing both the individual and the entire professional environment (organisation). In both cases, the identity is the clarity of objectives and tasks, and stability functions. In other words, in interpreting the structure of trade preferences a complete data about an analysed diagnosed person or organisation: goals, values, structure, strategy, etc. should be considered.

Consistency referred to as external one (Bańka, 1995, p. 17) concerns the person-environment relationship, assessed in terms of the relevance of trade preferences and characteristics of the environment, i.e. a specific occupation and type of organisation. Different types of preferences require appropriate backgrounds to them. A high degree of match increases the chance of effective work, with the exercise of which one feels more pleasure and satisfaction from the activity in the workplace. Lack of consistency between preferences lowers the level of satisfaction, work values, reduces investment potential and competitive advantage, as well as the overall effect across all dimensions of organisational, economic, personal, ethical, etc.

### 3. Trade preferences in the concept by Holland

The author of the RT psychological theory of choice of profession takes under his theory that the basic preferences form quite a compact and closed system. This view is presented in the form of hexagonal structure model preferences. It follows from this that the basic preferences form a pair of related professional relationship or relationship of completing contradiction. Completion (system synergy, protagonist) includes all the pairs of adjacent preferences, such as completing a relationship (there is a kind of total) includes realistic and research preferences. Similarly, complementary social preferences and decisions related to enterprise professional. It has been men-

tioned earlier that according to the hexagonal model, adjacent preferences do exist and show a high positive correlation. In the hexagonal model, there are also three pairs of opposite preferences about the relationship (antagonism). These are pairs of preferences correlated negatively or poorly. It proves the existence of such opposites that favouring a particular profession is accompanied by an aversion to other professions.

In the present scheme by Holland there are three pairs of opposing (antagonistic) occupational preference categories: realistic versus social versus conventional art, research versus entrepreneurial preferences. In the light of modern research, you can believe that we get only part of the answer to finding the causes of the socialisation process, i.e. whether the process is in the nature coherent (adjusting themselves to the environment) or incoherent (matching the environment to itself, autonomy) (Holland, 1992, p. 40). A preference to conventional professions can provide a higher degree of social vulnerability and prioritise the schematic, imitative actions. Consequently, a preference for conventional professions remains in opposition to the artistic professions, often correlated with the freedom of action, more comfortable expressing and finding their own, individual career path.

The relation between opposite realistic and social preferences is explained by Holland and other researchers for professional development by referring to the more basic relationships, such as course development as a process of orienting to, the world of things and human world which affects the differentiation of opposing ways of development of professional interests.

With regard to the third pair of opposite preferences (research and entrepreneurial) Holland explains the reference to the differences in value systems and cognitive styles prevailing in the group of professions that require examination, as opposed to occupations that require different types of businesses. In his opinion, research preferences are more closely related to the mind and analytical thinking, and careful judging, and entrepreneurship is combined with managerial capabilities and abilities to influence others. However, you can see that such a simplistic and overly simplified schematic view simplifies both the scope of research activities as well as the diversity of management styles. The results of the meta-analysis, which was concluded at the end of this study suggest clearly that expressing the attitude of opposition preferences for research and entrepreneurship is highly debatable.

The Vocational Preference Inventory Questionnaire (name of the Polish Trade Preferences Questionnaire, KPZ, cf. Nosal et al., 1997) John Holland consists of 6 scales measuring basic vocational preference scales and 5 controls. Here is a brief characterisation of the measurement scales and the characteristics of professional behaviour and preferences, which enable their initial classification and self-esteem. A full description of the scales and correlates is included in Holland's work (1985) and the Polish version of a manual called VPI Vocational Preference Questionnaire (Nosal et al., 1997). Below you'll find their brief description.

### I. The scale for measuring realistic preferences

Good results on this scale get people interested in professions that require thinking concrete, practical and mechanical ability, such as electrician, electronics technician, carpenter, plumber. These people think in a concrete (physical), sober and practical way. They show no clear social interests. They do not like problems whose solution requires sensitivity to their own and others emotional states. Thus, by realistic preferences a person's distance and objectivity are manifested. The need of professional authority within the meaning of the theory of David McClelland is quite clearly outlined in this type of 'personality'.

### II. The scale for measuring research preferences

Good results on this scale get people interested in professions that require analytical and abstract thinking, such as a physicist, biochemist, author of scientific works. There are also those showing interest in science, characterised by openness, curiosity, and cognitive openness, focusing on theoretical issues, avoiding practical problems. Thus, open-mindedness, curiosity and insight are the hallmarks of people with distinct preferences for research. Such preferences correlate positively with a high need for achievement. Such individuals concentrate on discursive, theoretical, experimental issues, deselecting a high level of individualism and intellectual autonomy.

### III. The scale for measuring artistic preferences

Good results on this scale get people interested in professions that require imagination, tolerance, and cognitive complexity originality, e.g. artist, actor, director and composer. They are characterised as creative people, interested in art, music, theatre and literature. They prefer activities focusing efforts on the cognitive and manual recognition of creative and abstract phenomena and processes. This kind is focused on their own inside and aesthetic experiences, here is alienation and a relatively low level of affiliation needs, which means that there can be difficulties in adaptive problems in teamwork, and antisocial attitudes.

### IV. The scale for measuring social preferences

Persons obtaining good results on this scale are interested in professions that require the ability to establish contact with other people, interpersonal efficiency and ability to understand other people, such as a teacher, psychotherapist, social worker, personal advisor, psychologist, educator, volunteer and social activist, etc. These individuals characterised by caregiving, emotional maturity and social responsibility, are both involved and interested in social issues in a general sense. They have developed emotional intelligence, which manifests itself in an attitude of empathy and social projects. Ground of their action is allocentric motivation, focusing attention on another person and their welfare, as well as a strong need for social belonging and acceptance.

## V. The scale for measuring entrepreneurial preferences

Good results on this scale get people interested in professions whose purpose is to obtain a profit, such as a business owner, a businessman, a player exchange, real estate agent. The author's own research shows, however, that there is no relationship between personality traits inherent entrepreneurial and led by the entrepreneur in economic activities. In other words, the REGON number does not make an individual entrepreneurial, although it promotes the learning process itself. Individuals of this type are characterised by high levels of achievement motivation (need achievements), resourcefulness, risk-taking, leadership (of power needed). They prefer a task with a relatively low degree of structuring, choose innovative and unconventional solutions to problems.

## VI. The scale for measuring conventional preferences

Good results on this scale get people interested in professions that require routine, conscientiousness and reliability, such as an accountant, auditor, librarian, cataloguer, doorman, a building administrator. These are rather conformist people, quickly internalise standards, identifying with the values widely applicable in the surrounding culture. They are satisfied with the role of a subordinate person. They like well-structuring of tasks, designed, and mental accounting nature. They prefer to play, imitate, be guided by the opinions of other people, the process of conditioning and socialisation runs very smoothly with them, which is associated with strongly accentuated in their behaviour and they respect the need for recognition and affiliation.

## VII. The scale measuring self-preference

The high results on this scale get people showing aversion to the professions associated with danger and high risk, such as a mountain climber, rescuer, acrobat, stunt race car driver. These are inhibited, cautious, restrained, and quite passive people, characterised by elevated levels of neuroticism and anxiety. They are fearful of social contact, avoid companies by choosing proven, socially accepted roles and their solutions. According to Holland (1985), high scores on this scale indicate excessive self-control (censorship personality defense mechanisms), and the results show low impulsivity, high intensity extraversion, risk, average results indicate a healthy, open to new, spontaneous ways of life.

## VIII. The scale of masculinity-femininity

This scale contains six occupations considered traditionally masculine (e.g. welder or umpire) and eight occupations considered traditionally female (e.g. elementary school teacher or social worker). Persons obtaining good results on this scale prefer men's professional roles, while those who obtain low results prefer female roles. According to Holland, the results obtained on this scale indicate the degree of traditional ways of categorising related to gender stereotypes. Individuals who have

internalised the process of socialisation patterns of men's professional roles choose occupations usually attributed to men. Regardless of the biological sex assigned to the state, recognition for the competition is high, they cannot perform, but be highly placed in the personal ranking of occupations.

#### IX. Status scale

Good results on this scale get people interested in professions enjoying high prestige and social recognition (e.g. university teacher, soldier, doctor) and showing no interest in low-prestige occupations (e.g. cleaner, labourer, porter, or warehouse). According to Holland, this scale is a measure for a high status, level of confidence and the quality level of self-esteem. The question arises: Do people who prefer games of this type look for ways how to reduce this type of need, namely the reduction of this demand? Attempts to achieve high social recognition professions provide their holders with a sense of power and independence.

#### X. Scale eccentricity

The composition of this scale includes both very popular games (artist circus, amusement park worker) and low social prestige (e.g. cloakroom or cleaner), as well as popular games, with high social prestige, such as a diplomat, an architect. According to Holland (1985), the person obtaining high performance on this scale but choosing 'worse' professions has unusual preferences. They are characterised by low self-esteem and disturbed relationship to culture. On the other hand, those obtaining low scores on this scale and choosing better jobs are characterised by high self-esteem and aroused aspirations, accelerated by high power needs and achievements.

#### XI. The scale of agreeableness

This scale measures the style of the person answering the test. It includes an assessment of the first 30 items of the questionnaire, diagnostic for different types of occupational preferences. Good results on this scale get people interested in a large number of occupations, regardless of the type of games. According to Holland, there are two types of people achieving high results on the scale described. The first type is characterised by lack of common sense, poor integration of personality and dispersed activity. The second type includes those integrated with many of the actual interests and abilities. The best results on this scale, combined with the dominant type of preferences show a strong vocational orientation.

## 4. Conclusion

Modern organisations operate in the post-industrial era, often rightly called knowledge economy, therefore it is not surprising that knowledge management has quickly become popular among researchers, consultants and managers, as a separate scien-

tific and practical discipline. The opinion that your store of knowledge determines the survival of today and the market successes of the company, not the technology or capacity manual workers is becoming increasingly popular. Indeed, it becomes a source of market advantage of an organisation. We mean all forms of organisational competitive advantage because it applies equally to the financial world and the humanistic value added in the form of the development of the modern civil society.

Knowledge of occupational preferences, talents, interests and styles of employees is significant enrichment of knowledge about their creative potential, no matter whether it is possible to apply diagnostic methods to enable their measurement and assessment which would be methodologically accurate. Please note that human personality is fairly stable for years and despite a slight (in normal individuals) change is characterised by high cohesion.

## Bibliography

- Bajcar B. et al. 2006. "Psychologia preferencji i zainteresowań zawodowych: Przegląd teorii i metod". *Zeszyty Informacyjno-Metodyczne Doradcy Zawodowego*, no. 34.
- Bańka A. 1995. *Zawodownawstwo, doradztwo zawodowe, pośrednictwo pracy: Psychologiczne metody i strategie pomocy bezrobotnym*. Poznań: Wydawnictwo PRINT-B. ISBN 83-900566-1-5.
- Davenport Th., Prusak L. 1998. *Working knowledge: How organizations manage what they know*. Harvard: Harvard Business School Press. ISBN 1-57851-301-4.
- Edvinsson L., Malone M. S. 2001. *Kapitał intelektualny*. Transl. by M. Marcinkowska. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-13509-3.
- Gottfredson L. S. 1986. "Circumscription and compromise: A developmental theory of occupational aspirations". *Journal of Counseling Psychology*, vol. 28 (6).
- Gottfredson L. S. 1996. "Gottfredson's theory of circumscription and compromise". In: *Career choice and development*. Ed. D. Brown, L. Brooks. San Francisco: Jossey-Bass. ISBN 0787902047.
- Gruszecki T. 2002. *Współczesne teorie przedsiębiorstwa*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-13612-X.
- Holland J. L. 1985. *Professional manual for Vocational Preference Inventory*. Odessa FL. Psychological Assessment Resources.
- Holland J. L. 1992. *Making vocational choices: A theory of vocational personalities and work environments*. Odessa FL. Psychological Assessment Resources.
- Kornacka D., Marek S. 2001. "Zasoby i ich rola w przedsiębiorstwie". In: *Elementy nauki o przedsiębiorstwie*. Ed. S. Marek. Szczecin: Fundacja na rzecz Uniwersytetu Szczecińskiego. ISBN 83-914788-4-X.
- Mrozowicz K. 2007. "Zachowania przedsiębiorcze młodzieży licealnej w kontekście zarządzania wiedzą". In: *Wymiary aktywności samorządów lokalnych w obszarze współpracy transgranicznej*. Ed. M. Karapyta. Jarosław: Instytut Ukraińsko-Polski PWSZ w Jarosławiu. ISBN 978-83-88139-64-2.
- Mrozowicz K. 2008. "Osobowościowa geneza i determinacja kształtowania się zachowań przedsiębiorczych". In: *Wpływ zarządzania procesowego na jakość i innowacyjność przedsiębiorstwa*. Ed. E. Skrzypek. Vol. 2. Lublin: Uniwersytet Marii Curie-Skłodowskiej. Wydział Ekonomiczny. Zakład Ekonomiki Jakości i Zarządzania Wiedzą. ISBN 978-83-924547-3-1.
- Murray P., Myers A. 1997. "The facts about knowledge: Special report". *Information Strategy*, no. 11, p. 35.

- Nonaka I., Takeuchi H. 2000. *Kreowanie wiedzy w organizacji*. Warszawa: Polska Fundacja Promocji Kadr. ISBN 83-86890-99-1.
- Nosal C. 1990. *Psychologiczne modele umysłu*. Warszawa: Państwowe Wydawnictwo Naukowe. ISBN 83-01-09293-9.
- Nosal C., Piskorz Z., Świątnicki K. 1998. *Kwestionariusz Preferencji Zawodowych KPZ. Polska adaptacja skali Johna L. Hollanda: Podręcznik dla doradców zawodowych*. Warszawa: Ministerstwo Pracy i Polityki Socjalnej.
- Plomin R. et al. 2001. *Genetyka zachowania*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-13568-9.
- Probst G., Raub S., Romhardt K. 2004. *Zarządzanie wiedzą w organizacji*. Kraków: Wydawnictwo Naukowe PWN. ISBN 83-88597-77-9.
- Strojny M. 1999. "Zarządzanie wiedzą i kapitałem intelektualnym jako nowe źródło przewagi konkurencyjnej". *Problemy Jakości*, no. 12, p. 12.

## Predyspozycje zawodowe jako podstawa kompetencji i wiedzy organizacyjnej

**Streszczenie:** Każdy uczestnik organizacji dysponuje pewnym potencjałem rozwojowym: zdolnościami, preferencjami i zainteresowaniami sprzyjającymi określonym grupom zawodów, rodzajom czynności lub typom karier zawodowych. Dostatecznie wczesne i trafne rozpoznanie tego potencjału to nie tyle ważna kwestia osobista, ile przede wszystkim zagadnienie o doniosłym znaczeniu społecznym oraz organizacyjnym, w tym ekonomicznym. Już bowiem klasycy ekonomii podkreślali, że bogactwo narodów wynika nie tylko z ogólnych zasad rynkowego gospodarowania, ale także z tego, w jaki sposób wykorzystywane są indywidualne zdolności, talenty i motywacja do działań twórczych. Jednym z podstawowych celów systemu edukacji na dowolnym poziomie winno stać się więc wczesne rozpoznawanie zdolności i talentów oraz kształcenie ich dla sprawnej i twórczej działalności. Wiek pracowników nie powinien tu być czynnikiem kryterialnym, gdyż rozwój intelektualny kadr jest ważny na każdym etapie kariery zawodowej.

---

Słowa kluczowe: predyspozycje zawodowe, zdolności

---

KAZIMIERZ MROZOWICZ, DANIEL PUCIATO\*

# Blue Cross Organisation as the subject of safety management in mountain tourism

---

**Key words:** safety management in tourism, mountain rescue

---

**Summary:** The article discusses the issue of effectiveness of safety management in mountain tourism. The analysis was done by the Mountain Rescue organisation which through formalisation and behavioural dimensions of rescue activities manages the state and the level of safety in mountains, and more specifically in the field of mountain tourism.

## 1. Introduction

Every organisation operates in a specific environment for itself and is a system made up of several components, which are dependent on each other, uses the resources of the external environment, transforms it and returns to the environment in the processed form (Donnelley, Gibson, Ivancevich, 1990, p. 27). In other words, it is teleological and reasonably structured socio-technical system (Kast, Rosenzweig, 1970, pp. 120–121) which is composed of subsystems: goals and values, psychosocial, structural, technical, and management (Leavitt, 1965, p. 86). The level of organisation and coordination of the organisation and its environment depends on the law and is codified in the company's formal documents of values and organisational goals folder, expressed in terms of both creating market value added efficiency, strategic competitive advantage, and flexible organisational culture. Based on the theses formulated above, we will make a preliminary analysis of the organisation, in its two

---

\* Daniel Puciato, PhD—Department of Tourism and Physical Recreation, Małopolska School of Economics in Tarnów; Kazimierz Mrozowicz, PhD—Department of Tourism and Hotel Management, The Bronisław Markiewicz State School of Higher Vocational Education in Jarosław.

dimensions: formalisation and behavioural. The study was done by Mountain Volunteer Ambulance Service.<sup>1</sup>

## 2. MVAS—organisation of safety management

Mountain Rescue Service in sociological sense can be understood as a collective society, which is characterised by specific purpose and mission, relative isolation from the environment, predominance of formally structured internal relations, realisation of goals of internal balance and stability through the use of means of social control behaviour of its participants (Stalewski, Łucewicz, 1994; Łucewicz, 1999). It is the same system in which systems (subsystems) coexist and interact and they consist of human resources, technical equipment, standards and rules of conduct and defining of technology and methodology to guide the implementation of organisational goals (Leplat, 1982; Pidgeon, Turner, 1986).

Psychosocial subsystem organisation includes participants in the organisation, their motivations, attitudes, values, culture and relationships occurring among them (Kozłmiński, Piotrowski, 2007, p. 30), it is a part of whole organisation. Andrzej K. Kozłmiński and Włodzimierz Piotrowski say that being in the formalisation of such systems is to reduce "... arbitrary action by imposing the organisation of written standards, about what and how to be (in the organisation) carried out" (2007, p. 273). Not without reason it can be argued that, among organisational subsystems, a subsystem of human-culture plays a role here. If organisational culture is shaped by values, norms, and organisational artifacts, and they are included in the work of teams and attitudes of people, organisational culture is conditioned by subjectivity—that is, by people. In the literal sense, organisational culture limits and standardises freedom of actions, giving them a coherent set of certain values and norms in social roles. In case of rescue organisations we should even talk about safety culture, wishing to emphasise the fact that it provides "the pattern of values, norms, beliefs, attitudes and assumptions, which need not be formalised, but that shape human behaviour and ways of implementation of tasks" (Armstrong, 2005, p. 248), we should even emphasise the essence of this type of organisation, strictly speaking—security.

Security Management is an activity that builds upon the experience and knowledge of a wide range of fields (Studenski, 1996), and a general sense to include assessing the condition and safety levels, formulate programmes to reduce accidents and morbidity, stimulating, tracking, and correcting the formulated goals—programmes. One of the fundamental properties of safety management is that it recognises the organisation as a so-called social and technical system in which a person

---

<sup>1</sup> The usual names of MVAS are: Mountain Service, Mountain Rescue and the Blue Cross, as used in the title.

plays the dominant role as a creator of this Agreement, the Contributors apart from him are objectives, tasks, work environment, technical equipment and technology used (Studenski, 1986; 1994; 1996). It should be emphasised that an important role in safety management has a value to be attributed to social and technical system to the significance of risk reduction of accidents and occupational morbidity. It is formed by: the level of knowledge of participants about the risks to the organisation and the capacity to counteract the effects of their presence as well as by the level of value attributable to life and health in the organisation. This depends upon the level of effort and enterprise policy, aimed at becoming: design and implementation of security systems, technologies and control and measuring procedures (see Studenski, 1996; Mrozowicz, 2006a; Mrozowicz, 2007).

The present model focuses on prevention not only in transforming the environment and technology, but focuses on motivation in employees' unsafe behaviour. Ryszard Studenski said that due to the fact that the company began working: "... accounted for as a whole forming a multi-element system, accidents and disasters [came] as a result of the inefficient functioning" (1996, p. 13). Under this assumption, accidents happen because the organisation itself becomes the initiator, or it is not able to prevent them from occurring (Leplat, 1982; Studenski, 1986). A systemic approach has contributed to accident causation adoption within the scope of prevention activities that promote the identification of hazards and reduce the risk of losing life or health (Studenski, 1986; Saari, 1987).

The subjective nature of social and technical systems created by human beings and designed to protect their life makes it through the achievements of science, greater social acceptance, and finally internalised by the unit safety falls within the scope of a safety culture. The process of raising social awareness of systemic need is perfectly illustrated by the statement of Studenski who says that: "... awareness about the human intermediary in the formation of accidents and disasters, and especially following the lookout for ways to reduce the participation of the human factor in causing accidents, the scope of knowledge used in the security organisation has expanded considerably. This knowledge is obtained out of the status of self-discipline in literature known as safety management" (1996, p. 129).

According to Tadeusz Rotter: "... the overall aim of the rescue service is to safeguard life and health of people who find themselves in dangerous situations, as well as tangible collateral, which in this case can also be found" (Rotter, 2001, p. 63). It also explains the role of man in this process: "why ... rescue service should have adequately trained staff and equipment" (Rotter, 2001, p. 64). This is how the employees' act depends on many factors. Studenski (1996, p. 15) quite rightly points out that, since it holds: "... subjective characteristics (psychophysical, personality), mainly on their qualifications, professional experience, socially conditioned and acceptable patterns of behaviour, especially in situations of risk, and above all from the importance attached to issues of security by the management of work" (Studenski, 1996, p. 15). For this reason, analysis of the safety management system was extended to the prism

of personality determinants which condition organisational behaviour of mountain rescuers (Mrozowicz, 2006a; 2006b).

Recapitulating, it can be concluded that management of safety in the mountains is an integrated management system and TOPR/GOPR organisations, as institutions forming and expressing specific organisational culture and its value, create safety culture, which is expressed through emanation of the existence of special functions, organisational and social impacts. In the context of such a system, integrated understanding of management and regulatory rescue organisation, safety management in the mountains should be understood as an exemplification of the two equivalent phenomena: safety management system as well as social and technical system of Mountain Rescue and Safety Management for mountaineering (Mrozowicz, 2006a).

### 3. Organisational and legal conditions of MVSA

The organisational system of preventive Blue Cross bases its structure on four subsystems: technology [rescue techniques, equipment and specialised equipment, instruction on-call Rescue Service Regulations, the Statute of the Mountain Rescue] society, which is composed of rescuers [presenting a kind of ability, behaviour, attitudes, interests, knowledge, motivation and personality traits], structural, involving the structure of power and its posting, the general positions, functions and social roles within which the organisational behaviour is revealed, and a system environment, which deals with internal and external environment of the Mountain Rescue organisation (Mrozowicz, 2007).

Mountain Rescue is a national public organisation, basing its activities on voluntary social work of its members, registered in the District Court in Cracow, XII Commercial Division of the National Court Register under number 0000156881.<sup>2</sup> Mountain Rescue can be a member of national and international organisations with similar activities and a representative of Polish mountain rescue organisations in Europe and worldwide. The area of Mountain Rescue is the territory of the Republic of Poland, with particular attention to mountain regions, a total area of 20,410 km<sup>2</sup>, 7,200 km of hiking trails and 425 ski facilities. The seat of the primate is the town of Zakopane. Mountain Rescue can also act outside the Republic of Poland (Statute of the Mountain Rescue, 1990; Mrozowicz, 2006c; 2007a). MVSA is based on divisionalised organisational form, has autonomous branch offices, called the regional groups that have legal personality and conduct independent operations in isolated mountainous areas under the terms of the Statute of the Mountain Rescue. These in-

---

<sup>2</sup> Mountain Rescue is a registered association, and as such form of organisation with legal personality may assume local agencies to organise themselves into trade associations, affiliate its members to legal persons and benefit from the generosity of the public and accept donations from state authorities and other institutions.

clude: Beskidzka, Bieszczadzka, Jurajska, Karkonoska, Krynicka, Podhalańska and Wałbrzysko-Kłodzka Group. Mountain Rescue employs 74 full-time lifeguards, and supports the work of 1,126 volunteers, rescue workers and 248 candidates for the rescuers (Mrozowicz, 2007b).

Mountain Rescue is an association of physical education.<sup>3</sup> At this point we shall realise that the meaning of the law of the organisation domain is positioning it among the associations of physical education. “Physical education is part of a national culture that is protected by law” (Law on Physical Education, Chapter 1, Art. 1.1), it “is also ... the knowledge, values, habits, actions taken to ensure the psychological and physical development, education, improving the abilities of human and physical fitness, and also to preserve and restore their health” (The Law on Physical Education, Chapter 1, Art. 3.1). Mountain Rescue coordinates the activities of organisational level of implementation of the above-mentioned values; the epicenter of axiological determinants of its activity is concentrated around the value of humanities: social and spiritual development and protection of human health and life. “Ensuring the safety of people residing in the mountains is the duty of the government administration bodies and bodies of local government units, management of national parks, as well as legal and natural persons engaged in activities of physical education” (The Law on Physical Education, Chapter 10, Art. 54.1). Poland’s most important legislative act governing the existence of any associations, including, of course, Mountain Rescue, is the Constitution of 2 April 1997, which in the 12th article provides that “the Republic of Poland shall ensure freedom for the creation and functioning of trade unions, socio-professional organisations of farmers, societies, citizens; movements, other voluntary associations and foundations” (Constitution, 1997). The basic legal act regulating the operation of associations is the Act of 7 April 1989, the so-called Law on Associations (UPS Coll. Laws of 1989, no. 20, entry 104). It is a general regulation, referring directly to Article 12 and Article 58 of the Constitution, as confirmed by the provision of Article 7, Paragraph 2, according to which to certain organisations—in matters not dealt with separately—the provisions of the UPS are being applied. Therefore, the regulation has specific laws (governing the specific associations) which are specific exemptions and exceptions to the provisions of the UPS. Mountain Rescue works this way on the basis of three key pieces of legislation:

- a. Physical Education Act of 18 January 1996;
- b. the Council of Ministers of 6 May 1997 on determining the safety of persons residing in the mountains, flying, bathers and water sports;
- c. of the Minister of Internal Affairs and Administration of 12 November 2002 on the detailed scope of duties and powers of specialised rescue organisation, the conditions for their exercise of the other rescue organisations and the nature and

---

<sup>3</sup> The Association is: voluntary, permanent and self-governing non-profit association, which alone determines its objectives, action programmes and organisational structures, and passes on its internal operations, basing it on the social work members.

amount of benefits available to mountain rescuers and water in connection with participation in the rescue operation. Organisation of aid and rescue for people who have been injured or are exposed to the danger of losing life or health in the mountains is, in particular, a duty of the Mountain Volunteer Rescue, "... a specialised physical education association with nationwide coverage, to the extent specified in the statute of that organisation" (Law on Physical Education, Chapter 10, Art. 55.1)—this phrase principles values, constituting the functioning of the Mountain Rescue organisation.

#### 4. Organisation of the Mountain Rescue Service

Mountain Rescue is currently bringing together seven Regional Groups: Beskidzka based in Szczyrk, Bieszczadzka based in Sanok, Karkonoska based in Jelenia Góra, Krynicka based in Krynica, Podhalańska based in Rabka, Wałbrzysko-Kłodzka based in Wałbrzych and Jurajska based in Podlesice (Jonak, 2002). It has seven stations and eighteen central fields. It brings together about 1.100 rescuers, of which 60 employees work in order to maintain continuity of service and emergency preparedness understood against regulations, but the state remained bound up with the volunteer rescue service. To carry out tasks assigned by the State, in 1996 Mountain Rescue received the funds from the central budget through the Office of Physical Education and Tourism. The organisation is currently funding issues involved in the Ministry of Home Affairs (Fasiński, Jonak, Silberring, 1983; Jonak, 2002).

Mountain Rescue supreme authorities are: the Congress of Delegates, General Council and the Audit Commission. The head of the association is Chief Mountain Rescue Council, which directs the activities of the organisation by an executive body appointed by the Board of Mountain Rescue. Responsibilities of the Board shall consist of: coordinating and controlling the activities of the Regional Mountain Rescue Group, programming and overseeing the work of Service Mountain, development plans and projects of the organisation and internal regulations. Its subsidiaries in the organisational structure is Chief Mountain Rescue Regional Group led by the Council of the Group together with the chiefs of the groups that make up the executive body, the head of the ongoing activities of the Regional Group (Statute of the Mountain Rescue, 1977; Fasiński, Jonak, Silberring, 1983; Jonak, 2002).

The Tatra Volunteer Ambulance Service [TVAS], the second rescue organisation in Polish mountains, is an association with legal personality, acting under a statute and registered in the Register of Associations Regional Court in Nowy Sącz on 13 July 1991. The supreme authority of the association is the General Assembly, which elects TOPR Board and Audit Commission every two years. Board appoints the Chief, their Deputy, the Chief of Training and Prevention, exercising managerial functions in the organisation. There are 25 professional lifeguards and over 100 volunteers in TOPR (Jonak, 2002).

## 5. Conclusion

Fast-equipped rescuers reach the scene of an accident and often decide about saving human life or reduce the suffering of victims of an accident. Rescue service is responsible for the organisation of such a mountain action throughout the activities of the Regional Group. The organisation of safety management in the mountains should be based on comprehensive analysis of tourism, climbing, holiday village, ski resort and tourist development of the area of the Regional Mountain Rescue Group. Understood as an expression of the organisation are the following correlates of management:

- a. an appropriate network of stations and points of Mountain Rescue, a combined network of short-wave communications, and mobile telephone (aspect of logistics—transportation);
- b. adequately trained rescue personnel in proper physical condition, operating under emergency plans (aspect of personality—competence);
- c. the relevant hardware base (aspects of technology);
- d. tested forms of cooperation in the field of safety management system in the mountains with: border guards, health care and aviation, police, etc. (aspect of synergistics). The issues presented research work focuses on the aspect of personality.

In the management of the safety in the mountains, depending on the nature, extent and nature of prevention of rescue activity, we can point out the following types of forms of organisational behaviour, whose purpose is so-called lock-out of threats (liquidation of accident). By their very nature, a rescue service group actions, hence the elements of lock-out threats are forms of interaction regardless of the individualisation degree of individual activities, actions or sequences of complex algorithms. In this sense, what is particularly important are social phenomena in the Mountain Rescue and personality factors that are accidental form of phenomena and processes with generalised expression in the scale of a whole group. Here they are together with their definitions:

- a. intervention—a short-term behaviour of one or two rescue workers to organise without having to transport the victim (performance of the dressing in a shelter or on a trail);
- b. (rescue) action—rescue efforts of the team (at least three) on the ground to transport the victim or seek for them (skiers transport with fractures or search for a missing tourist);
- c. emergency trip—acting within a group or several teams of rescuers (also with the participation of persons outside the Mountain Rescue) to a specific call to an accident or an application for them, together with transport equipment, victim or their explorations, requiring extensive use of emergency equipment, selecting a manager and responsibilities among the remaining members of the expedition.

## Bibliography

- Fasiński A., Jonak A., Silberring J. 1983. *Poradnik ratownika GOPR*. Vol. 1. Warszawa: Wydawnictwo PTTK „Kraj”.
- Griffin R. W. 1999. *Podstawy zarządzania organizacjami*. Warszawa: Wydawnictwo Naukowe PWN. ISNM 83-01-12019-3.
- Jagiełło M. 1996. *Wołanie w górach: Wypadki i akcje ratunkowe w Tatrach*. Warszawa: Wydawnictwo „Iskry”. ISBN 83-207-1529-6.
- Jonak A. (ed.). 2002. „Na każde wezwanie...”: *Pięćdziesiąt lat działalności Górskiego Ochotniczego Pogotowia Górskiego 1952–2002*. Kraków: Centralny Ośrodek Turystyki Górskiej PTTK: Oficyna Wydawnicza „Wierchy”. ISBN 83-915387-5-3.
- Koźmiński A., Obłój K. 1989. *Zarys teorii równowagi organizacyjnej*. Warszawa: Państwowe Wydawnictwo Ekonomiczne. ISBN 83-208-0728-X.
- Koźmiński A., Piotrowski B. 1999. *Zarządzanie: Teoria i praktyka*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-12705-8.
- Leplat J. 1982. “Accidents and incidents production: Method of analysis”. *Journal of Occupational Accidents*, no. 4.
- Łuciewicz J. 1999. *Organizacyjne zachowania człowieka*. Wrocław: Wydawnictwo Akademii Ekonomicznej im. Oskara Langego. ISBN 83-7011-368-0.
- Mrozowicz K. 2006a. *Zarządzanie bezpieczeństwem w górach w świetle osobowościowych determinant zachowań ratowników Górskiego Ochotniczego Pogotowia Górskiego*. Doctoral thesis. Unpublished. Available at Jagiellonian Library in Kraków.
- Mrozowicz K. 2006b. “Zasoby ludzkie organizacji Niebieskiego Krzyża w pryzmacie funkcjonalnych cech osobowości”. *Jarosławskie Studia Społeczne*, no. 1.
- Mrozowicz K. 2006c. “Niektóre aspekty zarządzania potencjałem osobowościowym na przykładzie Górskiego Ochotniczego Pogotowia Ratunkowego”. In: *Zarządzanie rozwojem organizacji*. Ed. S. Lachiewicz. Monografie Politechniki Łódzkiej.
- Mrozowicz K. 2007. “Zarządzanie bezpieczeństwem w systemie ratownictwa górskiego”. *Zeszyty Naukowe Małopolskiej Wyższej Szkoły Ekonomicznej w Tarnowie*, no. 1 (10).
- Petersen D. 1988. *Safety management: A human approach*. New York: Alorey. ISBN 0-913690-12-0.
- Pidgeon N. F., Turner B. A. 1986. “Human error and socio-technical system failure”. In: *Modeling human error in structural design and construction*. Ed. A. S. Nowak. New York: American Society of Civil Engineers. ISBN 087265583.
- Rotter T. 2001. *Psychologia likwidacji wypadków drogowych*. Kraków: Text. ISBN 83-88934-10-4.
- Saari J. (ed.). 1987. *Successful accident prevention*. Helsinki: Institute of Occupational Health. ISBN 9518016127.
- Stalewski T., Łuciewicz J. 1994. *Socjologia organizacji: Problemy podstawowe*. Wrocław: Wydawnictwo Akademii Ekonomicznej im. Oskara Langego. ISBN 83-7011-162-9.
- Statut Górskiego Ochotniczego Pogotowia Ratunkowego. 1977. Zakopane.
- Statut Tatrzańskiego Ochotniczego Pogotowia Ratunkowego. 1991. Zakopane.
- Stawowska L. 1983. *Psychologia różnic indywidualnych dzieci i młodzieży*. Katowice: Wydawnictwo Akademii Wychowania Fizycznego.
- Stoner J. A. F., Freeman R. E., Gilbert D. R. 2001. *Kierowanie*. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-208-1295-X.
- Studenski R. 1994. “Szacowanie i ograniczanie ryzyka”. *Atest – Ochrona Pracy*, no. 6.
- Studenski R. 1996. *Organizacja bezpiecznej pracy w przedsiębiorstwie*. Gliwice: Wydawnictwo Politechniki Śląskiej. ISBN 83-85718-47-8.

## **Organizacja Niebieskiego Krzyża jako podmiot zarządzania bezpieczeństwem w turystyce górskiej**

**Streszczenie:** Artykuł porusza problematykę efektywności zarządzania bezpieczeństwem w turystyce górskiej. Przedmiotem analizy uczyniono organizację GOPR, która poprzez formalizacyjne i behawioralne wymiary działalności ratowniczej zarządza stanem i poziomem bezpieczeństwa w górach, a ściślej w zjawisku turystyki górskiej.

---

---

**Słowa kluczowe:** zarządzanie bezpieczeństwem w turystyce, ratownictwo górskie

---

---



RADOSŁAW PYREK\*

## Quick Response Manufacturing description

---

---

**Key words:** Quick Response Manufacturing (QRM) idea, POLCA system

---

---

**Summary:** Major part of the article is dedicated to describe and expose ways of implementing modern (the most recent) method of manufacturing management named Quick Response Manufacturing—QRM and POLCA. What is more, measurable advantages that can be achieved by a company which uses that method were pointed.

QRM concept aims to continuously adjust operations to ensuing changes, both internal and external ones. The Quick Response Manufacturing concept assures substantial flexibility of response to signals from the market, a possibility of instant response to customers' needs.

### 1. Introduction

Quick Response Manufacturing (QRM) idea aims at permanent restructuring of manufacturing processes and continuous adjustment of actions to interior and exterior changes. The Quick Response Manufacturing conception is, in a way, a modification of previous systems. Moreover, QRM is apparently directed to compress time in all the action spheres and delivery chains of a company. Its implementation ensures not only effective time management inside a company but also strengthens cooperation between suppliers and recipients. Besides, it also ensures a flexible reaction to market signals and improves competitiveness of a company in the long-term.

Essentially, the main point of this article is a description of QRM concept as a modern method of manufacturing management, moreover equalisation of traditional approach and rules of QRM.

---

\* Radosław Pyrek, MA—Department of Management, Małopolska School of Economics in Tarnów.

## 2. Quick Response Manufacturing & POLCA System

During the last few years many of the US companies have implemented the QRM strategy, which has given astounding results (Suri, 2003, p. 3). The typical results were shortening the lead time (80–95% both in the stages of production and planning/administration), lowering product costs (15–50%), quality improvement of delivery realisation (40–98%), as well as better exploitation of materials and a decreased number of corrections (80%). QRM has achieved these results owing to detailed management rules, production methods, analysis techniques and tools. Additionally, QRM takes an extra effort to shorten the time of launching the product into the market.

QRM aims at shortening the time of delivery realisation, both as it regards aspects inside and outside a company (Suri, 2003, p. 3). From the client's point of view, QRM means answering the client's needs through an immediate design and products manufacture and matching them (products) to client's needs (exterior aspect). Moreover, from the company's point of view, QRM focuses on shortening the lead time, which results in quality improvement, lower costs and, obviously, fast reaction (interior aspects).

The Quick Response Manufacturing seizes all the precedent approaches, i.e. JIT, flexible manufacturing, group technology and lean production (see also: Brzeziński, 2002, pp. 450–462; Durlík, 2000, pp. 225–229, Pasternak, 2005, pp. 304–311).

The list of QRM's main characteristics convinces us that QRM is a mix of previous systems' results, and thus, it contains a relatively small number of innovations. It appears that the issue related to POLCA system may be the sole one that belongs to QRM only. Among the fundamental QRM characteristics, it is worth mentioning (Laskowska, 2001, p. 118):

- search for new operations execution methods, which focus on time reduction;
- agreement of partial use of the company resources;
- measurement of time reduction and its recognition as the main indicator of company achievements;
- involvement of suppliers and buyers in QRM programme;
- adaptation of QRM in order to improve competitiveness of a company in the long-run, and to involve workers in the process of changes;
- manufacturing systems as a cell structure and its complementing with the help of resources flow control method, which contains 'push' and 'pull' elements (Suri, Krishnamurthy, 2003, p. 5).

The POLCA system (Paired-Cell Overlapping Loops of Cards with Authorisation) is an idea of how to control the resources flow. It consists of elements of the 'pull' system (typical in JIT) and 'push' system (traditional manufacturing systems).

MRP (Materials resource planning) is, in POLCA system, used only at higher levels and it is not applied in manufacturing cells, where the 'pull' system is used. Innovative content of QRM is the rule of combination of single manufacturing cells into

pairs and creation of POLCA cards. In QRM these cards, in contrast with KANBAN cards in JIT, are not assigned to particular products, however they are assigned to pairs of manufacturing cells.

In order to understand the functioning of POLCA, it is worth analysing the case of CFP corporation (Suri, Krishnamurthy, 2003, p. 4) which makes front panels and name tablets for small devices, matching clients' needs. These products are made of different materials, have a wide range of sizes, printed information and different holes and notches which help to install them. The competitive strategy of CFP is based on the provision of services to clients who order small numbers of tablets and panels, through adaptation of strategies that focus on shortening the time between order and delivery. In order to ensure fast reaction, a company like CFP would have to reorganise its whole structure. First of all, the company would have to create cells which focus on subsets of manufacturing processes of similar parts. The cells would differ in type of overprints, size and material used, type of the container, etc. An individual client's order is realised through a fixed combination of cells used to make overprints, manufacture and finalise every order (see Figure 1). Orders may have a variety of requirements. An order for big tablets with many holes may require more time spent on the printing-press cell (F3) and less time on the trimmer, while an order for small tablets may require a totally opposite time allocation in particular cells. Establishment of the operation sequence may vary among orders. Therefore, the idea of shortening the 'takt time' and 'level scheduling' has not been applied.

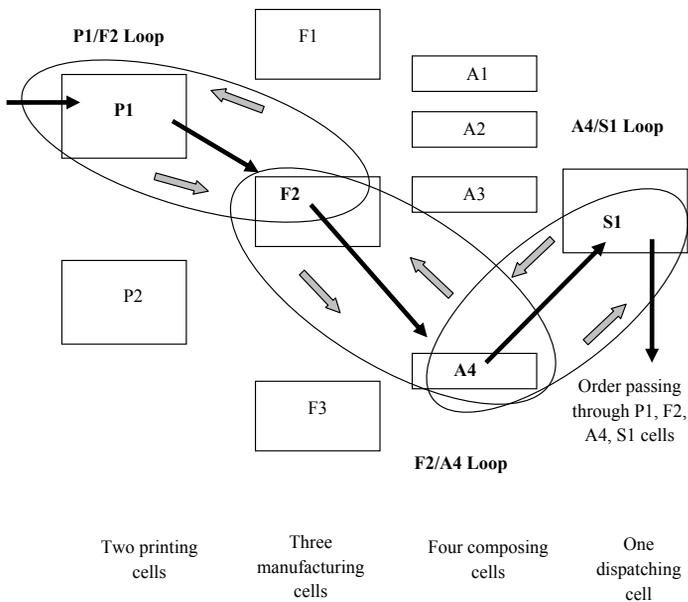


Figure 1. The POLCA card flow related to a particular order in CFP company

In POLCA system the flow of the orders through different cells is controlled by combinations of authorisation and controlling cards known as POLCA cards. Authorisations are generated by High Level Materials Requirements Planning. HL/MRP is similar to MRP, however it does not work on the operational level but regards every single cell more like a black box and only supports planning of the material flow in every cell. The time of authorisation is created by HL/MRP at the very beginning of every order, and as a result, every cell knows when to begin production. However, different than in standard push/MRP system where the work centre should start production at the time of authorisation, in POLCA system the authorisation time means only the beginning of work but a particular cell will not start until POLCA card is available. POLCA cards communicate and control the material movement between cells.

Even though it may look similar to KANBAN system, there are some important differences. Firstly, POLCA cards are used only to control movement between cells but not inside them (cells have the possibility of choice between a variety of different procedures related to material control among existing work posts). Secondly, POLCA cards are not assigned to a specific product (like in KANBAN) but to pairs of cells. Figure 1 shows the flow of POLCA cards related to particular orders in CFP company. The operation sequence for this order directs it from P1 to F2, then to A4 (in order to compose it) and finally to S1 (in order to dispatch it). Thirdly, in comparison to KANBAN, POLCA cards carry over the task while they are moving between both cells until they come back to the first cell in a pair. For example, the card P1/F2 would be bound with the task during its initiation in P1 cell, then it would carry over the task during its execution in P1 cell and movement to F2 cell. Afterward, the card would carry over the task until it left F2 cell. Only when the task is passed forward to the next cell (A4), the card P1/F2 will come back to P1 cell. Since most of the single cells would belong to more than one pair of cells, the cards would overlap thanks to the card looping system.

### 3. Traditional approach versus Quick Response Manufacturing

The key aspect of QRM is to solve the problem of time reduction between order and delivery. Some of the common approaches towards production management look like a set of incoherent definitions, whereas in QRM the whole set originates from the same topic. However, these rules are universal and may be applied to the whole organisation process—from manual workers to administrative ones, from order reception to its booking, from purchase to sale. Such an approach is more rational in management, than a set of different rules and ideas, as it gives an opportunity to segregate logical messages. Table 1 depicts the synthesis of traditional versus QRM approaches.

Table 1

## Traditional approach versus QRM overview

Approach/ rule	Traditional approach	QRM
1.	All the workers have to work faster, harder and longer in order to shorten the production time	It is necessary to find new ways of production focusing on decreasing the lead time
2.	In order to finalise actions it is necessary to keep staff and machines working	Manufacturing reserve capacity should be strategically planned—actions should be planned at 80% or even 70% when resources reach the critical level
3.	In order to shorten the lead time, efficiency should be improved	The efficiency indicator is achieved through measuring the shortening of task execution time. Traditional indicators of efficiency and resources usage should be eliminated
4.	It is necessary to pay attention to delivery on time by every department and deliverer	It is necessary to consequently follow the measurable and cost-effective shortened time of tasks realisation
5.	Installation of MRP may shorten the time of tasks realisation	MRP should be used in HL/MRP. Moreover, the organisation of production should be restructured into simple, product-oriented cells, and then the POLCA system—supplemented with them, which puts together advantages of the ‘push’ and ‘pull’ strategy
6.	Quantity discounts should be negotiated, as the production materials are ordered in high numbers	Motivating deliverers to implement QRM, which will result in smaller deliveries and lower costs, better quality and a shorter task execution time
7.	Clients should be encouraged to buy bigger amounts of products through implementation of quantity discounts and bonuses	Educating clients in the field of QRM and negotiation of timetables which are compatible with smaller delivery sizes at reasonable prices
8.	QRM may be implemented through the creation of task groups in every department	To overcome the functionality borders through introduction of the Quick Response Office Cell (Q-ROC) which is looped, linked, multifunctional and trained team that focuses on the target market segment and is capable of decision making
9.	The reason for QRM implementation is that it will be possible to charge clients with higher fees for faster finalised work	The reason for QRM implementation is that it improves efficiency of a company and ensures future security
10.	A lot of money will be invested in technology in order to implement QRM	The biggest battery during implementation of QRM will not be the technology but mentality—special training should help managers to understand that. Then, companies should be involved in shortening the time of tasks realisation at lower or no costs, leaving expensive technical solutions for later

Source: author's own study based on: Suri, 2003, p. 8–16.

The Quick Response Manufacturing has worked out specific and detailed rules regarding manufacturing enterprises. Indeed, QRM provides all the main rules of a production organisation. Simultaneously, it aims at absolute shortening of launch-

ing time. QRM lets the management introduce one unified message instead of introducing several actions and shortcuts.

QRM builds on fundamental rules of the production system dynamics to ensure recognition of enterprise reorganisation in order to achieve fast effects.

The idea of QRM aims at permanent restructuring of manufacturing processes and constant customisation of actions to interior and exterior changes taking place.

As it has been mentioned above, the key aspect of QRM approach is how to reduce the time between order and delivery. Some of the traditional approaches may look, at the first glance, as a set of incoherent ideas. Managers and workers have to remember a list of rules, such as e.g. "Five S". The set of QRM rules provides the opportunity of production arrangements.

## 4. Conclusion

In the era of technical development, financial aspects are not the most important ones when it comes to success in business. Information is gathered and processed in order to manage clients, products and services. Information about clients, surroundings and competitiveness of your own company and the relation between them is extremely important. Only when we do possess that knowledge, we may successfully run our company.

QRM emerged in order to satisfy the requirement of fast and flexible reaction to quickly changing demands. Lean Management and the Quick Response Manufacturing provided for the necessity of cooperation between partners from the delivery chain in order to sustain decreased costs, increased quality and shortened reaction time. In QRM, there is an additional postulate aiming at time compression and flexibility of a given company.

QRM idea aims at permanent restructuring of manufacturing processes and continuous adjustment of actions to interior and exterior changes.

This article is addressed to both theoreticians concerned with the QRM issue, and practitioners who manage manufacturing processes. It may also appear interesting to students who are studying the field of economy (e.g. marketing, production management, or IT and econometrics).

## Bibliography

- Brzeziński M. (ed.). 2002. *Organizacja i sterowanie produkcją*. Warszawa: Placet. ISBN 83-85428-77-1.
- Durlik I. 2000. *Inżynieria zarządzania*. Part 1. Warszawa: Placet. ISBN 83-8542812-7.
- Laskowska A. 2001. *Konkurowanie czasem – strategiczna broń przedsiębiorstwa*. Warszawa: Difin. ISBN 83-7251-114-4.

- Pasternak K. 2005. *Zarys zarządzania produkcją*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1573-8.
- Suri R. 2003. *QRM and POLCA: A winning combination for manufacturing enterprises in the 21st Century*. Technical report. Center for the Quick Response Manufacturing.
- Suri R., Krishnamurthy A. 2003. *How to plan and implement POLCA: A material control system for high-variety or custom-engineered products*. Technical report. Center for the Quick Response Manufacturing.

## Charakterystyka systemu wytwarzania – Quick Response Manufacturing

**Streszczenie:** Koncepcja QRM dąży do permanentnej restrukturyzacji procesów wytwórczych oraz ciągłego dostosowywania działań do zachodzących zmian zarówno wewnętrznych, jak i zewnętrznych; jest ona pewną modyfikacją poprzedzających ją systemów. Nadto QRM jest najwyraźniej ukierunkowana na kompresję czasu we wszystkich sferach działania przedsiębiorstwa i łańcucha dostaw. Jej stosowanie zapewnia efektywne gospodarowanie czynnikiem czasu wewnątrz przedsiębiorstwa oraz w kooperacji z dostawcami i odbiorcami, elastyczność reakcji na sygnały płynące z rynku oraz poprawę konkurencyjności przedsiębiorstwa w długim okresie. Artykuł adresowany jest zarówno do teoretyków zajmujących się tym zagadnieniem, jak i do praktyków zarządzających procesami wytwórczymi. Może on również zainteresować studentów wszystkich niemal kierunków ekonomicznych, a w szczególności kierunku zarządzanie produkcją, zarządzanie i marketing czy informatyka i ekonometria.

---

Słowa kluczowe: koncepcja Quick Response Manufacturing, system POLCA

---



MAŁGORZATA RAMOCKA\*

## Culture as an economic growth factor

---

---

**Key words:** economic growth, culture, factors of the growth, social trust

---

---

**Summary:** The article considers a culture as an important factor of economic growth. A culture is understood as the environment for social and economic performance. It's presenting three theories which perceive a culture as an influential component for economic life. The starting point is the Francis Fukuyama's point of view about the meaning of social trust. Then in that context it's zooming on Mariano Grondona and Jacenty Siewierski theories.

The economic growth of countries is obviously uneven. Despite the convergence theory, similar environmental conditionings, economic regimes etc.—the economic performances might be very different, what can be noticed in the examples of Greece, Portugal, Hungary and many others. Perhaps a reason for this situation is culture, which—by creating different milieus for the same growth factors—is evoking distinct action.

The main purpose of this article is to show the need of considering culture as an important growth factor as well as to present the ways of research and analyse economic growth in the context of a culture.

### 1. The basic factors in economic growth

Economic growth is usually taken to refer to an increase in a nation's capacity to produce goods and services. Among the basic factors underlying this phenomena, the most obvious is productivity, which directly affects the level of GDP. However, productivity itself depends upon several factors of production:

Depending on the economic school and historical period, these factors of production may differ. The physiocratism was considering a meaning of capital, land, labour

---

\* Małgorzata Ramocka MA—Department of Management, Małopolska School of Economics in Tarnów.

and entrepreneurship. According to the classic school represented by Adam Smith or David Ricardo, the main factors were: land, labour and capital. However, Karl Marx (sometimes also perceived as a representative of the classic economy) mainly appreciated the importance of the labour, labour's instruments and its subject. The contemporary attitude is now to treat a capital as a kind of amalgam of fixed, working and financial capital and sometimes also, in more simple terms, as 'human capital'.<sup>1</sup>

Land, labour, capital and human condition are formed by a whole range of elements, sometimes referred to as 'beyond economic factors'. However, this name does not seem very fitting, if they are able to interact with economic occurrences—like for example political and institutional situation of a country, mechanisms in place to encourage investors and entrepreneurs; as well as social situation, and, by extension, level of social trust, education, demographics, tendency to consume and tendency to save, level of motivation, attitude to work, wealth, as well as issues of organisational structure, environmental considerations and of course technology—the main factor underpinning economic growth according to an endogenous theory of growth, convergence phenomena and probably many others. Sometimes, one of the factors identified is culture itself.

## 2. The beginnings—why is culture important?

The relationship between culture and economic growth or economic development, more broadly speaking, seems to resemble the relation between the roots of the tree and one of its largest branches. That is at least the case when we assume a theory of cultural pattern,<sup>2</sup> for example. According to this theory, culture consists of ways of thinking, feeling and reacting that are obtained and forwarded mainly via symbols. The main core of culture to be considered are then traditional ideas, and moral values, in particular. The systems existing within a culture are taken to be not merely the results of actions, but instead constitute the main reasons for such actions. A key part of any culture lies in its norms and behavioural standards; another key component are the ideologies it uses to rationalise and justify certain forms of behaviours. Each culture has its own general roles of selection and establishing order. This means that all patterns of behaviour can be easily generalised in terms of all levels of culture (Jenks, 1999, pp. 52–53). There is only one thing lacking in this broad definition of culture—the thesis of its internal dynamic, which allows culture to be understood as a constant process, including the evolving meaning and content of the symbols present in the culture.

As Adam Smith once said—economic life can only be considered in the context of customs and values. The same opinion can be seen to be expressed in a famous the-

---

<sup>1</sup> Human capital can be understood as a notion of capital that also includes the ideas of social and/or intellectual capital.

<sup>2</sup> Cultural pattern theory is one of many theories of culture, some of which understand culture instead as a social structure or communication, etc.

ory of Max Weber, who set out to prove the Protestant work ethics to be a key factor in capitalist development. That point of view—which sees culture as an inheritance of ethical habits is also close to the thesis of Francis Fukuyama (Fukuyama, 1997, p. 49). So perhaps, it is after all worthwhile to consider culture more closely in its own right as a factor in economic growth and development.

Francis Fukuyama—the American economist, political scientist and philosopher believes that the influence of culture appears most deeply in the level of trust as a social virtue. All societies are built on trust. However, the members of those societies may trust each other and their institutions to a greater or lesser degree. How much—of course depends on the culture and this can be seen, for example, in the spontaneous ways in which a society organises itself. Society's ability to unite people depends on the extent to which they share common values and norms. In other words—people who are closer to each other in terms of ethical values form groups more naturally and more easily, and consequently these groups are also more likely to generate income. As Fukuyama says, a high level of social trust is beneficial not just in terms of the development of expanded organisational structures, but also in terms of the transformation of major hierarchies into a network of smaller entities, something that is made possible by the emergence of new technologies. Societies with an abundance of social capital are more liable to adapt new forms of organisation, which fit better with the circumstances of new economic and technical order. A higher degree of social trust also has an effect on the quality and efficiency of work. Flexibility and a tendency to entrust lower levels of organisation with responsibility characterises work in this kind of cultures. These phenomena in turn have a positive effect on the motivation and morale of employees. In contrast, a world with a low degree of trust is characterised by domination of bureaucracy and a complicated, complex hierarchy. So, according to Fukuyama's theory, the foundation for a healthy economy consists of social capital and social trust, which themselves stem from a society's culture. Even though trust is a founding element of all cultures, some of them, more than others, tend not only to encourage honesty, charity or mercy but also to trust institutions and other members of society. At the opposite extreme, the attitude is that only people worth trusting are those from the closest environment, for example, own family. Fukuyama then analysed a number of chosen economies in terms of this difference, showing that the successes of economies based on trust within the family circle—like China, France, Italy or Southern Korea, were only possible thanks to state intervention and the support provided by governments to global corporations. At the other end of the scale, there are countries like Japan or Germany, where the level of social trust is very high, and the formation of major corporations was not related to the idea of family belonging but was an effect of a spontaneous unification of members of the society. In summary, the ability to cooperate depends on established habits, traditions and norms, and it is these factors that have a key role to play in forming the structure of a market. It is then quite possible that a successful market-driven economy is determined by the factor of social capital (Fukuyama, 1997, p. 398).

### 3. Culture as a founding element in the economic classification of countries

The classification of countries according to their level of economic dynamism and level of social trust is only one of the methods for finding links between culture and economy. One of the most interesting models according to which economies are programmed by cultural factors for successful development or failure was presented by Mariano Grondona. Recognition of a culture as productivity-oriented or the reverse is here based on a set of mental features that lists twenty ways of characterising a type of culture. This set of features is shown in Table 1 below.

Table 1

The cultural standardisation of economic development by M. Grondona

No.	Cultural factor	Pro-Development Culture	Anti-Development Culture
1.	Religion	Pharisee religion—priority of wealthy, successful people—for example Protestantism	Plebeians religion—priority of poor or impecunious people—for example Roman Catholicism
2.	Belief in the Individual	Belief and trust in the individual	Lack of trust leading to developed system of control and supervision
3.	Moral Imperative	Widespread agreement on rights and roles, which are not too demanding, making them easier to implement as a result	Two different universes—one of solemn ideas and the highest of standards and a second one—every day ethics—full of hypocrisy and duplicity
4.	Wealth	Wealth is in the future—what will once exist	Wealth is what is here and now
5.	Competition	To achieve wealth and excellence, competition is a necessity	Competition is a form of aggression. It should be avoided
6.	Distributive justice	Takes the business of future generations into consideration. Less disposed to consumption. Frugality as a virtue	Only for the contemporary, living generation of society. Focus on current consumption, lack of tradition of frugality
7.	Work value	Positive value of work	Lack of respect for work as a value in itself. The places at the top of the social ladder are held by intellectuals, artists, politicians, army and religious authority figures
8.	Heresies	Intellectual pluralism	Suppression of intellectual innovations, devotion to orthodox doctrines
9.	Education	System lets the individual find the truth without pressure of one doctrine	Education is a transfer of dogma, breeding another generation of loyal believers in the established doctrine

10.	Meaning of utility	Lack of trust in theories which it is impossible to verify, focusing on business in the practical sense	Idealistic attitude, inspired visions
11.	Lesser virtues	Lesser virtues are valuable—like solid work, order, kindness and punctuality	Lack of importance of the lesser virtues. They impose an unnecessary degree of rigor. At the same time, they are meaningless in comparison to traditional virtues, such as love, justice, courage, generosity etc.
12.	Time dimension	Focus on near future	Focus on past
13.	Rationality	The greatest virtue	Fantasy and breadth are more important—pyramids, great revolutions, huge undertakings achieved in countries without roads, hotels and basic infrastructure
14.	Power and authority	Rule of law, steadiness	Rule of an individual or a group. Instead of following the rules, people focus on predicting the caprices of authorities
15.	World view	The world is open, it is a stage upon which every actor has its role	The world is an entity without measure, a stage upon which only the most powerful forces are able to act—God, devil, international conspiracies, imperialism, capitalism, Zionism, etc.
16.	Life view	People create their own life	Life is given to people, they have to accept it as it is
17.	Salvation	Salvation in another world depends on the efforts to change this world	Salvation will be given to people who resisted the temptations of this world
18.	Utopia	Utopia is something remote. The present-day world makes creative efforts towards achieving it in the distant future	Utopia is something close at hand, the individual is outreach of it
19.	Nature of Optimism	Making an effort to change reality does make a difference. People can affect reality	Belief in God and good fortune are the most helpful, favourable attitudes
20.	Democracy	Liberal, constitutional democracy—in the style of Locke or Montesquieu	A people's republic can be established based on absolutist tradition. Rather in style of Rousseau

Source: author's own study based on: Grondona, 2003, pp. 105–112.

According to the author, this list of elements characterising pro- and anti-development cultures is merely a basis and may be more extended or abridged, depending on the kind of issues to be highlighted. The system of standardisation has of course to be considered as a simplification, because it is impossible to capture the unchangeable and untouchable position of any culture on such a scale. The values taken into consideration are constantly shifting and changing, probably more dynamically now than

in previous decades. The biggest challenge is to capture the values of the moment, when a change in values is about to come, with an effect on a society's way of acting, leading to economic growth at a specific historical moment.

#### 4. Other systems of standardisation

A standardisation of cultures that blends Grondona's attitude and, more indirectly, the issue of social trust has been proposed by Jacenty Siewierski. According to his view, faster economic development is typical for modern societies, where the pattern of acting is based on rationality and the main position in the value hierarchy is an aspiration to positive changes and improvements. Here, the form of social kinship is impersonal, something that is important in terms of Fukuyama's theory and might be related to the higher degree of social trust. Social relationships are conditioned by steady law, while the influence of public opinion and situations of conflict are institutionalised. In turn, economic growth tends to be 'dampened down' in more traditional cultures. The characteristic features of such cultures boil down to respecting tradition as the only pattern of acting where the highest place in the value hierarchy is assigned to steadiness and an aversion to change, and where the most important relations are built at family level and religion or customs are more important than civil law (Siewierski, 2006, p. 68). Apart from the factors identified by Grondona, pro-development cultures are characterised by egoism of the individual, shown for example in the perception of one's own life as an asset, that can be freely shaped and created. In view of those values, exponents of traditional cultures prefer a more altruistic vision of human nature and they seem to be more ready to agree to accept their fate. Ultimately, they also have different attitude to the questions of actual economy, too. Pro-development cultures consider wealth to be the main source of satisfaction of needs and it is something that is in turn recognised as a result of individual work. Private property is a natural right and the functioning of society in terms of market forces and competition is the only way to achieve economic success. In contrast, anti-development cultures perceive wealth rather as a symbol of power, given by the grace of some authority or achieved as result of fraud or crime. Private property is a matter of appropriation but can be also sanctioned by some higher order, for example a religious authority.

Those attitudes identified here are of course not the only ones that have an influence on growth. In 2003, Robert J. Barro and Rachel M. McCleary published a thesis that sought to prove the relations existing between certain forms of religious behaviour and economic growth data. The most important indicators used in these studies were church attendance, as well as the belief in heaven and hell. Based on the data gathered, the authors were, amongst other things, able to prove a positive correlation between the belief in heaven and hell and economic growth (Barro, McCleary, 2003, p. 36). The issue of the culture also appears as an important problem in the context of

a New Institutional Economy. Oliver E. Williamson created a scheme presenting interactions between four levels of economic reality. The first, most general level corresponds to the culture and informal institution, that is the mainspring of all social and economic action. The second level corresponds to formal institutions, including the law and socio-political institutions. The next level is that of management and the last, but constantly changing level is that of the allocation of resources (Williamson, 2000, p. 597). All these levels have an influence on each other, proving the theory of an absolutely endogenous reality. Interactions between economic growth factors resemble that of a great, pulsing system, within which all elements at some point interact, and where any change in the system has a knock-on effect at all other levels.

## Bibliography

- Barro R., McCleary R. M. 2003. *Religion and economic growth*. [online, accessed: 2010-07-31]. NBER Working Papers, 9682. Cambridge. Available from Internet: <http://www.nber.org/papers/w9682>.
- Fukuyama F. 1997. *Zaufanie. Kapitał społeczny a droga do dobrobytu*. Transl. by A. and L. Śliwa. Warszawa–Wrocław: Wydawnictwo Naukowe PWN. ISBN 83-01-12488-1.
- Grondona M. 2003. “Kulturowa typologia rozwoju gospodarczego”. In: *Kultura ma znaczenie*. Ed. L. E. Harrison, S. P. Huntington. Transl. by S. Dymczyk. Poznań: Wydawnictwo Zysk i S-ka. ISBN 83-7298-368-2.
- Jenks Ch. 1999. *Kultura*. Transl. by W. J. Burszta. Poznań: Wydawnictwo Zysk i S-ka. ISBN 83-7150-705-4.
- Siewierski J. et al. 2006. *Socjologia gospodarki*. Warszawa: Difin. ISBN 83-7251-670-7.
- Williamson O.E. 2000. “The new institutional economics: Taking stock, looking ahead”. *Journal of Economic Literature*, vol. 38.

## Kultura jako czynnik wzrostu gospodarczego

**Streszczenie:** Artykuł dotyczy wpływu kultury jako istotnego czynnika wzrostu gospodarczego. Kultura rozumiana jest tu jako środowisko życia społecznego, w tym gospodarczego. Punktem wyjścia jest ukazanie kultury jako siły warunkującej oddziaływanie czynników produkcji, bezpośrednio odpowiedzialnych za poziom wzrostu gospodarczego. Wśród elementów „pozaekonomicznych” znajduje się między innymi problem zaufania społecznego, szeroko omówiony przez Francisca Fukuyamę. Artykuł przybliży także narzędzia służące analizie kultury pod kontem jej produktywności autorstwa Mariana Grondony i Jacentego Siewierskiego.

---

**Słowa kluczowe:** wzrost gospodarczy, kultura, czynniki wzrostu gospodarczego, zaufanie społeczne

---



ADAM STABRYŁA\*

## Assessment aspects and criteria of corporate management systems

---

**Key words:** management system, diagnosis of management systems, examination aspects of management systems (target-oriented, subjective, structural, functional, instrumental), assessment criteria of management systems

---

**Summary:** The aim of the article is to present the framework concept of the diagnostic research, based on the formula of five aspects of determining the management system. The following aspects have been distinguished: appropriate, subjective, structural, functional and instrumental. The aspects form the cognitive model which, along with the management field (being a kind of activities or resources) constitutes the subject of diagnosis.

In the diagnostic research—interpreted in universal context—the general task is to assess the actual condition of a given facility, be it an enterprise, a strategy being executed, any process or system. The diagnosis can be extended by the assessment of external factors which made up of the surroundings of the facility being examined.

The presented concept is oriented on the assessment of management systems and it is recommended to use the multi-criterion approach, within the framework of the aspects listed below. The approach has a decisive substantial advantage over one-criterion approaches, which leads to the postulate of binding the individual assessment criteria into a complementary system. It is a problem of the quantitative and qualitative selection of assessment criteria and their aggregation.

In connection with the above, the subsequent points of the article present the following questions:

- directions of research on management systems;
- the notion of the corporate management system as a collective category;
- the five-aspect model of corporate management systems (CMS);
- aspects of examination of the corporate management systems;
- the essence of the multi-aspect diagnosis of the corporate management systems;
- an overview of the assessment criteria of the corporate management systems.

---

\* Prof. Adam Stabryła, PhD—Department of Management, Małopolska School of Economics in Tarnów.

## 1. Directions of management system research

The methodology issue of analysing management systems, set primarily in the organisation and management theory (OMT), has strongly headed for the theory of systems in the later period of its development. Classical sections of OMT, such as the organisational diagnostics of work processes, organisational structure improvement, management function analysis, corporate economics, organisation of management and production processes, have made use of methodological proposals stemming out of the systemic current. Above all, it concerns the mathematical modelling and the theory of decision-making, as well as that of steering and regulation.

The presence of the issue connected with the theory of systems is also clearly visible in the modern times and includes, among other things, the following methodological approaches:

1. Competitive system model (Beer, 1984);
2. Integrated management concept—St Gallen (Bleicher, 2004);
3. Concept of critical systemic thinking (Jackson, 2003);
4. Intelligent organisations (Schwaninger, 2006);
5. Organisation conceptual model (Hatch, 2002).

Summarising the above comments one should state that OMT and the theory of systems (both the general theory and the systemic analysis) have complemented one another. Most recently there has been a development within the field of designing management systems, oriented on various areas of practical activities. The basic management systems can, for instance, include: quality management system, environmental management system, health-and-safety-at-work management system, information security management system, IT applications of planning resources, financial analysis and budgeting.

A collection of management systems is inordinately enriched by decision-making models, algorithms, financial instruments, diagnosing and designing methods, statistical formulas of scenario planning and forecasting. One cannot omit the ‘learning organisation’ concept, knowledge management, the ‘network thinking’ approach, process management algorithmisation, improvement of managerial information systems, communication techniques. These are complex goals and the varied research instrumentarium is but a set of management systems which can appear in the form of partial systems or integrated solutions.

To recapitulate, one should also pay their attention to the terminological issue. The term ‘management system’ does not have an unambiguous interpretation in literature, which can be explained by the multiplicity of models and methods being applied as well as empirical references. Therefore, for comparative reasons, we quote a few characteristic framework terminological proposals (Table 1).

Table 1

Examples of framework definitions of the 'management system' term

Specification
<p>L. von Bertalanffy (1962, p. 1–20): Formal features of the systems are: summation, integrity, mechanisation, centralisation, system hierarchical organisation, equifinality.</p> <p>H. Bieniok, M. Ingram, J. Marek (1998, p. 4):</p> <ol style="list-style-type: none"> <li>1. A corporate management system is the leading corporate subsystem isolated in the institutional, instrumental and procedural sense (steering and controlling, IT and decision-making).</li> <li>2. The task of this subsystem is the functioning that standardises and stimulates all the significant executive subsystems, in the direction of better use of the resources and in connection with it—an improvement in efficiency of the functioning of the whole, assessed within the context of the market, economic and social environment.</li> </ol> <p><a href="http://en.wikipedia.org/wiki/Management_system">http://en.wikipedia.org/wiki/Management_system</a>: A management system sets frameworks of the processes and procedures where the goals of an organisation are executed.</p> <p><a href="http://incert.pl/p_show_32_systemy_zintegrowane.html">http://incert.pl/p_show_32_systemy_zintegrowane.html</a>: An integrated management system is a documented and coherent system, fulfilling the requirements of at least two norms. Its implementation allows efficient and simultaneous management of numerous subsystems by establishing a uniform policy.</p> <p>A. Stabryła (-): The management system is a steering and regulating system as well as the mechanism of shaping the structure and efficient functioning of an organisation.</p>

Source: author's own study.

## 2. The term of corporate management system as a collective category

A developed explanation of the 'corporate management system' (CMS), collecting the multiplicity of its partial forms, can be interpreted in the following way:

1. It is a set of multiple economic and extra-economic goals;
2. From the organisational point of view it is a structure which determines (as a static system) functioning of an enterprise;
3. It is an institutional pragmatics and that of management processes;
4. It is a process which constitutes the normalising procedure and disposal influence on executive sphere;
5. The management process is determined by the following functions: decision-making, identification, planning, organising, motivating and control;

6. The management process is encapsulated in diversified organisational forms, such as: decision-making systems of management, systems supporting the management process, functional systems, integrated systems;
7. It is a collection of rules of resources management;
8. It is an instrument stimulating innovative processes;
9. In the broad, holistic approach it is a complex which is determined by the following aspects: holistic, subjective, structural, functional, instrumental.

The above-mentioned set of distinguishers which describe the corporate management system can be extended and specified. The range of developing this set will depend on individual management areas, because it is them that imply the peculiarity of managerial activities.

The ninth and the last point of the above-mentioned description is a proposal of a multi-aspect approach to the corporate management system.

### 3. The five-aspect model of corporate management systems (CMS)

The structure of the model is as follows:

#### **CMS statics**

1. Target-oriented aspect;
2. Subjective aspect;
3. Structural aspect.

#### **CMS dynamics**

4. Functional aspect;
5. Instrumental aspect.<sup>1</sup>

The individual aspects have their own counterparts which are CMS sub-systems. Depending on the selected aspects these are:

1. Operational goals;
2. Subjective sphere;
3. Institutional pragmatics and CMS configuration;
4. Course of management processes;
5. Management process instruments.

The sub-systems are partial towards multi-aspect CMS. As it follows, the latter is the aggregate which combines the selected sub-systems.

Individual sub-systems are defined by determinants which are characteristic of them and direct the search and creation of different forms of CMS. It is for them that the model-samples are designed which are of normative importance and are the benchmark for diagnostic research and CMS design (improving and base design).

---

<sup>1</sup> In the book *Organizacja i zarządzanie. Zarys problematyki* (1986, p. 130) I distinguished the following aspects: substantial (objective), static (structural), functional, instrumental.

## 4. Examination aspects of corporate management systems

### (1) Target-oriented aspect

The aspect refers to the range of a company's business operations and its formalising, based on a fixed vision and mission plus overall goals. The correlate of the aspect under discussion is the 'operational goals' subsystem which covers classifiers of the partial goals (investment, operational, financial, marketing and others) as well as cooperation conditions.

The determinants which determine the subsystem of goals are:

1. Principles of designing the structure of goals (of classifiers, sets, beams, trees);
2. Techniques of selecting the goals;
3. Mechanisms of shaping cooperation conditions.

The principles of designing the structure of goals are methodological guidelines which are used in preparing strategic options, advanced management strategies, business plans. The principles concern: methods of goal formulation, goal classification, goal complementarity, goal coordination, goal selection.

Techniques of goal selection are the instruments which are used in decision-making process. They are a natural consequence of the goal selection principle and, simultaneously, they express the optimising (rationality) methods of the management strategy plus operational plans. The fundamental techniques of goal selection include: efficiency analysis, rules of priorities, preference analysis for the decision-making model in conditions of multiplicity of goals, multi-dimensional comparative analysis, the method of the two-step assessment of design variants, decision-making models taking into account the risk parameter.<sup>2</sup>

The mechanisms of shaping cooperation conditions are methods allowing the achievement of assumed goals. They include, for example: work division and specialisation, selection of productive factors, coordination and concentration of activities, managerial information system, incentive system.<sup>3</sup>

### (2) Subjective aspect

The aspect exhibits the competence as well as organisational and economic significance of managerial staff. The counterpart of this aspect is the 'subjective sphere' sub-system which covers management of individual rungs, advisory teams and organisational units being responsible for supporting the management in all the corporate areas.

The determinants which determine the sub-system of subjective sphere are:

---

<sup>2</sup> The sub-system of operational goals is strictly connected with the sub-system of management process instruments, because the techniques of goals constitute a joint part of both subsystems.

<sup>3</sup> The incentive system is also a determinant of subjective sphere.

1. Types of management institutions (managing entities);
2. Mode of appointing and dismissing management institutions (managing entities);
3. Description of managerial and specialist positions:
  - job descriptions,
  - qualification cards (competences);
4. Fixing the number of permanent posts;
5. Managerial contracts, remuneration procedure;
6. Organisation of management work:
  - work organisation of the management board,
  - work organisation of coordinating teams (commissions, committees);
7. Incentive system:
  - motivation factors,
  - task-based system,
  - labour costs,
  - system of employees' participation in management,
  - formulas of a learning organisation;
8. Communication;
9. Assessment system of management efficiency:
  - system of direct and indirect assessment,
  - management through results,
  - work measurement and valuation.

### **(3) Structural aspect**

The structural aspect is the dimension where CMS is analysed in a way balanced with organisational structure. It can be interpreted as a holistic organisational structure but it can also be perceived as an individual partial organisational structure. These partial structures can, for example, be: structures of management decision-making systems (management board, operational activities, finances, B+R, marketing, logistics and others), structures of the planning and control system (surveillance, controlling, audit).

The counterpart of this aspect is the 'institutional pragmatics and CSM configuration' sub-system. The institutional pragmatics is a section of the management pragmatics and covers regulations of subjective area and internal organisation (static) whereas CSM configuration are multi-type forms of organisational structure, both referring to the whole of the enterprise and to partial structures (in the above-mentioned varieties).

Determinants which are characteristic of the sub-system of institutional pragmatics and CSM configuration include, among other things: division of tasks, deployment of decision-making improvements, centralisation and decentralisation, division of responsibilities, management organisation of relations with suppliers and clients, network organisation, system of responsibility centres.

#### **(4) Functional aspect**

This aspect refers to the functional dimension of CSM and expresses a perspective which is a point of departure for CSM dynamics (functioning) analysis. The aspect becomes an inherent part of the process approach convention, particularly taking into account organisational forms of management processes.

The correlate of this aspect is the 'course of management processes' sub-system which contains configurations of modular processes and procedures.

Furthermore, the subsystem can also hold chains of values (as mapping configurations of modular processes and procedures) as well as the base of the fundamental execution parameters of management processes and operational processes.<sup>4</sup>

The determinants which determine the sub-system of the management process course are, among other things:

1. Management principles;
2. Scope of management function, due to the assumed corporate vision, mission, strategy, partial goals;
3. Pragmatics of management processes and configuration of management processes;
4. Standardisation of management processes;
5. Management styles;
6. Organisational forms of management processes (decision-making management systems, systems supporting management processes, functional systems, integrated systems).

#### **(5) Instrumental aspect**

According to this aspect, CSM is analysed as a collection of research and application tools, used in diagnostic works, design and implementation and generally in fulfilling individual management functions.

The correlate of this aspect is the 'management process instruments' subsystem which covers different types research and execution operators including: influence factors, models, methods, techniques, algorithms, functional strategies. Examples of the management process instruments are: strategic analysis methods, economic and organisational diagnostics, economic planning and forecasting methods, negotiation techniques, decision-making computations, control methods, financial instruments, organisational methods.

Determinants which are characteristic of the sub-system of management process instruments are, among other things: research functions of identification, diagnosis and design, comparative cross-sections, rules of model-building, scope of applications, functionality, credibility of data, cause and effect verifiability, importance of selection (choice) criteria, level of objectivisation, economic efficiency (cost of applications), aggregation possibility of partial grades, accuracy of forecasts.

---

<sup>4</sup>The base serves as a coordination tool of modular processes and procedures.

## 5. The essence of the multi-aspect diagnosis of corporate management systems

As a theoretical construction the management system can be analysed in a way independent of the area of activities being its reference point. As it follows, this construct is defined by the universal formula, which, having undergone appropriate transformations, has multiple applications. It means that, from the practical point of view, the management system is always related with the management area, making a complimentary system. Examples of the areas as reference points can be: B+R area, knowledge and information, the design process of developmental strategy, restructuring process, personal politics, finance and bookkeeping, investment projects, implementation processes, products, technology, operational activities, logistic processes, administrative and office processes.

In connection with the above the diagnosis of management systems is, on the one hand, conducted with reference to their individual sub-systems, and on the other hand: with regard to the management area. It should be stressed that the diagnosis of the management area is usually executed at the beginning of research.

Carrying out diagnostic works is subordinated to the need of establishing efficiency of the management system. Calculating the efficiency can be based on the formula of the verifying, possibly ranking assessment.

The verifying assessment serves to establish whether a given system fulfils the assumed standards. It can be used to analyse the efficiency level of all systems and organisations, with individual model values serving as the base.

Ranking, however, is a tool of comparative analysis of management systems due to, for example, their functionality, correctness of the assumed pragmatics, work consumption and cost of application, accuracy of measurement made with the help of different management instruments.

The diagnostic basis is to define the assessment criteria, being adequate to the individual aspects which determine the management sub-systems as well as to the areas which are subordinated to them. The diagnosis of management systems is an aggregate one by its definition, expressed in the quotient or point form, so it is announced as a factor or index of efficiency, relevant to a given management system. The assessments are subject to categorisation which means that they are attributed to a given qualitative class, marked on the assumed valuing scale.

Efficiency assessment of management systems is executed for five sub-systems (relevant to the aspects), moreover it relates to the management area. These five subsystems are five parts of every management system, encapsulated in a holistic way, whereas the efficiency assessment, referring to every management area should be expressed in the diagnosis of the results of a given activity (e.g. material economy, personal policy, scientific and technical development, operational activities).

## 6. An overview of the assessment criteria of corporate management

### I. Holistic aspect (sub-system: ‘operational goals’)

1. System of values;
2. General preferences defined in management strategies;
3. External determinants and internal conditionings (selection of productive factors);
4. Time perspective;
5. Risk.

### II. Subjective aspect (sub-system: ‘subjective sphere’)

1. Managerial ability (decision-making);
2. Work organisation;
3. Quality and cost-effectiveness of results;
4. Acting in crisis situations;
5. Management costs;
6. Productivity of management costs.

### III. Structural aspect (sub-system: ‘institutional pragmatics and configuration of the management system’)

1. Division evenness of scope of duties;
2. Deployment commensuration of decision-making rights;
3. Balance of scope of duties, rights and responsibilities;
4. An accumulation of the hierarchical structure, span and scope of management (supervision);
5. Horizontal and vertical coordination;
6. Integration of responsibility centres;
7. Compactness of organisational units;
8. Level of internal cooperation;
9. Benefits of the subject’s appearance in bigger structures;
10. Adequacy of the quantitative and generic employment structure to permanent post needs.

### IV. Functional aspect (sub-system: ‘course of management processes’)

1. Formalisation coherence of pragmatics of management processes and procedures (mpap);
2. Cohesion of mpap pragmatic
3. Length of mpap cycles;
4. mpap work-consumption;
5. Operational capability;

6. mpap productivity;
7. Cost of mpap;
8. Degree of mpap configuration complexity;
9. Level of mpap configuration integration.

#### V. Instrumental aspect (sub-system: ‘instruments of management processes’)

1. Fulfilment degree of research functions;
2. Topicality and completeness of the required data;
3. Quality of the measurement;
4. Objectivity of the measurement;
5. Significance and completeness of the assessment criteria (choice);
6. Diagnostic value of the applied method and technique (algorithm, strategy);
7. Work-consumption of the applied method;
8. Cost of the applied method;
9. Simplicity (easiness) of the applied method.

### Bibliography

- Beer S. 1984. “The viable system model: its provenance, development, methodology and pathology”. *The Journal of the Operational Research Society*, vol. 35, no. 1 (January).
- Bieniok H., Ingram M., Marek J. 1998. “Przedmiot i metoda diagnozy systemu zarządzania przedsiębiorstwem”. *Organizacja i Kierowanie*, no. 1.
- Bleicher K. 2004. *Das Konzept Integriertes Management. Visionen – Missionen – Programme*. Frankfurt–New York: Campus. ISBN 3-593-37634-2.
- Hatch M. J. 2002. *Teoria organizacji*. Transl. by P. Łuków. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-13541-7.
- Jackson M. C. 2003. *Systems thinking: Creative holism for managers*. New York: Wiley. ISBN 0-470-84522-8.
- Management system. 2010. In: *Wikipedia: the free encyclopedia*. [online, accessed: 2010-06-22]. Available from Internet: [http://en.wikipedia.org/wiki/Management\\_system](http://en.wikipedia.org/wiki/Management_system).
- Schwabinger M. 2006. *Intelligent organizations: Powerful models for systemic management*. Berlin–Heidelberg–New York: Springer. ISBN 3540298762.
- Stabryła A. (ed.). 2009. *Doskonalenie struktur organizacyjnych przedsiębiorstw w gospodarce opartej na wiedzy*. Warszawa: Wydawnictwo C.H. Beck. ISBN 978-83-255-0237-0.
- Stabryła A., Trzcieniecki J. (ed.). 1986. *Organizacja i zarządzanie: Zarys problematyki*. Warszawa: PWN. ISBN 83-01-06980-5.
- Systemy zintegrowane. 2010. [online, accessed: 2010-06-22]. Available from Internet: [http://incert.pl/p\\_show\\_32\\_systemy\\_zintegrowane.html](http://incert.pl/p_show_32_systemy_zintegrowane.html).

### Aspekty i kryteria oceny systemów zarządzania przedsiębiorstwem

Streszczenie: Celem artykułu jest przedstawienie ramowej koncepcji badań diagnostycznych opartych na formule pięciu aspektów określania systemu zarządzania. Wyróżniono następu-

jące aspekty: celowościowy, podmiotowy, strukturalny, funkcjonalny i instrumentalny. Aspekty te tworzą model poznawczy, który wraz z dziedziną zarządzania (będącą rodzajem działalności lub zasobem) stanowi przedmiot diagnozy.

W badaniach diagnostycznych – pojmowanych w sensie uniwersalnym – zadaniem ogólnym jest ocena stanu faktycznego danego obiektu, jakim może być przedsiębiorstwo, realizowana strategia, dowolny proces czy system. Diagnoza może być poszerzona o ocenę czynników zewnętrznych, jakie stanowią otoczenie badanego obiektu.

Prezentowana koncepcja jest ukierunkowana na ocenę systemów zarządzania, przy czym zaleca się stosowanie podejścia wielokryterialnego, w ramach wyróżnionych wcześniej aspektów. Podejście to ma zdecydowaną przewagę merytoryczną nad podejściami jednokryterialnymi, stąd postulat wiązania poszczególnych kryteriów oceny w układ komplementarny. Jest to problem ilościowego i rodzajowego doboru kryteriów oceny oraz ich agregacji.

W związku z powyższym, w kolejnych punktach artykułu zostały przedstawione następujące zagadnienia:

- kierunki badań nad systemami zarządzania;
- pojęcie systemu zarządzania przedsiębiorstwem jako kategorii zbiorczej;
- model pięcioaspektowy systemów zarządzania przedsiębiorstwem (SZP);
- aspekty rozpatrywania systemów zarządzania przedsiębiorstwem;
- istota wieloaspektowej diagnozy systemów zarządzania przedsiębiorstwem;
- przegląd kryteriów oceny systemów zarządzania przedsiębiorstwem.

---

---

**S ł o w a   k l u c z o w e:** system zarządzania, diagnoza systemów zarządzania, aspekty rozpatrywania systemów zarządzania (celowościowy, podmiotowy, strukturalny, funkcjonalny, instrumentalny), kryteria oceny systemów zarządzania

---

---



JOLANTA STANIENDA\*

## Cluster's potential

---

---

Key words: cluster, development, benefits

---

---

**S u m m a r y:** The cluster structure in Poland is a new phenomenon. However, international experiences show that clusters are one of the most important factors of economic growth and development. Unlike other regional or national structures, it is characterised by the fastest transfer of knowledge and technologies, achieved owing to geographical closeness of the entities representing both the industry and science (networking and interpersonal contacts).

### 1. Introduction

The main priority of the European Union, recorded in the Lisbon Strategy, is raising Europe's competitiveness, which consists of: strengthening the potential of science and cooperation of science with economy plus support development of the information society. Adequate resources and programmes serve to achieve these aims but the most important tool is promoting growth of clusters in which the potential for an efficient improvement in economy competitiveness level of particular regions of the EU is being searched out. Clusters are analysed as an isolated economic system which affects the growth dynamics of both entities and the region, country and the world economy. It is the perspective of success built on the competitors' high quality that brings together circles of scientists and entrepreneurs and local governments and motivates to act in the direction of cluster creation. Clusters are supposed to be a factor influencing an achievement of high indexes in the struggle for dynamic and global development of the country's economy.

The purpose of this article is to investigate and demonstrate the development of Tarnów Industrial Cluster. The most important proposition bet is that the func-

---

\* Jolanta Stanienda, PhD—Department of Management, Małopolska School of Economics in Tarnów.

tioning and development of the Cluster have an impact on regional development and businesses located in it. In this particular case the Tarnów Industrial Cluster, located in the region of Tarnów, is being discussed. A manifestation of the development are the benefits for companies operating in the Cluster, as well as a number of positive effects on the immediate environment, i.e. the region in which it is embedded. All of it makes the Cluster become a kind of driving force for regional development.

## 2. Clusters and methods of formation

In fact, clusters occur in all economic sectors. They exist both in industry, services, in advanced technology sectors and in traditional ones. They are characterised by different levels of innovation and technological advancement and, as it follows, by different development perspectives and strategies.

The classic definition of clusters by Michael E. Porter is a geographic centre of connected enterprises, specialist suppliers, entities providing services, enterprises active in related sectors and connected institutions in particular fields, competing but also cooperating with each other.

In the opinion of the Main Office for Statistics it means location of a network of interrelated enterprises, their suppliers and buyers, research and educational units, special governmental agencies and the so-called bridge institutions providing technical and advisory services as well as financial and insurance institutions in an isolated area (GUS, 2002, p. 154).

Most definitions of clusters include the four basic determinants (Hołub-Iwan, Małachowska, 2008, p. 4):

- Concentration, in a given area, of interdependent business entities, being active in the same sectors of industry or services or in related ones;
- Interactions and functioning of connections between entities and institutions;
- A beyond-sectorial concentration dimension, covering with its range both vertical and horizontal connections and couplings;
- Continuous competition and cooperation.

Features of this kind are needed for the effect of synergy and concentration scale dimension to exist in a given area of interrelated entities, among which there will be healthy and fair competition, cooperation plus vertical and horizontal interrelations.

Definitional confusion connected with the definition of clusters arises out of translating the word cluster into the Polish language (Eng. a cluster, i.e. a group): industrial clusters or local manufacturing systems have one meaning but are used in different economic fields. Therefore, a number of definitions of the term 'cluster' in the economic literature stress the meaning of a concentration of companies of the same field within a given area, interactions among enterprises, simultaneous competition

and cooperation or a common trajectory of entrepreneurial development (Wojnicka, Rot, Tamowicz, Brodzicki, 2001).

The origin of clusters is considered to be an existence of a group of entities, particularly enterprises concerned with production and supply of specific kinds of products, among which relations of cooperation begin to take place. Striving to tighten and foster widely understood cooperation and competitiveness, an improvement of the whole set of these entities becomes an assumption to implement the so-called cluster initiatives. The cluster initiative means taking efforts consciously in order to improve competitiveness by encouraging companies, governmental and local authorities plus universities and D+R institutions to cooperate within a scope connected with manufacture of given products (Hołub-Iwan, Małachowska, 2008, p. 9).

There are various methods of building clusters in economy. Economically speaking, it is justified to build them bottom-up, by groups of companies. Another method, becoming increasingly popular, is building clusters top-down, i.e. by regional authorities, where, defined in the form of regional strategies of innovation, they play the role of a factor causing an improvement of region's competitiveness.

Research executed in Poland allows the statement that the cluster initiatives are most often undertaken by associations, universities, research and technological parks, commercial companies and transformation agencies, development agencies (Table 1).

Table 1

Type of the institution managing the cluster initiative in Poland in 2008

Type of the institution managing the cluster initiative	Number (in %)
Associations	47.1
University	23.5
Research and technological park	17.6
Commercial company	11.8
Agency	5.9

Source: a study based on: Hołub-Iwan, Małachowska, 2008, p. 17.

For the sake of success achievement a cluster analysis should obtain simultaneously a few objectives being of equivalent character, though executed on different levels depending on capabilities and needs. The objectives include:

- building cooperation;
- innovations and technologies;
- education and training;
- commercial cooperation;
- policy based on clusters.

### 3. Benefits for regional and entrepreneurial development

The fundamental argument in favour of cluster support are potential benefits arising out of their functioning. Participation in a cluster allows obtaining benefits in the regional economy. An efficiently functioning cluster leads to an increase in output of local enterprises due to access to relatively cheap, specialist production factors and various outlays used in the production operations. Spatial closeness of business entities supports their innovation. Moreover, a developing cluster is characterised by dynamic creation of new enterprises and translates into forming new jobs (Bojar, Bojar, Żminda 2007, pp. 3–12).

Table 2 presents potential benefits which an efficiently functioning cluster can give to enterprises located therein, divided into the ‘hard’ benefits—providing relatively fast and measurable effects and benefits plus the ‘soft’ benefits—more difficult to measure and revealed over a longer time horizon.

Table 2

Benefits for enterprises functioning in a cluster

‘Hard’ benefits from a cluster	
Resource (factor)	Benefit
Local supply chain	Boosting efficiency—faster access, lower transport cost
Specialist workforce	Higher output
Specialist services	Faster and easier access
Delivery choice option	Lower cost, higher quality
A big number of companies	Possibility of joint ventures, work in networks
‘Soft’ benefits from a cluster	
Resource (factor)	Benefit
Associations	Shared vision, planning
Trust	Cooperation among companies, networks
Learning	Transfer of technologies and innovations
Learning	Tacit knowledge and know-how
Informal labour market	Efficiency, career opportunities

Source: *A governor’s guide to cluster-based economic development*, 2002.

Benefits from an efficiently functioning cluster are not limited exclusively to its participants. Clusters also generate a number of positive effects for its immediate environment, i.e. the region in which they are settled; in this way they can become a peculiar driving force of regional development (Szultka, 2004, p. 7). In a local cluster economy it is not the cluster concept as such that influences the internal and external development, but the dynamics of the interrelated objectives, people cooperating with each other and competition. The cluster concept becomes an instrument supporting development of individual groups of enterprises, production and service groups, translating into development of local economies and better life quality of the inhabitants in the long run (Bojar, 2006, pp. 90–93). An efficiently functioning cluster

leads, among others, to a growth in accessibility of specialist services accompanying business, infrastructural institutions, an increase in the population's income, a rise in export and profit, and as a result—to a faster economic growth (Bojar, Bojar, Žminda, 2007, pp. 3–12). Social effects of cluster functioning are smaller unemployment and a revival of local democracy. Consequently, a well functioning cluster should contribute to accelerating the rate of employment growth and creation of new jobs and, as it follows, an improvement in the situation of local (regional) labour markets and a rise in specialisation degree.

As it arises out of the latest report prepared by Innobarometr that is focused on the role of clusters in supporting innovations in Europe, one out of four companies in the EU operates in an environment of cluster character (Bojar, Bojar, Žminda, 2007, pp. 3–12). Actually, clusters appear in all economic sectors, both in industry, services, in high advancement sectors and others.

A great emphasis on cluster development is put by Finland which has appointed the non-governmental organisation Tekes focusing its operations on combining intangible and tangible resources in enterprises plus forming interrelations among them in the form of clusters (Buszko, Wierzbicka, 2008, p. 114). Owing to cluster creation Finnish enterprises have achieved their competitive advantage in different areas of economy (Figure 1). An example is an IT cluster, owing to which Finland is the leader in the field.

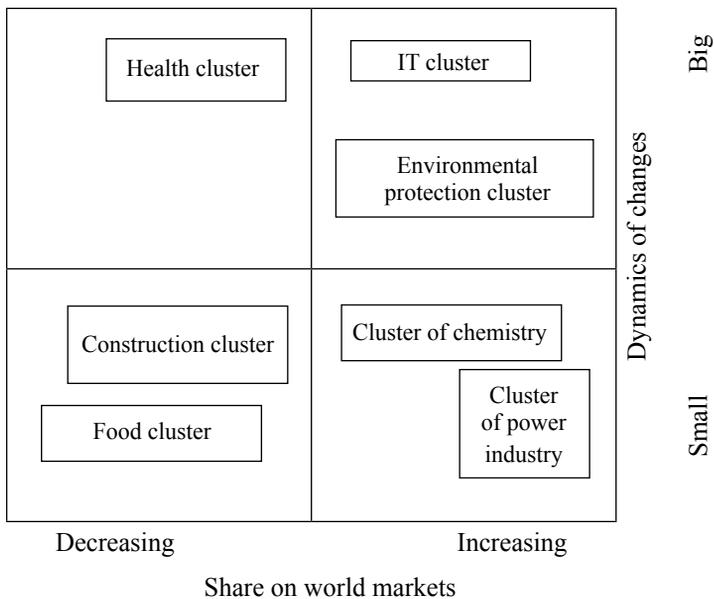


Figure 1. Clusters in the Finnish economy reaching an international competitive advantage

#### 4. Operations of the Tarnów Industrial Cluster

Tarnów Industrial Cluster (Tarnowski Klaster Przemysłowy, TKP) SA was established in 1999 according to the idea based on the classic definition of an industrial cluster. It was modelled on the several decades French industrial 'Plastic Vallee', in the region of the Rhône-Alpes. The project was initiated by a covering letter signed on 2nd June 1998 by the Tarnów voivode and the city of Tarnów, the Nitrogen Plant in Tarnów Mościce SA and the Mechanical Plant 'Tarnów' SA. In May 1999 an authenticated deed was signed, setting up the Joint-Stock Company Tarnów Industrial Cluster (Tarnowski Klaster Przemysłowy) 'Plastic Valley' (Plastikowa Dolina). Among 34 shareholders there were: the Municipality of the City of Tarnów (as the major shareholder), municipalities of the former Tarnów voivodeship, the Nitrogen Plant in Tarnów Mościce SA, the Mechanical Plant 'Tarnów' SA, the Chamber of Industry and Commerce in Tarnów plus the Chamber of Craft and the Chamber of Small and Medium Entrepreneurship.

The company was established in order to create conditions which would encourage enterprises from the area of plastics to locate production ventures in Tarnów, which would allow them to develop dynamically through using the strengths of the local economy and the system of local tax services as well as closeness of the Nitrogen Plant in Tarnów Mościce. The changing market situation forced a departure from the idea focusing exclusively on the chemical area—the offer was extended to all enterprises based on modernity and innovation. In the first two years of its functioning the company concentrated mainly on promoting the project and activities aimed at obtaining undeveloped areas, to be transformed into attractive industrial areas with regard to investments. They were supposed to constitute the location of new production ventures. In 2001 the company's initial capital was raised. All the new shares were taken over by the Municipality of the City of Tarnów which contributed then an undeveloped property with the area of 21 ha (Industrial Park 'Czysta I'). In August 2001 the area was awarded the status of the Special Economic Zone (as a Sub-Zone of the Special Economic Zone in Cracow). A year later the procedure of land exclusion from agricultural production introduction of changes in the local general plan of spatial development was executed. The area was made fully developed (an activity co-financed by the Voivodeship Contract for the Little Poland Voivodeship for the years 2001–2002 and by local media providers). In the same year the initial capital of the company was raised again.

In 2003 the company made use of an additional collection of application of the Agreement for the Little Poland Voivodeship for the years 2001–2003 under the Voivodeship auspices and was granted subsidies for the activity: construction of access roads within the area of the industrial park in Czysła and Kardynała Wyszyńskiego Streets. Its completion allowed access to the industrial lots located within the area of the Industrial Park 'Czysta I'. The first agreements of lot ownership transfer were signed simultaneously and the first permits for running business activities in the Special Economic Zone were issued.

Year 2004 brought another change to the borders of the Special Economic Zone in Cracow Sub-Zone in Tarnów. It was extended to the areas located in Tarnów-Chyszowo, with the local area of approximately 19.5 ha. They formed the Industrial Park 'Czysta II' which, a year later, was contributed by the Municipality of the City of Tarnów to Tarnów Industrial Park SA. In June 2004, by the initiative of the management board of the Company, Nitrogen Plant in Tarnów-Mościce SA and the president of Tarnów an agreement of creating the Tarnów Regional Industrial Park was signed (a signatory of the agreement was also Tarnów Group Sewage Treatment Plant sp. z o.o.). The Tarnów Industrial Cluster was indicated as the entity managing the project. Three months on initialling the agreement TKP submitted an application for subsidising the feasibility study of the Tarnów Regional and Industrial Park by the Sectorial Operating Programme: Growth in Competitiveness of Enterprises for the years 2004–2006. The Agency for the Industrial Development Agency SA, which was implementing the programme, accepted it. In 2005 the capital of the Tarnów Industrial Cluster was once again raised. The municipality of the city of Tarnów contributed to the Company the above-mentioned Park 'Czysta II' and the area taken over from the Mechanical Plant 'Tarnów' SA. Within this area the ten-hectare Industrial Park 'Mechaniczne' was established and was incorporated into the Special Economic Zone three years later.

In March 2009 the areas offered by the Tarnów Industrial Cluster SA were extended by over 21 hectares (equivalent of more than PLN 10.5 mln), contributed by the Municipality of the City of Tarnów. It allowed expanding the Industrial Park 'Mechaniczne' and creating the Industrial Park 'Kryształowy' with the area of 11.5 ha (a part of which has the status of the Special Economic Zone). Crucial information concerning TKP SA in 2010 is presented in Table 3.

Table 3

The structure of the Tarnów Industrial Cluster SA in 2010

Specification	Data
Number of investors	29
Share capital	PLN 27.858.500
Number of shareholders	34
Main shareholders	Municipality of the City of Tarnów

Source: author's own study based on the information obtained from TKP SA.

The main objective performed by the Tarnów Industrial Cluster SA is to create conditions for comprehensive economic development of the region and create new jobs, in particular through implementation and execution of the project the Tarnów Regional and Industrial Park, aimed at forming an attractive area of running business operations and making investments, being in line with the standards of the European Union. One of the tools leading to mission completion is administration consolidation of all the investment areas in the city and the Tarnów sub-region. Simultaneously, the company supports small and medium-sized enterprises, providing free-

of-charge technical and legal consultancy plus searching for cooperation partners, including orders from bigger domestic and foreign companies. The Cluster also promotes small entrepreneurship—informing potential partners about the companies. In 2010 the total area of the Cluster consists of 61 ha of surface, gathered in four industrial parts. Out of these 44 ha are included within the borders of the Special Economic Zone in Cracow—Sub-Zone in Tarnów (TKP SA administers them by virtue of an agreement with the Cracow Technological Park sp. z o.o.). The company has also an area of approximately 30 ha to offer. There are continuous works aimed at obtaining and preparing subsequent areas for investments.

Apart from the areas the Tarnów Industrial Cluster SA has at its disposal cubic capacity facilities with the total area exceeding 33 thousand m<sup>2</sup>.

Summarising the information being presented, one can state that the offer of TKP SA covers:

- Industrial Parks ‘Czysta I and ‘Czysta II’;
- Industrial Park ‘Mechaniczne’;
- Industrial Park ‘Kryształowy’;
- Industrial Park ‘Krzyż–Traktorowa’.

The Park ‘Czysta’ functions as a sub-zone of the Special Economic Zone in Cracow, it covers the area of 29.7 ha and has at its disposal 1 ha of area to be developed. In the Park there are 14 entities from the fields: paint and varnish production, plastic processing, manufacture of foamed polystyrene products, production of precise mechanics elements, construction industry, logistics. Table 4 presents the investors operating in the Park ‘Czysta’.

Table 4

Investors operating in the Park ‘Czysta’  
(data as of 30th April 2010)

Name of enterprise	Field
ABM Solid SA	Construction industry
Foamed Polystyrene Plant ARBET	Production of foamed polystyrene products
Berendsen Textile Service	Service of textiles and sanitary equipment
BECKER Farby Proszkowe sp. z o.o.	Production of paints and varnishes
CESTOR sp. z o.o.	Production of construction elements
PUH Elmark Tarnów	Processing of plastics
PPHU Ergobud sp. z o.o.	Production of coronary moulders
KON-INS-BUD Montaż sp. z o.o.	Construction and assembly field
PPH Moskito	Production of elements for mosquito nets
TIK Invest sp. z o.o. – DHL	Courier company
Summit Packaging Polska sp. z o.o.	Production of valves for aerosols
UNIPRESS Poligrafia	Bookbinding
Zakład Elementów Konstrukcyjnych (Plant of Construction Elements) sp. z o.o.	Production of coronary moulders
ZEGAR company	Production of precise mechanics elements

Source: author’s own study based on the information obtained from TKP SA.

Another park functioning in the Tarnów Cluster is the Park 'Mechaniczne' the total area of which amounts to 21.2 ha (including part covered by the Special Economic Zone—9.9 ha, and outside the Zone 11.3 ha). The park offers investors over 20 thousand m<sup>2</sup> of halls which can be developed. There are 14 entities therein, mainly from the fields: production of metal elements and cast-iron, production of furniture and small architecture elements, production of photovoltaic panels, construction and repair services, clothes industry, training services. Table 5 presents the investors from the Park 'Mechaniczne'.

Table 5

Investors operating in the Park 'Mechaniczne'  
(data as of 30th April 2010)

Name of enterprise	Field
Alien Inspired Technologies „AIT” sp. z o.o.	Production of photovoltaic modules
Foundry ALEX	Repair services
BARIS sp. z o.o.	Clothes industry
BLACHODACH	Production of roof systems
GALECO sp. z o.o.	Production of sheet metal systems, logistic centre
GPL Projekty sp. z o.o.	Furniture industry
GREEN HOUSE sp. z o.o.	Production of small garden architecture
KRESKA sp. z o.o.	Clothes industry
Consultancy and advisory Bureau MARAL	Consultancy and clothing services
Foundry Tarnów	Production of cast iron, electrochemical cast cleaning
Centre of Training Drivers 'KRAMEX'	Training services
Trade and Service Company POINTS	Bookbinding
Service, Repair and Construction Company REMCAT	Construction, road industry
TRIAL sp. z o.o.	Steel structures

Source: author's own study based on the information received from TKP SA.

The Park 'Kryształowa' has at its disposal the area of 4.66 ha, intended for investments. The area is covered by the Special Economic Zone, developed with the basic media, located in the vicinity of active railways and in the direct neighbourhood of the national route Warsaw–Konieczna and the planned knot of the motorway A4. The Park neighbours with the Green Industrial park 'Kryształowy' with 40 operating companies of the leading fields: production of construction elements, production of steel elements, logistics, electro-mechanics, food industry.

The fourth park is the Park 'Krzyż–Traktorowa' with the area of 6.91 ha, dedicated for investments. The area of the Park is flat, developed with the basic media, designed to be covered by the Special Economic Zone. The Park neighbours directly with the national route Warsaw–Konieczna and the planned knot of the motorway A4. The Park 'Krzyż–Traktorowa' is located in the direct vicinity of the Green Industrial Park 'Kryształowy' with 40 active companies, mainly within the fields: pro-

duction of construction elements, production of steel elements, logistics, electro-mechanics, food industry.

Plans for the near future provide for appointment of the Economic Activeness Zone ‘Mechaniczne’ with the area of over 40 ha, development of the Industrial Park ‘Kryształowy’, using its part for investments connected with the so-called ‘leisure time industry’ and creation of the Industrial Park ‘Czysta III’.

## 5. Conclusion

Foreign experiences show that clusters are an important driving force of economic growth and development as well as building its competitiveness and innovation. Power of a cluster is determined by concentration of different types of entities, intensity of interactions which take place among them and individual entities and sectors’ ability to cooperate (those of enterprises, R+D area, administration). It is a case in Tarnów region with Tarnów Industrial Cluster SA. Combining all local resources therein and also cooperating closely with authorities and institutions create the concept of an innovative environment which shapes the competitive advantage in the region.

## Bibliography

- A governor's guide to cluster-based economic development*. 2002. Washington: National Governors Association.
- Bojar E. (ed.). 2006. *Klasy jako narzędzie lokalnego i regionalnego rozwoju gospodarczego*. Lublin: Wydawnictwo Politechniki Lubelskiej. ISBN 83-7497-016-2.
- Bojar E., Bojar M., Żminda T. 2007. “Klasy a bezpośrednie inwestycje zagraniczne”. *Ekonomia i Organizacja Przedsiębiorstwa*, no. 10.
- Brodzicki T., Szultka S., Tamowicz P. 2004. *Polityka wspierania klastrów: Najlepsze praktyki i rekomendacje dla Polski*. Niebieskie Księgi/Rekomendacje, no 11. Gdańsk: Instytut Badań nad Gospodarką Rynkową. ISBN 83-89443-24-4.
- Buszko A., Wierzbička W. 2008. “Znaczenie i rozwój klastrów w województwie warmińsko-mazurskim”. *Organizacja i Kierowanie*, no. 1.
- Famielec J. 1997. *Strategie rozwoju przedsiębiorstw*. Kraków: Akademia Ekonomiczna. ISBN 83-87239-23-2.
- Famielec J., Superson-Polowiec B., Wydymus Z. 1998. *Zarządzanie rozwojem przedsiębiorstwa na rynku globalnym: wybrane zagadnienia*. Kraków: Oficyna Wydawnicza Text. ISBN 83-86050-48-7.
- GUS. 2002. *Sprawozdanie o innowacjach w przemyśle*. PNT-02. Warszawa.
- Hołub-Iwan J., Małachowska M. 2008. *Rozwój klastrów w Polsce: Raport z badań*. Szczecin: Ministerstwo Rozwoju Regionalnego. ISBN 83-913027-4-1.
- Szultka T. (ed.). 2004. *Klasy – innowacyjne wyzwanie dla Polski*. Gdańsk: Instytut Badań nad Gospodarką Rynkową. ISBN 83-89443-17-1.
- Wojnicka E., Rot P., Tamowicz P., Brodzicki T. 2001. *Regionalny system innowacyjny w województwie pomorskim*. Polska Regionów, no. 26. ISSN 1508-2544. Gdańsk: Instytut Badań nad Gospodarką Rynkową.
- [www.tekes.fi/eng/publications/index.htm](http://www.tekes.fi/eng/publications/index.htm). [online, accessed: 2007-12-04].

## Potencjał klastra

**S t r e s z c z e n i e:** Struktura klastrowa w Polsce jest zjawiskiem nowym, niemniej doświadczenia międzynarodowe wskazują, że klastry to jeden z najważniejszych czynników rozwoju i wzrostu gospodarki. W odróżnieniu od innych struktur regionalnych czy narodowych zachodzi w nich najszybszy transfer wiedzy i technologii, osiągnany dzięki geograficznej bliskości podmiotów reprezentujących zarówno przemysł, jak i naukę (sieciowanie i kontakty międzyludzkie).

---

---

**S ł o w a k l u c z o w e:** klastr, rozwój, korzyści

---

---



MAŁGORZATA TYRAŃSKA\*

## Quality system at the hotel

---

**Key words:** service, service traits, hotel service quality

---

**S u m m a r y:** Increasingly many companies, including those operating on the market of tourist services, strive to obtain the certified quality management system according to ISO 9000 standards. The research being carried out shows that service companies with quality certificates receive a number of external and internal benefits by this virtue. External benefits of a company testify to: using its certificate for marketing purposes, a possibility of bidding for a bigger number of tenders and an increase in a company's prestige. Internal benefits usually include: ordering the organisational structure in a company and also ordering work procedures and methods, which is in favour of the general improvement of an organisation's functioning (Sikora, Bałaga, 2006, p. 130).

The aim of the article is to present the role which the quality management system plays in the functioning of a company active on the market of tourist services, using an example of the Hotel. Achieving the aim set in this way requires presenting the essence and the main features of the services, followed by attempting to define the quality of a hotel service, pinpointing the areas for hotel service improvement as well as presenting the operational principles of the quality management system on the example of the Hotel being analysed.

### 1. Role of quality in hotel services

In the subject literature there are different definitions of the term 'service'. The notion of service is defined as activities of a supplier consisting in performing actions which serve to meet the needs of a buyer (Ustawa, 1993). However, according to Kazimierz Rogoziński, "a service means accepting an order to perform work and benefits aimed at enriching personal qualities or merits or the volume of usable values which the buyer has at their disposal" (Rogoziński, 1993, p. 21–36). Another defini-

---

\* Małgorzata Tyrańska, PhD—Department of Management Process, Cracow University of Economics.

tion of the term 'service' is provided by Philip Kotler who describes it as any activity which one party can offer to the other party. It is not palpable nor leads to any ownership. Its production can be connected or not with a physical product (Kotler, 1994, p. 426–446).

The essence of services is completed by pointing to their features which distinguish a service from a product. These features should include above all: immateriality, inseparability, uniqueness (changeability), impermanence (Mudie, Cottam, 1998, p. 18).

Another crucial trait of services is their quality. The definition of service quality, which is the fundamental, commonly accepted and in line with the marketing philosophy (assuming clients' perspective), says that service quality is the degree of satisfying buyers' expectations. According to this definition, a service has adequate quality if its provision meets or exceeds buyers' expectations. As it follows, buyers assess quality control by comparing the way of providing it and what they received during its provision, with their expectations (Jonas, 2006, p. 144).

In connection with the above, with reference to operations of a hotel, service quality should be understood as a given hotel's ability to satisfy its client's expectations to the highest standard.

At present the quality of hotel services (similarly to that of services offered in different fields) is defined by relevant standards (Karpziel, 2001, p. 44). This state of affairs is caused by the fact that quality and satisfaction plus customers' contentment are becoming increasingly important from the point of view of building a durable competitive advantage by hotels on the market of tourist services.

An improvement in the quality of hotel services requires realising the possibility of the five gaps which occur within this scope (Dziadkowiec, 2006, p. 26):

- the first gap is defined as the difference between the client's expectations and the perception of these expectations by the management of an organisation;
- the second gap is the difference between perceiving clients' expectations by the managerial staff and the specification of service quality;
- the third gap is the difference between the specification of service quality and the quality of service provision;
- the fourth gap defines the dispersion between the quality of service provision and the information which the client has received on its subject;
- the fifth gap is expressed by the difference between the level of meeting expectations and the client's service perception.

As it follows, high service quality, satisfying the client, leads to a situation devoid of gaps. The bigger the discrepancies, the lower the quality grade of services being provided. As a result, but introduction of the total quality (TQ) can bear fruit in the form of the consumer's full satisfaction. As it follows, it is essential to reach perfection on the three levels: designed quality, service provision quality and quality consistent with clients' requirements and expectations.

## 2. Quality system analysis at the Hotel

The Hotel being analysed has the quality strategy which is presented and discussed with the whole of the staff.<sup>1</sup> The strategy is based on the three most important modules: clients, employees, results. Combining these three elements guarantees coherent actions and ensures pro-effective organisational culture. In the first module concerning clients attention is focused on hospitality, exceeding mediocrity and empathy. An important element is innovation which is supposed to form the basis for the Hotel's competitive advantage. In the second module the central figure is an employee. Therefore the stress is on the environment favouring development of employees' competences. The key words are here: trust and mutual respect. Openness and transparency are to be achieved through training and peer care. The last module points to efficiency, innovations and selling techniques.

Responsibility for the hotel's quality system functioning lies on the quality manager. Their main duties include: orientation at results and the client, leadership and repeatability of actions oriented at completion of pro-quality ventures, management through processes (with the help of, among others, such tools as: guests' comments, weekly 'walks', health-and-safety-at-work regulations), development, improvement, motivation, innovation and continuous learning, welfare and social responsibility.

Below, Table 1 compares the functional principles of quality system at the Hotel with ISO 9001 Standard requirements.

Table 1

Description of quality system at the Hotel on the example of ISO 9001 Standard

Requirement name	Description of requirements	Situation at the Hotel
Quality management system		
General requirements	<ul style="list-style-type: none"> <li>– existence of the documented quality management system;</li> <li>– existence of interdependence processes between them;</li> <li>– definition of criteria and methods ensuring efficient process course;</li> <li>– continuous monitoring, measurement and analysis of processes;</li> <li>– implementation of actions indispensable in order to achieve the results</li> </ul>	<ul style="list-style-type: none"> <li>– the main processes were defined and described on the map of processes;</li> <li>– criteria and methods ensuring efficient process course were defined (e.g. the budget for a given year);</li> <li>– processes are described with the help of daily reports and controlled by department managers and the director;</li> <li>– examples of actions indispensable in order to achieve the results: training, audit actions of the quality manager, current actions of the management concerning the price policy</li> </ul>

<sup>1</sup> Due to lack of permission of the Hotel's management its name is not revealed.

Requirements concerning documentation	<ul style="list-style-type: none"> <li>– declaration of quality policy and aims concerning quality;</li> <li>– quality register;</li> <li>– required procedures;</li> <li>– documents essential in order to plan the course and supervise the processes;</li> <li>– required records</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the guiding document—the quality register;</li> <li>– lack of the procedures: supervision over documents, supervision over records, internal audits, corrective and preventive actions, handling incompatible products;</li> <li>– there are documents essential for efficient process course;</li> <li>– lack of certain required documents</li> </ul>
Management's responsibility		
Commitment of the management	<ul style="list-style-type: none"> <li>– communication of the importance of the client's requirements;</li> <li>– establishment of quality policy;</li> <li>– setting of quality objectives;</li> <li>– conducting reviews of the management;</li> <li>– ensuring resources</li> </ul>	<ul style="list-style-type: none"> <li>– client's requirements and quality policy are communicated to every employee in the form of a personal letter from the Director;</li> <li>– conducting reviews of the management;</li> <li>– ensuring resources is not maintained in every service stage</li> </ul>
Orientation to the client	<ul style="list-style-type: none"> <li>– definition and satisfaction of the client's requirements</li> </ul>	<ul style="list-style-type: none"> <li>– module: Clients</li> </ul>
Quality policy	<ul style="list-style-type: none"> <li>– relevant to an organisation's aims;</li> <li>– containing the obligation to satisfy requirements and continuously improve the efficiency of the quality management system;</li> <li>– communicated and understood in an organisation</li> <li>– reviewed periodically</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the declaration of satisfying legal requirements;</li> <li>– the policy is relevant to the business operations being run, the vision is amended on a yearly basis</li> </ul>
Planning	<ul style="list-style-type: none"> <li>– planning the quality management system;</li> <li>– integrity maintenance of the quality management system by planning and implementation of changes</li> </ul>	<ul style="list-style-type: none"> <li>– the yearly planning takes place on the central level based on the results from the previous years and macro- and micro-economic analysis</li> </ul>
Responsibility, improvements and communication	<ul style="list-style-type: none"> <li>– definition and communication of responsibility, qualifications;</li> <li>– appointment of a member of the management responsible for the functioning of the quality management system;</li> <li>– existence of relevant communication processes</li> </ul>	<ul style="list-style-type: none"> <li>– duties and responsibility are communicated in contracts of employment, lack of a formal transfer of qualifications;</li> <li>– the person responsible for the functioning of the quality management system is the quality manager;</li> <li>– internal communication is correct</li> </ul>
Overview of management	<ul style="list-style-type: none"> <li>– conducting reviews of the quality management system in planned time intervals;</li> <li>– keeping the records from these reviews</li> </ul>	<ul style="list-style-type: none"> <li>– lack of records from the quality management review</li> </ul>

Management of resources		
Ensuring of the resources	<ul style="list-style-type: none"> <li>– definition and ensuring of resources essential to implement and maintain the quality management system, boost the client's satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>– too few internal auditors</li> </ul>
Human resources	<ul style="list-style-type: none"> <li>– definition of requirements concerning employees' competences;</li> <li>– ensuring essential training courses;</li> <li>– awareness guarantee of the essence and significance of employees' actions;</li> <li>– maintenance of records concerning employees (education, skills)</li> </ul>	<ul style="list-style-type: none"> <li>– minimum and wanted competences are defined if need be on the basis of market conditionings;</li> <li>– every employee has a separate personal file and career plan;</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>– definition, guarantee and maintenance of infrastructure essential to achieve compatibility with requirements concerning the products</li> </ul>	cf.: Table 2—weaknesses of the quality system and directions of its improvement
Working environment	<ul style="list-style-type: none"> <li>– defining the working environment essential in order to achieve compatibility with requirements concerning the products</li> </ul>	cf.: Table 2—weaknesses of the quality system and directions of its improvement
Product completion		
Product completion planning	<ul style="list-style-type: none"> <li>– planning and preparation of the processes needed for product completion</li> </ul>	<ul style="list-style-type: none"> <li>– processes needed to manufacture the products are planned</li> </ul>
Processes connected with the client	<ul style="list-style-type: none"> <li>– definition of requirements concerning the products;</li> <li>– execution of the review of requirements concerning the products;</li> <li>– definition and implementation of an efficient method of communication with the client</li> </ul>	<ul style="list-style-type: none"> <li>– Law of the Minister of Economy on tourist services;</li> <li>– reviews of requirements are conducted through a written and electronic confirmation of product offer receipt;</li> <li>– communication with the client is conducted through brochures, guide books, the website, magazines, sponsoring</li> </ul>
Designing and development	<ul style="list-style-type: none"> <li>– planning and supervision of product designing and development</li> </ul>	<ul style="list-style-type: none"> <li>– shaping of the product takes place both on the central level and at particular hotels</li> </ul>
Purchases	<ul style="list-style-type: none"> <li>– ensuring that the product bought satisfies the requirements concerning the purchase;</li> <li>– execution of suppliers' analysis</li> </ul>	<ul style="list-style-type: none"> <li>– lack of formally established criteria of suppliers' assessment;</li> <li>– lack of records from suppliers' assessments</li> </ul>

Production and service provision	<ul style="list-style-type: none"> <li>– service provision should take place according to plan and in supervised conditions;</li> <li>– validation of every process of service provision whose results cannot be verified as a consequence of monitoring or measurement;</li> <li>– identification and identifiability;</li> <li>– an organisation should exercise care over the client's property</li> </ul>	<ul style="list-style-type: none"> <li>– there are work instructions, e.g. the reception guide;</li> <li>– the conditions are supervised by managers of particular departments, records are checklists;</li> <li>– all processes are possible to be monitored;</li> <li>– records in the electronic system ensure identification and identifiability;</li> <li>– the hotel ensures care through monitoring, a porter, security workers, a guarded parking place</li> </ul>
Supervision of monitoring and measuring equipment	<ul style="list-style-type: none"> <li>– definition of monitoring and measurements as well as tools indispensable to carry them out</li> </ul>	<ul style="list-style-type: none"> <li>– in the processes being executed there are no measuring devices subject to the surveying law</li> </ul>
Measurements, analysis and improvement		
General provisions	<ul style="list-style-type: none"> <li>– planning and implementation of the processes of monitoring, measurement, analysis and improvement in order to, among others, demonstrate compatibility of products</li> </ul>	<ul style="list-style-type: none"> <li>– monitoring and measurement processes take place with the help of spreadsheets, check lists and internal reports</li> </ul>
Monitoring and measurements	<ul style="list-style-type: none"> <li>– definition of the method of obtaining and using information concerning the client's satisfaction;</li> <li>– execution of internal audits;</li> <li>– measurement and monitoring of the product and process' features</li> </ul>	<ul style="list-style-type: none"> <li>– client's satisfaction is achieved through surveying, interviews;</li> <li>– conducting an audit by a person responsible for the quality system is not objective;</li> <li>– product monitoring and measurement takes place with the help of inspections, processes are monitored by department managers</li> </ul>
Supervision over an incompatible product	<ul style="list-style-type: none"> <li>– ensuring that a product incompatible with the requirements is identified</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the supervision procedure over incompatible products</li> </ul>
Data analysis	<ul style="list-style-type: none"> <li>– definition, gathering and analysis of relevant data in order to demonstrate the usefulness and efficiency of the quality management system</li> </ul>	<ul style="list-style-type: none"> <li>– through financial results</li> </ul>
Improvement	<ul style="list-style-type: none"> <li>– continuous efficiency improvement of the quality management system</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the procedure of corrective and preventive actions</li> </ul>

Source: author's own study based on ISO 9001.

The hitherto effects of functioning of the quality system at the Hotel have been concentrated on improving and enriching the offer of services being provided, organisational changes and, as a result, enhancing satisfaction of the Hotel guests.

### **(1) Improvement and enrichment of services being provided**

Apart from standard rooms the Hotel has specially prepared rooms, bearing business guests in mind. These rooms are the response to increasingly higher expectations of guests. They are supposed to be the symbol of the highest quality and the showcase of the Hotel. Their prestige is also improved by the location on the highest floor with a beautiful view of the old town. Special rebates and discounts have been introduced for people using the room, among others: a 20% discount for one massage per person per stay to be used in the leisure centre, free daily press.

Another innovation concerns the parking offer. In order to encourage guests to use the parking place, e.g. a guarantee of feeling of safety was introduced by seeing guests off to the car or offering a bottle of water as a gift.

Other important improvements concerning operations of the Hotel which have been introduced recently include: a change of course presentation in the restaurant and bar menus, introduction of new decorations in the restaurant and bar, opening a small beauty parlour, an efficient loyalty programme being valued by guests, wireless Internet, addition of new disabled facilities.

The above-mentioned actions were undertaken on the basis of a profound analysis of hotel guests' needs so that the quality of services being provided could be improved.

### **(2) Organisational changes**

The most important organisational change concerning directly qualitative matters is initiating a programme of training courses which brings closer the role of quality to every employee, unites the staff's activities and introduces qualitative aspects to all the organisational units of the Hotel.

### **(3) Effects concerning guests' feelings**

The best examples of high quality of the services being provided are utterances of the hotel guests as such, e.g. "An excellent hotel and staff. Very friendly and helpful. We will recommend your hotel", "Service like in a five-star hotel. The staff is very competent and friendly", "Everything was exceptional".

Recapitulating, it should be stressed that the Hotel guests valued highly: accessibility and marking of the Hotel, the fact of being found easily, greetings, cleanliness of the room and the bathroom, breakfast abundance and taste.

## **3. Systematic assessment of the quality system at the Hotel**

The data analysis included in Table 1 allows preparing the strengths and weaknesses of the quality system at the Hotel from the point of view of the three perspectives: processes and procedures, employees and system functioning (Table 2).

Table 2

## Strengths and weaknesses of the quality system at the Hotel

Strengths of the quality system		
Processes and procedures	Employees	Services and functioning of the system
<ul style="list-style-type: none"> <li>– the main processes were defined and described;</li> <li>– criteria and methods ensuring efficient process course were defined;</li> <li>– the processes are being monitored, measured and analysed;</li> <li>– existence of appropriate communication processes</li> </ul>	<ul style="list-style-type: none"> <li>– the client's expectations and quality policy are communicated in an excellent way;</li> <li>– a post responsible for the functioning of the quality system was appointed;</li> <li>– minimum and desired competences are established if need be based on market conditions;</li> <li>– efficient methods of communication with the client were defined and implemented</li> </ul>	<ul style="list-style-type: none"> <li>– actions essential in order to achieve increasingly high results are being undertaken;</li> <li>– the quality policy and qualitative objectives were defined;</li> <li>– management reviews are being conducted;</li> <li>– the policy is relevant to the business activities being conducted;</li> <li>– integrity of the quality system is maintained through planning and implementation of changes;</li> <li>– requirements concerning products were defined;</li> <li>– reviews of requirements concerning product quality are being conducted;</li> <li>– identification and identifiability are ensured by an adjusted computer system</li> </ul>
Weaknesses of the quality system at the Hotel		
Processes and procedures	Employees	Services and system functioning
<ul style="list-style-type: none"> <li>– lack of the procedures: supervision over documents, supervision over records, internal audits, corrective and preventive actions, handling incompatible products;</li> <li>– lack of certain required records: records from a review of the quality management system;</li> <li>– lack of formal definition of suppliers' assessment criteria;</li> <li>– probability of wrong actions, particularly in the reception department, caused by lack of the supervision procedure over documents and records;</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the quality deputy manager or another employee conducting internal audits, problems with staff turnover and number;</li> <li>– lack of conducted training courses for currency cashiers;</li> <li>– lack of clearly communicated qualifications;</li> <li>– loss of employees' initiative and lack of use of good ideas, caused by lack of a good 'bottom-top' communication tool;</li> <li>– a decrease in employees' satisfaction with their work at the Hotel, caused by flaws in the working environment;</li> </ul>	<ul style="list-style-type: none"> <li>– appearance of shortcomings in maintenance of the infrastructure essential in order to achieve compatibility with the requirements concerning the products;</li> <li>– the working environment is not perfect, making it difficult to achieve compatibility with the requirements concerning the products (lack of the reception base);</li> <li>– lack of devices checking notes;</li> <li>– lack of the guiding document, e.g. the quality register;</li> </ul>

<ul style="list-style-type: none"> <li>– a possibility of the wrong reaction to views and complaints on the part of guests, caused by lack of a conduct procedure in the event of incompatible products;</li> <li>– a possibility of providing a low quality service, caused by lack of the supervision procedure over incompatible products;</li> <li>– a possibility of accepting bad suppliers, caused by lack of the formal establishment of suppliers' criteria and methods of their verification plus lack of assessment records</li> </ul>	<ul style="list-style-type: none"> <li>– a possibility of overlooking discrepancies by the auditor, caused by repeatability of actions and lack of another person being able to carry out the inspections as well as lack of records from the review of the quality system;</li> <li>– carrying out an audit by a person responsible for the quality system is not objective</li> </ul>	<ul style="list-style-type: none"> <li>– lack of the declaration of satisfying the legal requirements;</li> <li>– a possibility of providing a low quality service, caused by shortcomings in ensuring the essential resources;</li> <li>– a possibility of disturbing the process course due to lack of the formal transfer of qualifications;</li> <li>– a possibility of forwarding wrong information, caused by lack of a formal transfer of qualifications</li> </ul>
---	---	--

Source: author's own study based on the data from the Hotel.

A synthetic assessment of the quality system at the Hotel testified to the existence of numerous weaknesses of the system. Identification of the weaknesses served to pinpoint the directions to improve the system.

#### 4. Directions of improvement of the quality system at the Hotel

Improving the quality system at the Hotel should be initiated by formalising the system, i.e. preparing the quality register. The register as such, apart from a description of elements of the quality system, should include a declaration concerning potential pro-quality objectives of the Hotel.

Subsequent actions should cover preparation of the procedures, particularly supervision over documents, supervision over records, those of internal audits, corrective and preventive actions. It is this stage that can be of the greatest importance for the efficient functioning of the quality system at the Hotel. A hotel guest will feel the difference owing to more efficient service in the event of occurrence of any deviations from the assumed processes, e.g. the complaint process is going to run more smoothly and more professionally whereas employees are going to receive clear work instructions, which will definitely make it easier for them to take decisions. In this respect it will be helpful to communicate them clearly their duties, rights and responsibilities.

Special attention should also be paid to determining the criteria for suppliers and their subsequent assessment. Ensuring resources and infrastructure maintenance as such should be executed unconditionally.

Immediate correction and actions should take place in case of, among others, improvement of monitoring methods and protection of hotel guests' properties.

Finally, creating records from the review of the management would give a clear picture of the situation and condition of the quality system at the Hotel. For the above-mentioned reviews to be objective and susceptible to innovations, another person conducting audits must be employed.

A matter giving rise to a number of problems is the issue of staff turnover. Solving this problem requires reconsidering working conditions, e.g. the reception base should be built.

An improvement in work results is feasible by continuous qualitative training courses, particularly in the Restaurant. An improvement in the taste and quality of dishes being served, coupled with improved service will undoubtedly turn away the unfavourable trend within the result area 'mysterious client'.

Informing employees about the aims of the quality policy, care for process quality and communication with the client are the fundamental priorities of the Hotel's quality system.

## 5. Conclusion

To sum up, one can state that every organisation has at its disposal its own, unique quality system. Some of them have numerous certificates, others, by the trial and method, work out their own quality standards. The proposed possibilities of improving the Hotel's quality system are mainly focused on completing the requirements of the standard ISO series 9001. In this respect special attention should be paid to creating procedures, records and work instructions.

It should be stressed that the most important aspect of the hotel service quality is the human factor. Well qualified, strongly motivated to work and skilfully managed personnel can efficiently translate formal records into practical actions. It is shop-floor workers that have the biggest influence on the end assessment of the hotel service quality. Therefore providing hotel employees with decent working and pay conditions can become the key to obtaining a durable competitive advantage based on the quality of the hotel services being provided.

## Bibliography

- Jonas A. 2006. "Kryteria oceny przez studentów jakości usług edukacyjnych szkół wyższych". *Zeszyty Naukowe. Akademia Ekonomiczna w Krakowie*, no. 729, pp. 143–155.
- Karaszewski R. 2001. "SERVQUAL – metoda badania jakości świadczonych usług". *Problemy Jakości*, no. 5.
- Karpień Ł. 2001. "Jakość usług w systemie zapewnienia jakości". *Zeszyty Naukowe. Akademia Ekonomiczna w Krakowie*, no. 578. Prace z zakresu towaroznawstwa ogólnego i zarządzania jakością.

- Kotler Ph. 1994. *Marketing: Analiza, planowanie, wdrażanie i kontrola*. Transl. from Eng. Warszawa: Gebethner. ISBN 83-85205-42-X.
- Mudie P., Cottam A. 1998. *Usługi: Zarządzanie i marketing*. Transl. by R. and K. Nicholls. Warszawa: Wydawnictwo Naukowe PWN. ISBN 83-01-12374-5.
- Rogozński K. 1993. *Usługi rynkowe*. Poznań: Wydawnictwo Akademii Ekonomicznej. ISBN 83-85530-19-3.
- Sikora T., Bałaga A. 2006. "Ocena funkcjonowania systemu zarządzania jakością według norm ISO serii 9000 na przykładzie przedsiębiorstw usługowych". *Zeszyty Naukowe. Akademia Ekonomiczna w Krakowie*, no. 717. Prace z zakresu zarządzania jakością.
- Ustawa [1993] z dnia 3 kwietnia 1993 r. o badaniach i certyfikacji. Dz. U. z 1993, nr 55, poz. 250.

## System jakości w hotelu

**Streszczenie:** Coraz więcej firm, w tym również działających na rynku usług turystycznych, dąży do uzyskania certyfikowanego systemu zarządzania jakością według norm ISO 9000. Prowadzone badania wykazują, iż firmy usługowe posiadające certyfikaty jakości uzyskują z tego tytułu wiele korzyści zewnętrznych i wewnętrznych. Wśród zewnętrznych korzyści firmy wskazują na: wykorzystanie posiadanego certyfikatu do celów marketingowych, możliwość przystąpienia do większej liczby przetargów i poprawę prestiżu firmy. Natomiast do korzyści wewnętrznych najczęściej firmy zaliczają: uporządkowanie struktury organizacyjnej w firmie oraz uporządkowanie procedur i technik pracy, co sprzyja ogólnej poprawie sprawności działania organizacji (Sikora, Bałaga, 2006, s. 130).

Celem artykułu jest ukazanie roli, jaką pełni system zarządzania jakością w funkcjonowaniu firmy działającej na rynku usług turystycznych na przykładzie hotelu. Realizacja tak postawionego celu wymaga przedstawienia istoty oraz głównych cech usług, następnie podjęcia próby zdefiniowania jakości usługi hotelarskiej, wskazania obszarów doskonalenia jakości usług hotelarskich oraz zaprezentowania zasad funkcjonowania systemu jakością na przykładzie badanego hotelu.

---

Słowa kluczowe: usługi, cechy usług, jakość usług hotelarskich

---



ANNA WOJTOWICZ\*

## Diagnosing methodology outline of the organisational culture

---

---

**Key words:** organisational culture (of an organisation, enterprise), diagnosis, research methodology

---

---

**S u m m a r y:** Culture of an enterprise is understood as thinking patterns and employees' actions preserved in it, shaped by the management attitude. It goes through both the process of formulating the strategy and the process of strategy execution. An enterprise which understands its culture, can use this knowledge as the source of strategic power. Multitude of factors shaping the organisational culture and the multitude of cultures (subcultures) requires that researchers of this phenomenon specify clearly the subject of their research, more broadly, research 'borders'. The article contains a proposal of the methodology of diagnosing the organisational culture of an enterprise.

### 1. Introduction—assumptions of launching organisational culture research

The fundamental factor defining an increase in importance of organisational structure in an enterprise is the human being. They are the most important variable of an organisation as a dynamic system, their role does not come down only to making use of professional qualifications, it is also important to engage the sphere of moral values and feelings. It extends the uncertainty area in the management process and, as a result, increases the difficulty level in holding managerial functions. Knowledge of the organisational culture of an enterprise, reflecting, in fact, values and behaviour standards as well as behaviour and thinking patterns, created and accepted by

---

\* Anna Wojtowicz, PhD—Department of Management, Małopolska School of Economics in Tarnów.

employees of a given enterprise, can decrease this area in management, the more so, as some believe “modern management is management of values rather than people”.

At present in (strategic) management one assumes, on the one hand, limited applicability of traditional concepts, based rationality and predictability and, on the other hand—justifiability of symbolic management (organisational culture arises and develops as part of an enterprise’s history). Research into organisational culture allows a new approach to an enterprise, responds to the need of feeling (not only thinking) and treats an enterprise as an expressive form, not only an economic one. Enrichment of the analysis being executed with a cultural dimension allows better understanding of the functioning and development of an enterprise (Bratnicki, Kryś, Stachowicz, 1988, p. 160). Culture of an enterprise is understood as employees’ thinking and behaviour patterns preserved in it, shaped attitudes of the management. It goes through both the process of formulating the strategy and the process of executing the strategy. An enterprise which understands its culture, can use this knowledge as the source of strategic power.

Flexibility, quickness, efficiency and responsibility of an enterprise depend on the skills, psyche and mentality of its employees. They should want changes, not be afraid of innovation, not fall into routine. Therefore one of the strategic management assignments is to form appropriate organisational culture. The problem is difficult cognitively, requires cooperation of economists, sociologists and psychologists, there are no good methods of culture analysis, analysis results require skillful interpretation, actions within this range provide effects with a delay of many years. For these reasons managers of enterprises become concerned with this subject-matter reluctantly. In this situation there are strategies inconsistent with aspirations of the owners or the managers or employees.

Multitude of factors shaping the organisational culture and multitude of cultures (subcultures) require that researchers of this phenomenon specify precisely the subject of their research or, more broadly speaking, the research ‘borders’. Research into organisational culture most often concerns cultural norms and values, i.e. what values dominate in an organisation, what are their sources, what is their influence on an organisation. Cultural values and norms of an organisation can be divided into values and norms of strategic importance—e.g. care and respect for people, competitiveness, quality, loyalty, orientation on the market/customers as well as norms and values of operational importance—e.g. education, skillfulness, team work, the way of treating inferiors. In every case they influence the functioning of an organisation.

The basis for solving the presented problems is the model of diagnosing organisational culture, formulated mainly on the basis of the subject literature studies and the author’s own considerations, as well as on the basis of the predecessors’, the model of diagnosing the organisational culture within the context of strategic management (Figure 1). In the process of building, the presented model the diagnostic approach was used, along with forecast elements. Carrying out the diagnosis of organisational culture with its use one should pay attention to the following assumptions:

- the prerequisite for carrying out the diagnosis is a holistic recognition of cultural symptoms;
- the strategy of an organisation is treated as a determinant of organisational culture, therefore the diagnosis cannot be executed if the strategy is not clearly articulated in a given organisation.

## 2. Methods and techniques of analysing the organisational culture

Multitude and diversity and often small legibility of symptoms of organisational culture make the selection of tools to carry out this process become an important issue in the diagnosing process (Gableta, Karamalla, 2007, p. 34). In the subject literature the following actions are most often recommended: enterprise inspection, documentation analysis, observation of debates, categorised and non-categorised interviews, a survey/questionnaire (Figure 2 presents diagnosing instruments of organisational culture, laid by the degree of information usefulness). For gathered information about organisational culture to reflect its character most faithfully, it is recommended to apply a combination of a few research tools, because each of them allows identification of its different aspects.

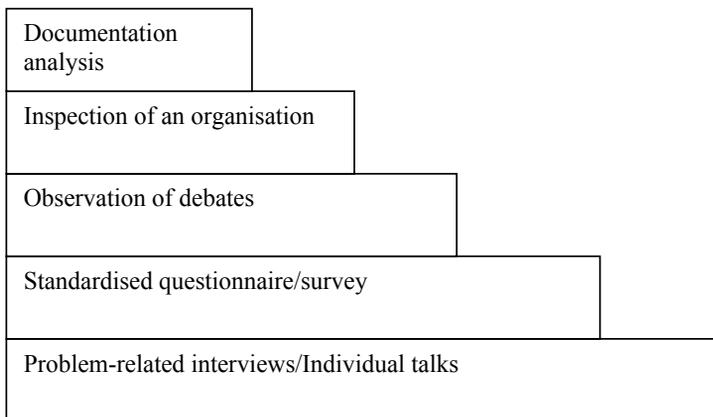


Figure 2. Diagnosing instruments of organisational culture

Source: author's own study based on: Marcinkowski, Sobczak, 2000, pp. 6–9.

**Inspection of an enterprise.** During inspection of an enterprise an image of the organisational culture arises, based on the observations made, allowing as a result (Gableta, 1998, p. 55):

- description of the external appearance of an enterprise, including the development and surroundings, e.g. the access road as well as the condition and size of the parking place;
- recognition of interior design as well as greeting and farewell rituals;
- experience of the so-called first impression as a result of contact with employees of an enterprise; simultaneously one can make observations as regards the location of some rooms (the office, the ‘chief’s’ study), atmosphere in the enterprise, working conditions, the state of machines and devices, et cetera (Table 1 contains the form of the observation plan while inspecting an enterprise).

**Documentation analysis.** It includes three stages: 1) defining the information being searched for, 2) defining the documents being analysed, 3) proper analysis and reaching the final conclusions.

Documentation analysis provides the basis to formulate the initial questions in the diagnostic procedures and the contents brought up in interviews. When analysing the documentation one should pay attention to:

- contents of documents, its truth and topicality;
- documentation completeness and indispensability;
- order and method of running, archiving and making available;
- appearance of documents—whether they are prepared according to the agreed graphic sample;
- whether there is a cult of ‘cigarettes’ in the organisation.

In the presented diagnostic methodology identification of an enterprise’s strategy is of special importance. The strategy is a point of departure to formulate recommendations concerning directions of change in the organisational culture. Therefore it is important to analyse the documents which describe it. Analysing an enterprise’s documentation one should be aware of the fact that it does not always reflect the actual image of an organisation, therefore this technique should be applied in combination with observation, interviews.

**Observation of debates.** Observation of debates and sessions of the managerial staff can be a source of information about the values which the management observes. Observation of the course of sessions should concentrate on (Czerska, 2003, p. 64; Stańda, 1993, p. 59): the session content, topics of utterances, used arguments, duration of addresses, the substantial assessment of the method of achievement of the debate aim, interactions between participants, frequency of interaction between individual participants and their character—who opposes who, who and with whom agrees, who and when/after whom takes the floor, who interrupts whom, who and when is silent—rituals and symbolic gestures, behaviour patterns; corporate order of the sessions, location of individual people towards each other, critical behaviours, mimics, gestures. An interesting subject of observation can also be debates of the management with employees and those of employees themselves, are they called or are they of spontaneous character, how often do they take place, what do they concern, what role do employees play at the debates (‘grateful listeners’ or ‘co-partners’).

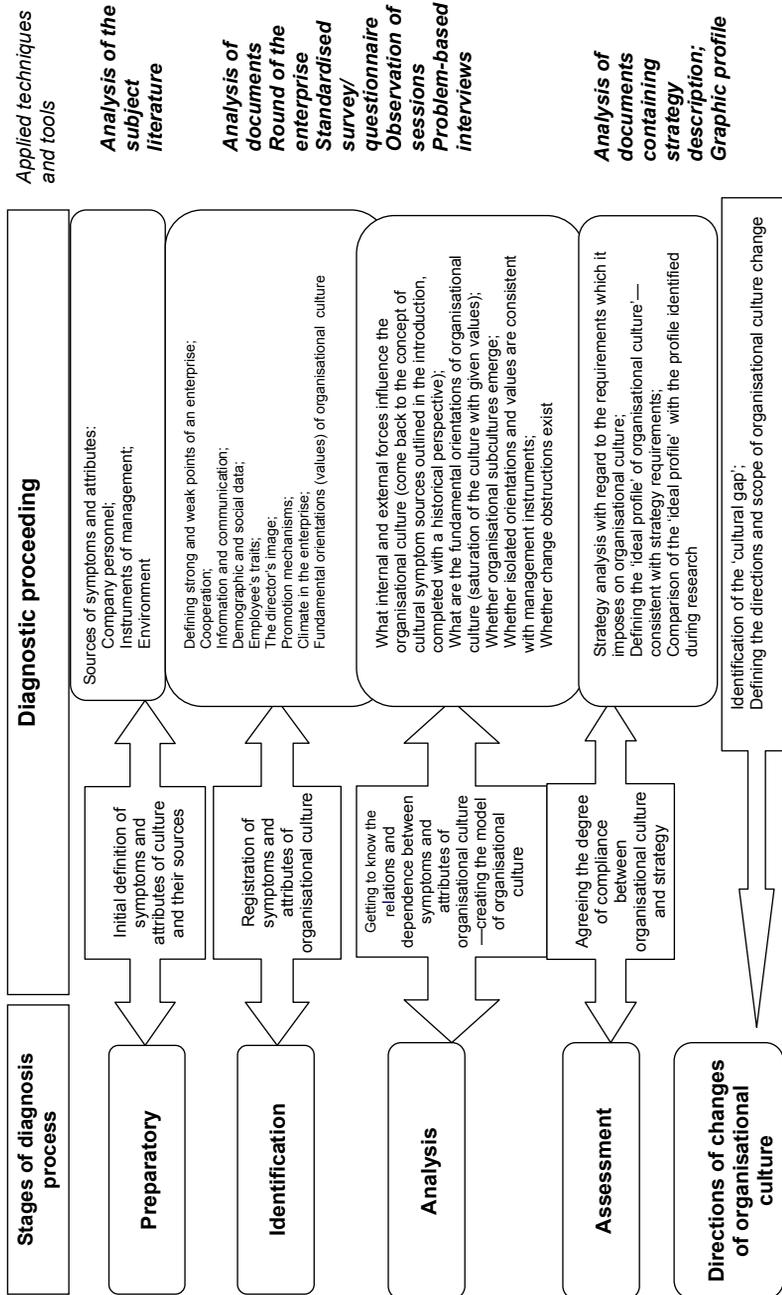


Figure 1. Model of diagnosing organisational culture of an enterprise within the aspect of strategic management

Table 1

## Observation plan

Inspection at an enterprise	
I.	External appearance of a company
1.	Buildings <ul style="list-style-type: none"> <li>– style and form of buildings (usable structures, blocks et cetera);</li> <li>– state of buildings (clean or dirty facades, missing letters in the enterprise' signboard et cetera);</li> <li>– size and layout of rooms (big/small areas, et cetera);</li> <li>– geographic location (city, village, et cetera)</li> </ul>
2.	Environment <ul style="list-style-type: none"> <li>– arrangement of the drive, entrance (layout of buildings, information boards, artistic facilities, et cetera);</li> <li>– sphere reserved for the enterprise (property, size, separation from the external world, et cetera);</li> <li>– development logics of the parking place (who?, where?, next to whom?, et cetera)</li> </ul>
<i>General impression</i> .....	
II.	Receiving guests
1.	Place for guests <ul style="list-style-type: none"> <li>– a hall, meeting room, another room where guests are received;</li> <li>– arrangement: flowers, 'marbles', atmosphere, portraits of the company founders, publications about the company</li> </ul>
2.	Ritual of reception and presentation <ul style="list-style-type: none"> <li>– the impression made by the first person met in the company (a gardener, watchman, receptionist et cetera);</li> <li>– style of presentation (formal, informal), duration, who comes to receive us, et cetera;</li> <li>– telephone conversation (tone, restraint, politeness, kindness, et cetera);</li> <li>– treatment of other guests (complaisance, politeness, et cetera)</li> </ul>
<i>General impression</i> .....	
III.	Visit course
1.	Accompanying persons <ul style="list-style-type: none"> <li>– utterances and explanations over the course of the visit: told stories, recalled traditions, demonstrated pride of working for the company, mimics and gestures appearing as a response to problems and situations during the visit, jargon, attitudes to different areas of activity;</li> <li>– behaviour towards employees: the way of addressing and greeting employees, spontaneous initiation of conversations, respect towards certain employees, an exceptional approach to 'champions', et cetera. Reactions caused among the crew by accompanying persons: open, public;</li> <li>– staff behaviour towards accompanying persons: use, fear, lack of safety, respect, joy, et cetera</li> </ul>
2.	Visit dynamics <ul style="list-style-type: none"> <li>– what they show us, in what way and order, if, e.g. do they show only some departments?;</li> <li>– what areas of the company's business operations do they continuously stress?</li> </ul>
3.	Areas being particularly thoroughly observed <ul style="list-style-type: none"> <li>– layout of offices, location of important peoples' offices (whose room is directly adjacent to X?);</li> <li>– how are employees' rooms furnished: furniture, flowers, appearance of desks;</li> <li>– arrangement of corridors, production halls, lifts et cetera;</li> </ul>

<ul style="list-style-type: none"> <li>– location and appearance of the secretary’s office, how distribution of internal mail is organised;</li> <li>– staff’s behaviour: employees’ attitudes, the way of ‘dressing,’ stress symptoms, a sense of humour, do people speak to each other?;</li> <li>– are informal circles (gatherings) of employees noticeable?;</li> <li>– are signs of binding customary standards noticeable?;</li> <li>– are signs of influence of significant people (dominating personalities) noticeable?;</li> <li>– employees’ behaviour during breaks, their attitude towards materials and appliances;</li> <li>– selected work positions: technical equipment, atmosphere, colours, music, et cetera;</li> <li>– modernity and the automation degree of procedures and technology, the state of selected appliances, IT use, et cetera;</li> <li>– notice boards—what type of information do they include, what degree of formalisation (seals and signatures), is there place for employees’ suggestions, do trade unions and organisations acting within the enterprise advertise?</li> </ul> <p><i>General impression</i> .....</p>
---

Source: Marcinkowski, Sobczak, 2000, pp.14–15.

Table 2 contains an exemplary set of documents useful in the organisational culture diagnosis

Table 2

A list of documentation useful in diagnosing organisational culture

Analysis of documents	Is there (will there be) available data on this subject?
1. Development, history of an enterprise <ul style="list-style-type: none"> <li>– history of an enterprise (e.g. occasional publications);</li> <li>– basic data about an enterprise (personnel, turnover, profits, market position, return rate on investment)</li> </ul>	
2. Documents concerning an enterprise’s policy <ul style="list-style-type: none"> <li>– formulated commercial policy, strategy;</li> <li>– annual reports;</li> <li>– reports, minutes from the management sessions</li> </ul>	
3. Organisation <ul style="list-style-type: none"> <li>– structural charts;</li> <li>– schemes of functioning;</li> <li>– job descriptions</li> </ul>	
4. Personnel management <ul style="list-style-type: none"> <li>– written management;</li> <li>– guide-book for new recruits;</li> <li>– training and professional improvement schedules;</li> <li>– demographic and social data about the personnel;</li> <li>– qualification network;</li> <li>– general recruitment rules (including those of working time)</li> </ul>	
5. Planning and controlling systems <ul style="list-style-type: none"> <li>– planning instruments;</li> <li>– annual plans and the budget;</li> <li>– reports (e.g. monthly)</li> </ul>	

<p>6. Internal and external communication</p> <ul style="list-style-type: none"> <li>– internal information, company gazette, radio station, the Internet (intranet), CCTV, others;</li> <li>– published material;</li> <li>– examples of advertising activities over the past few years;</li> <li>– examples of published employment offers;</li> <li>– results of previously executed research into the image (of the company, product);</li> <li>– examples of recorded speeches</li> </ul>	
--	--

Source: Marcinkowski, Sobczak, 2000, p. 13.

**Interview.** It is a conversation run for a strictly defined purpose, i.e. a guided conversation. It is a very time-consuming and costly technique. Prior to starting the interview one should specify: the aim, people, time, the scene, its form. It should be applied when the number of people covered by research is small and there are people particularly acquainted with a given topic (the so-called competent judges). An interview can have the form of a free or categorised interview. The first variation has, in its very assumption, the aim and range of the sought after information, without a ready conversation scenario. It gives a chance to obtain additional information but it takes up more time and entails the risk of straying off the main conversation topic. A categorised interview is shorter, the risk of straying off the leading topic is smaller, but simultaneously, we do not have an opportunity to find out something more. It is more stressful for the interlocutor.

In the process of diagnosing organisational culture the interview is the heart of diagnostic work. Therefore the selection of interlocutors is important. Below there is a list of people worth being interviewed in this way (Marcinkowski, Sobczak, 2000, p. 8):

- a. people playing an important role in the informal structure of an organisation ('priest', 'storytellers' and 'gossips');
- b. supervisory board members;
- c. people receiving complaints from customers;
- d. apprentices, trainees;
- e. people with the longest work experience;
- f. secretaries;
- g. men 'Friday';
- h. people holding the least meaningful positions, performing the least valued jobs in the organisation.

An interview is the final stage in the standard procedure of gathering diagnostic data, if need be, one can make use of additional diagnostic instruments, e.g. research into clientele or co-operators, analysis of abandoned projects (reasons).

**Survey.** It plays a similar role to that of an interview, but due to its essence it is less cost-consuming, therefore one can make use of it should research of a bigger number of respondents be planned. Building a survey one should remember about the following issues (Czerska, 2003, p. 63):

- defining the magnitude and structure of the research test;
- number of questions—too big can discourage respondents;
- sequence of questions—from easy to more complicated ones;
- applying closed questions—they will facilitate data gathering and analysis;
- language—should be understandable for respondents;
- ensuring anonymity;
- avoiding sensitive questions;
- carrying out pilot research in order to verify the built survey.

The subject matter of surveys used in the process of diagnosing organisational culture should concentrate on the same issues as in case of interviews (Gableta, 1998, p. 57):

- an enterprise's strategy—action aims and programmes;
- strengths and weaknesses of an enterprise as a whole;
- strengths and weaknesses of the human potential;
- characteristic features of the management members;
- cooperation within an enterprise, including also that of the 'top' with the 'bottom';
- conflict situations and the way of solving them;
- the state and efficiency of functioning of the information system;
- applied types and mechanisms of professional careers;
- dominating motivations of employees and motivating tools, used within an enterprise;
- the range and methods of innovative actions;
- attitude of employees and the management to customers and competitors;
- technical and technological level of production processes.

Irrespective of the chosen diagnostic technique it is important to always inform people about the aim of research and the way of using the gathered data. It is aimed at ensuring their acceptance and cooperation.

### **3. Specific research methods and tools**

In gathering and compiling the information useful to specify characteristic features of organisational culture of an enterprise under analysis, a method based on the model of competitive values, created by Kim S. Cameron and Robert E. Quinn (2003), is particularly useful. A research tool used in this method is a questionnaire made up of six questions concerning the fundamental dimensions of organisational structure of the enterprise under analysis: organisation description, leadership, management of employees, criteria of organisational coherence, what is emphasised in the organisation and success criteria. There are four answers to every question, 100 points must be distributed among the answers, depending on to what degree a given answer reflects the situation of an organisation. The most points should be attributed

to the answer which is the closest to the situation in an enterprise. A questionnaire built in this way serves to analyse both the present organisational culture and the desired one (i.e. which an enterprise should have in a few years in order to continue functioning efficiently). Working out the results is very simple. First all the points attributed to answers A should be summed up in the questionnaire ‘present state’ and subsequently—divided by 6. In this way we obtain an arithmetic average for answers A—the present state. We act in an analogous way in case of answers B, C and D. Afterwards we calculate the results in the questionnaire the ‘desired state’ in the same way. Every obtained number refers to a given type of organisational culture:

- values of answers A reflect the clan culture;
- values of answers B the adhocracy culture;
- values of answers C the market culture;
- values of answers D the hierarchy culture.

The results acquired in this way are entered into a system of coordinates and we obtain a chart, being a graphic image of the most important values of organisational values of the enterprise under scrutiny (Figure 3).

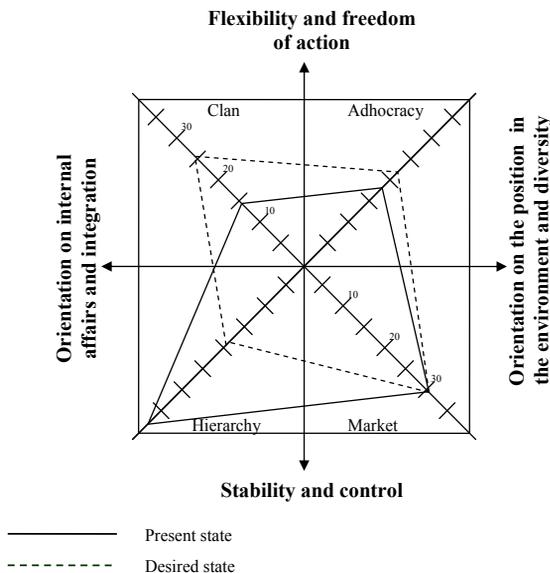


Figure 3. Profile of organisational culture—the present state and the desired state

Source: author's own study.

The model of competing values by K. S. Cameron and R. E. Quinn was created as a result of research into the main features of effective organisations. The research entailed defining the assessment criteria, i.e. answers to the questions: What makes an enterprise efficient or inefficient? What fundamental factors define the efficiency of an organisation's functioning? In the course of subsequent analyses

two main dimensions were obtained, which allowed division of the identified efficiency factors of an organisation into four groups. The first dimension is flexibility, independence and dynamics versus constancy, order and control. It means that some organisations are considered to be efficient when they change, adjust and are characterised by a low level of formalisation (e.g. Microsoft, Nike), others are considered to be effective when they are stable, predictable, with an unchanging structure (e.g. universities, state institutions). The second dimension is made up of orientation on internal matters, integration and oneness versus orientation on the surroundings, diversity and rivalry. Some organisations are considered to be efficient when they form a harmonious whole (e.g. IBM, Hewlett-Packard), whereas others are effective when they concentrate on competitiveness or cooperation with others (e.g. Toyota, Honda). A combination of the two dimensions divides the area into four quarters, each of which is described by a separate set of efficiency factors. Efficiency factors show what people value the most in the functioning of an organisation, in other words—they present the fundamental values serving to assess an organisation. The four fundamental values oppose and compete with one another. Therefore each axis forms the quarters which oppose or compete with each other—which leads to the name of the model.

Every quarter has received a name conveying the most characteristic features of the organisation: clan, adhocracy,<sup>1</sup> market, hierarchy.<sup>2</sup> Dimensions—axes and quarters which they have formed, can be very helpful in explaining different orientations and competing values which characterise behaviours of the human being. Universality of these types and their capacity has made the authors of the model to identify each quarter with the type of culture. It means that every quarter represents the fundamental assumptions, opinions and values—i.e. the elements making up organisational culture.

What is the most interesting, using the model of competing values in diagnosing organisational culture we obtain the result in the form of a cultural profile, namely a square which illustrates cultural diversity of the organisation under scrutiny. On this basis we can easily decide which type of culture is the dominant one and what changes should be made for the culture profile to satisfy our expectations.

## 4. Stages of diagnosing organisational culture

### 4.1. Recognising the situation of an enterprise

A significant element of the strategic management process is strategic analysis which, in a functional sense, is a set of activities which diagnose an organisation and

---

<sup>1</sup> The word ‘adhocracy’ was formed from the phrase *ad hoc* in order to stress the fact that it is about temporarily appointed dynamic units.

<sup>2</sup> Due to limited frameworks of the article it does not contain a description of individual types of organisational culture; I recommend to all interested: Cameron, Quinn, 2003.

its surroundings within a range allowing construction and execution of the strategy. In a tool sense, the strategic analysis is a set of analysis methods which allow examination, assessment and forecast of the future states of selected elements of the enterprise and its surroundings from the point of view of survival and development prospects (Gierszewska, Romanowska, 1998, pp. 17–18). Its aim is above all (Penc-Pietrzak, 2003, p. 2):

- to identify opportunities and threats generated by the environment, in the context of the future development of the enterprise;
- to discover as early as possible all irregularities in the functioning of the enterprise as such and their causes;
- for the enterprise to self-define and establish its position on the market in relation towards the main competitors (identity assessment and company image);
- to create the substantial and pragmatic basis in order to undertake indispensable actions aimed at dynamising the company and activating essential developmental processes;
- confrontation (assessment) of opportunities and threats stuck in the environment as well as strengths and weaknesses of the enterprise, in order to define the variants of development strategy and, as a consequence—plans and programmes of the management strategy;
- to identify the strengths and weaknesses of the enterprise with regard to the possibility of building its competitive advantage;
- to optimise the production portfolio and to assess the risk connected with running individual types of business activity;
- to define the possibility of creating added value for customers and other stakeholders.

Generally the strategic analysis procedure includes three stages: environment analysis, divided into microenvironment and competitive environment analysis, that of potential of an enterprise and a breakdown of the results of the analysis of the surroundings and an enterprise itself. On the basis of the above one can state that diagnosis of organisational culture contributes to fuller execution of the aims of the strategic analysis and should be executed at the stage of the internal analysis of an enterprise, completing its substantially.

The diagnosis is ‘recognition’,<sup>3</sup> i.e. defining the qualitative state of a facility, based on its symptoms. Making a diagnosis is a cognitive act, being an assumption of the decision to maintain the stated condition of a facility or to change this condition. In case of unfavourable changes decision taking will be a kind of therapeutic treatment, aimed at achieving a desired state (Wersty, 2000, p. 79). On the basis of the model of organisational culture by Edgar Schein who compares organisational culture to an iceberg and distinguishes visible elements there—easy to observe (being the tip of an iceberg, above water) and invisible elements—difficult to observe (the

<sup>3</sup> The word ‘diagnosis’ consists of two Greek words: *dia*—meaning, among other things, the prefix ‘re’—and *gnosis*, i.e. ‘recognition’.

remaining part of the iceberg is underwater), one can state that *the aim of the organisational culture diagnosis is its visualisation*. Getting to know the elements of organisational culture allows explaining people's behaviour and, at the same time, selecting appropriate methods of influencing these behaviours. At the moment organisational culture is becoming a tool of the management staff that, through personnel policy, has an opportunity to influence members of an organisation in such a way as to achieve the aims of the organisation. Contrary to the strategy recorded in writing or a formalised image of organisational structure, organisational culture is hardly perceptible in its entirety. Only activities in the form of single symptoms on all surfaces are recognised and, in the processes being performed, results and forms of expression of binding norms and systems of values. The basic condition of carrying out a diagnosis of organisational culture is holistic recognition of cultural symptoms, due to which a point of departure in the process of diagnosing it is to define signs of organisational culture initially and establish the sources of their origin. One can distinguish the following occurrence areas of organisational culture symptoms (Stańda 1993, p. 51 et seq.; Marcinkowski, Sobczak, 2000, p. 11 et seq.) (Table 4):

- the area of personnel factors (area of the fundamental factors);
- the area of factors within the management area (instrumental factors);
- the area of external factors (factors of the surroundings).

The defined areas are counterparts of forces shaping organisational culture in an enterprise. The personnel area means social forces ('soft') influencing an organisation's character from the outside, these are: age, gender, qualifications of managers and employees, their readiness to take risks, openness to changes, an inclination for learning, visions of the future, et cetera. The area of factors of the management sphere means also internal, 'hard' forces: binding procedures, type and quality of organisational documentation, a degree of centralisation and decentralisation, regulation of operations. The area of factors of the surroundings matches external forces, independent of an organisation's actions.

The frame list of source areas and the forms of cultural symptom occurrence presented in Table 4 does not, naturally, reflect the entirety and complexity of the problem of identifying organisational culture. It can, however, for the basis to construe diagnostic procedures. In order to recognise the situation of an enterprise within these three cultural spheres, one should apply appropriate diagnostic instruments. At this stage of research the most useful ones will be: a visit to an enterprise (a round), observation, analysis of documents and a survey/questionnaire. Analysis of documents and a visit to an examined enterprise allow the 'first insight' into the organisational culture. At this stage of research one should gather information concerning:

- strong and weak points of an organisation;
- preferred means of communication;
- a specific language (jargon) spoken by employees and the management;
- features of a good company employee;
- traits and ways of viewing superiors by their inferiors;

- a type of leadership;
- promotion mechanisms binding in an organisation;
- joint customs and rituals celebrated within an organisation;
- climate within an enterprise and—the fundamental values of organisational culture.

Table 4

A list of sources and matching organisational culture symptoms

Main factors	Forms of expression of organisational culture symptoms
	Area of personnel factors
<p>Personality profiles of the management staff</p> <p>The management on all the levels of the structure creates with its behaviour and preserves the desired models of organisational culture. Its behaviours express specific personality features.</p>	<ul style="list-style-type: none"> <li>– curriculum vitae social background, professional preparation, work experience, age, gender</li> <li>– respected values and mentality preferred ideals, perception of the future, its visions, engagement, attitude to changes, acceptance of innovation, persistence, an ability to win popularity, readiness to learn, readiness to take risks, tolerance, self-confidence</li> </ul>
<p>Rituals and symbols</p> <p>Rituals and symbols existing in every enterprise create a special source of organisational culture symptoms.</p>	<ul style="list-style-type: none"> <li>– ritual behaviours of the management personnel systems of promotion, selection and selection of personnel, method of running debates (behaviour during mutual sessions), behaviour and decision-making procedures, behaviour at work</li> <li>– ritual behaviours of employees (crew) ways of greeting, reception of guests, attitude to the client, attitude to complaints, organisational jargon</li> <li>– institutionalised rituals and conventions dress code, rituals of debates and sessions, rituals of guest reception, the way of celebrating holidays and organisational ceremonies, arrangement of parking places</li> <li>– symbols connected with the area and organisation of the company's image, state, décor and equipment of the rooms, organisation of office work, 'green' areas, working gear, luxury cars as an addition to the function</li> </ul>
<p>Communication</p> <p>Both the communication means and communication behaviours (internal and external) can be an educational source of information about the signs of organisational culture.</p>	<ul style="list-style-type: none"> <li>– communication styles behaviour within the sphere of communication and information, openness, spontaneity, readiness to reach consensus and compromise</li> <li>– internal and external communication organisation identifiers, forms of cooperation/participation, quality cycles, 'boxes for ideas', company roads, advertising, public relations, access to information</li> </ul>

Area of (instrumental) factors of the management sphere	
<p>Strategy</p> <p>Methodology of behaviour when defining (formulating) the strategy, documents containing the strategy or concerning the strategy and the power of strategic assumptions allows reaching conclusions about binding systems of values and norms in the organisation.</p>	<ul style="list-style-type: none"> <li>– strategic documents kind and range, their number, degree of concreteness and comprehensibility</li> <li>– directional ideas of the strategy orientation and perceived key issues, parameters of the desired strategic position, planned resources, the degree of market and competition recognition, self-perception</li> <li>– strategy change way of strategy execution, familiarity and importance attributed to the strategy of an enterprise every day</li> </ul>
<p>Structures and procedures</p> <p>Organisational documentation and applied organisational philosophy are a valuable source of information about demonstrating organisational culture.</p>	<ul style="list-style-type: none"> <li>– organisational documents number, scope and way of preparation</li> <li>– organisational philosophy degree of centralisation and decentralisation, degree of formality, hierarchical levels, management span, role of competences, structure type, criteria of resources division, formation method and formal description of jobs</li> <li>– informal structures and processes system of informal communication, informal contact network, informal groups, informal leaders</li> </ul>
<p>Management systems</p> <p>Type, scope, content of systems of planning, accountancy, control and remuneration, used in a formal and informal way in an organisation and applied management techniques (e.g. management through aims, quality cycles, TQM) are important areas of organisational culture symptom occurrence.</p>	<ul style="list-style-type: none"> <li>– systems number, scope, configuration</li> <li>– redundancy in systems 'holy cows' among systems, pride of membership in given systems</li> </ul>
Area of external factors	
<p>Economic influences</p>	<ul style="list-style-type: none"> <li>– economic area and systems expectations concerning prosperity and growth, development of capital markets, level of salaries, infrastructure, behaviours of consumers, customs on the market</li> </ul>
<p>Social influences</p>	<ul style="list-style-type: none"> <li>– social, trade and local-government organisations</li> <li>– media</li> </ul>
<p>Technological influences</p>	<ul style="list-style-type: none"> <li>– technological changes product technologies, substitute technologies, pace of technological changes</li> </ul>
<p>Ecological influences</p>	<ul style="list-style-type: none"> <li>– accessibility of resources natural resources (scope of availability of natural resources), conditions of environmental protection</li> </ul>

Source: author's own study based on: Stańda 1993, p. 51 et seqq.; Marcinkowski, Sobczak, 2000, p. 11 et seqq.

## 4.2. Analysis and assessment of existing organisational culture

On completion of diagnostic research we have a lot of information at our disposal which needs to be systematised. This stage of research is very time-consuming and requires a researcher to be well prepared substantially. An attempt to answer the five questions can be useful in this process (Marcinkowski, Sobczak, 2000, p. 9):

1. What internal and external forces influence organisational structure? It is particularly important here to specify how the present culture has been influenced by outstanding individuals (the founder, managers), the field of activities (business area, market, production and technologies, clientele), closer and further social surroundings (legal, economic and social influences), life stage of an organisation (initial stage of activity, stage of growth, consolidation), possible success of an organisation.
2. What are the fundamental orientations of organisational culture?  
In this case one should specify the 'degree of saturation' of organisational culture, a given climate of values, elect the dominating orientation and examine its relation to others, less marked.
3. Do organisational cultures emerge?  
Which values are widely and which ones are locally accepted in an organisation? If there is a group of values widely accepted in an organisation, demonstrated in every-day business operations, one can assume then that the organisation has strong culture at its disposal, resistant to the influence of existing subcultures.
4. Are isolated orientations and values consistent with management instruments?  
It is particularly important to specify to what extent organisational culture is coincident with the strategy being executed. Establishing this interdependence is of significant importance in assessment of the existing organisational culture and decides about setting the area of its changes.
5. Are there blockades of changes?  
What encourages and what obstructs flexibility of an organisation in the light of the data being gathered? What elements support flexibility (intensity of dissatisfaction with the existing state of affairs, open attitudes of the management, employees able to adapt, ready to accept a change), what are the obstructing mechanisms (extended hierarchy, authoritarian management style, size of an organisation, being deeply rooted regionally, locally, self-satisfaction level, a significant percentage of experienced employees).

## 4.3. Indication of directions and areas of changes to organisational culture

The choice of a strategy as the basis for organisational culture assessment is not accidental. In order to survive in the current environment, organisations need strate-

gies, in simple words a list of activities which must be undertaken in order to ensure the right conditions for development over longer perspective.

Mutual dependence between the strategy and organisational culture is not uni-directional and varies substantially depending on the assumed time perspective of the considerations being made. In the operational (short-term) perspective, and even tactical (medium-term) organisational culture is of independent variable character, setting the strategy, because it cannot be changed over a short period of time. It becomes possible only over a long period of time. In longer time perspective culture can be subject to purposeful and directed changes, in order to be adjusted to the requirements of the strategy. Perceiving this mutual dependence we assume for the purposes of this study that in the long-term the perspective is original towards the other elements of an organisation, including organisational culture. Therefore they should ‘follow the strategy’ in order to support its execution.

Similarly to organisational culture, the strategy of enterprises is diversified by the environment, its degree of changeability and complexity. The environment can be described with the help of a scale stretching from the situation of certainty and stability up to the situation of uncertainty and complexity. The above peculiarity of the environment provides basis for distinguishing two extreme types of both the strategy and organisational culture. The strategy fits into the area between the perfect strategy and creative strategy (see Table 5), whereas organisational culture can be orientated on stability and concentration on an organisation or an innovation and flexibility and concentration on the environment (we obtain three types of organisational culture from the model of competing values).

Table 5

Features of the perfect strategy and creative strategy

Perfect strategy	Creative strategy
<ul style="list-style-type: none"> <li>– focused on continuous improvement of the presently performed tasks, aims, without the analysis of justifiability of this behaviour, taking into account demand in the organisation and environment;</li> <li>– leads to copying actions, procedures and results;</li> <li>– works in satisfactorily stable conditions, in the conditions of a changeable environment leads to ‘learnt incompetence’</li> </ul>	<ul style="list-style-type: none"> <li>– works in a stormy environment;</li> <li>– aims to look for new ways of satisfying the hitherto needs;</li> <li>– allows creativity and active response to new needs;</li> <li>– allows designing of new ways of producing things which are already being produced;</li> <li>– aims at searching for new markets or a deeper penetration of hitherto markets</li> </ul>

Source: author’s own study based on: Czarska, 2003, p. 53.

The above-mentioned typology of strategies has served as the basis for formulation of the five fundamental dimensions serving to identify it (Table 6).

The level of strategy creativity, defined in this way is the source of recommendations on changes within the area of organisational culture. It should be assumed that the higher the level of strategy creativity, the bigger flexibility and orientation on the environment should be characteristic of organisational culture.

Table 6

## Strategy classification

Strategy dimensions	Level of values of individual dimensions					Assessment of strategy parameters
	1 absolutely perfect	2 perfect	3 neutral	4 creative	5 absolutely creative	
1. Clients' expectations	Complete standardisation and repetition of a product or service			Continuous changeability of product or service		
2. Accepted strategy of competition	Cost leader			Brand leader		
3. Sales subject	Work of muscles, used resources and subjects of work			Work of the mind, an idea and concept as the effect		
4. Reaction to a difficult situation	An attempt to sell the customer what the company owns at present			An attempt to obtain for the client what they expect		
5. Attitude to the client	Customer is an intruder causing trouble			Customer is the actual employer of the company's employees		
Average						

Source: Czerska, 2003, p. 54.

Furthermore, the directions and area of changes in organisational culture can be established on the basis of differences between the profile of the present culture and that of the desired culture, prepared on the basis of the model of competing values by Cameron and Quinn.

## 5. Conclusion

The above-mentioned interpretation of the process of diagnosing organisational culture can arouse a few doubts.

First: organisational culture is treated in an instrumental way. Organisational culture cannot be examined, measured or changed, obtaining the result assumed 'in advance'. One should remember that it is a creation of given community, developing under the influence of the environment and several other complex factors such as: leadership and strategy. The process is determined historically, which means that the influence of individual factors is subject to changes in time. This makes it impossible to easily create techniques of change of organisational culture leading straight to a given state of culture.

Second doubt concerns the level of skills which the person diagnosing organisational culture should have, according to the presented procedure. The procedure consists of several complex diagnostic assignments—preparation of the catalogue of signs of an enterprise's culture and the area of their occurrence, compilation of research results, description of the strategy and preparation of the concept of ideal culture. Correct performance of these assignments requires extensive knowledge on the academic level from a few scientific fields: sociology, sciences about organisations and management, psychology. It is also doubtful whether one person can accomplish all detailed assignments of the diagnosis, therefore one should think about a research team with diversified qualifications.

Third, the fundamental assumption in the presented model of diagnosing organisational culture is for the entity under scrutiny to possess a clearly formulated and articulated market strategy. Even though this condition is possible to be fulfilled by western enterprises or big economic entities, in case of most Polish enterprises, small and medium, it is often impossible. To say nothing of the concept of 'emerging' strategy, having a formulated action strategy very often boils down to preparing appropriate documents and nothing beyond that.

Diagnosing organisational culture is a difficult and time-consuming process but it is worth making this effort in order to, at least to a certain extent, limit uncertainty connected with social conditionings of execution success of an organisation's action strategy. In order to face up to the challenges within this range, practical recommendations concerning the process of diagnosing organisational culture may be useful:

1. A factor facilitating carrying out research is openness of employees of the enterprise under scrutiny and awareness of organisational culture<sup>4</sup> of the management.
2. Therefore, prior to beginning the research one should carefully inform all the interested about the aim and method of research execution. In the process of diagnosing organisational culture it is very important to cover with the research as many employees as possible, it contributes to increasing credibility of the conclusions being formulated.
3. In order to obtain a possibly complete and precise image of organisational culture one should present the obtained survey research results not in a collective average form, but divided into particular occupational or social groups. It will allow identification of the differences in individual cultural profiles and can significantly facilitate defining possible directions and methods of changes in organisational culture.
4. During assessment of the strategy of an enterprise and establishment of cultural conditionings of its implementation, it is helpful to perform this stage within the framework of a team appointed for this purpose. When such a possi-

---

<sup>4</sup> Awareness of organisational culture of the management should be interpreted as an ability to define what the term organisational culture means and what role it plays in the functioning of an enterprise.

- bility does not exist, one should agree the formulated conclusions at least with people responsible for planning and strategy execution in the enterprise.
5. In the situation when an enterprise does not have a strategy described in relevant documentation, one should gather opinions of people holding the key positions in the enterprise in order to define the way of their perception of the future and prospects of development of a given organisation, methods of competing and running a business, perceiving the customer and their needs.
  6. Freedom of actions and easy access to different types of information during the process of diagnosing organisational culture are very strongly dependent on the interest and practical use of the obtained results by the management of the company under scrutiny.

## Bibliography

- Bratnicki M., Kryś R., Stachowicz J. 1988. *Kultura organizacyjna przedsiębiorstw*. Wrocław: Zakład Narodowy im. Ossolińskich. Wydawnictwo Polskiej Akademii Nauk. ISBN 83-04-02662-7.
- Cameron K. S., Quinn R. E. 2003. *Kultura organizacyjna – diagnoza i zmiana: Model wartości konkurujących*. Transl. by B. Nawrot. Kraków: Oficyna Ekonomiczna. ISBN 83-89355-03-5.
- Czerska M. 2003. *Zmiana kulturowa w organizacji: Wyzwanie dla współczesnego menedżera*. Warszawa: Difin. 83-7251-342-2.
- Gableta M. (ed.). 1998. *Potencjał pracy w przedsiębiorstwie: Kształtowanie i wykorzystanie*. Wrocław: Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu. ISBN 83-7011-289-7.
- Gableta M., Karamalla E. 2007. "Firma z charakterem: Diagnoza kultury organizacyjnej przedsiębiorstw". *Personel*, no. 4.
- Gierszewska G., Romanowska M. 1998. *Analiza strategiczna przedsiębiorstwa*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1093-0.
- Marcinkowski A., Sobczak J. B. 2000. "Kultura poszukiwana". *Personel*, no. 2. *Dodatek – Przegląd Personalny*.
- Stańda A. 1993. "Diagnoza kultury organizacyjnej w analizie strategicznej działalności przedsiębiorstwa". *Zeszyty Naukowe Akademii Ekonomicznej w Poznaniu*, no. 208.
- Penc-Pietrzak I. 2003. *Analiza strategiczna w zarządzaniu firmą: Koncepcja i stosowanie*. Warszawa: Wydawnictwo C.H. Beck. ISBN 83-7387-078-4.
- Wersty B. 2000. *Analiza i diagnostyka ekonomiczna: Podstawy teoretyczno-metodyczne*. Wrocław: Wydawnictwo Wyższej Szkoły Zarządzania. ISBN 83-87708-40-2.

## Zarys metodyki diagnozowania kultury organizacyjnej

**Streszczenie:** Kultura przedsiębiorstwa jest rozumiana jako utrwalone w nim wzory myślenia i postępowania pracowników, kształtowane przez postawy kierownictwa. Przenika ona zarówno proces formułowania strategii, jak i proces jej realizacji. Przedsiębiorstwo, które rozumie swą kulturę, może wykorzystać tę wiedzę jako źródło strategicznej siły. Wielość czynników

kształtujących kulturę organizacyjną oraz wielość kultur (subkultur) wymaga od badaczy tego zjawiska dokładnego określenia podmiotu badań czy ogólniej „granic” badawczych. Artykuł zawiera propozycję metodyki diagnozowania kultury organizacyjnej przedsiębiorstwa.

---

---

S ł o w a k l u c z o w e: kultura organizacyjna (organizacji, przedsiębiorstwa), diagnoza, metodyka badań

---

---



RENATA ŻABA-NIERODA\*

# The importance of brand in the corporate identity business

---

**Key words:** brand, image, holding, energy, power industry

---

**Summary:** A strong brand supports the main business strategy and increases efficiency of a company's operations. A brand affects profits. Influencing clients' preferences it allows achieving a competitive advantage. A consistently managed brand reflects needs of the environment and responds to challenges and ensuing changes. A well managed brand supports internal harmony as regards the vision of a company. The existing image of the power industry in common awareness makes use of symbols rooted in the 20th and 21st centuries. Defining the correct message of a brand, one should avoid meanings which may confirm common awareness of the society that energy generation has contributed to interference with the natural environment. This image has been commonly applied to brand creation on the power industry market for over one hundred years. The article presents an example of creating a new brand strategy in Tauron Group.

## 1. Introduction

Changing market realities and increasingly higher requirements of investors and clients mean that creating and offering increasingly high added value to customers is essential. This assignment can be performed through actions based on a precisely programmed brand. It consists of describing a brand in such a way, attributing it with features and values plus placing it in the strategy of an enterprise so that the brand can support these aims, not only distinguish a product. A brand, in order to be efficient, must also exist as a planned and the best set of associations due to its individuality—obtain its personality. A brand must carry an individual promise, better than others on the market. It means: more valuable for the client, difficult to falsify by competitors and—what matters most—real. A brand should also build relationships with consum-

---

\* Renata Żaba-Nieroda, PhD—Department of Management, Małopolska School of Economics in Tarnów.

ers and have features of a magnet—not only pull closer, but also hold. Then a brand, apart from being named and given a logo, will begin to exist on the market. Naming it itself is but marking, distinction, identification. Brand creation is the art of building its relations with the environment.

The purpose of this article is to outline the importance of brand image building as well as visual identification of a company. Mark may have a significant impact on the company gain competitive advantage in a specific, well-functioning power sector.

## 2. Brand in entrepreneurial operations

Changeability of market conditionings in which enterprises operate makes them search for new sources of a competitive advantage. Such attributes as a low price, innovative technologies or a well built distribution network are quite easy to equalise by competition. For this reason attributes which are more difficult to copy by rivals and simultaneously allow achieving a durable competitive advantage, are in greater demand (Wańkowski, 2002, p. 57). Creating a strong brand is many managers' aim, because a strong brand is a brand which several buyers purchase, a brand which makes a consumer forget about the price for a moment, also a brand which offers more to buyers than an average one (Kall, 2001, p. 42). A brand is a strategic asset of an enterprise, i.e. direct brand management translates to financial results and, as it follows, to value of an enterprise (Urbanek, 2002, p. 46).

In the modern economy a properly created and promoted brand often proves to be the source of an advantage over competition. Cruel rules apply to the world of brands—the strongest wins. Therefore brand creation as such is not sufficient, it should be managed. Brand management is a complex process including development, protection, application of its capabilities and, if need be—brand modification. Only owing to effective brand management its potential can be wholly made use of (Cheverton, 2006, s. 61). Standard elements of the brand building strategy, market research, advertising campaigns, price reductions and quality improvements not always appear efficient. Raising brand value is connected with learning about its character and undertaking only such activities which are in line with the message sent to the present and potential clients by the brand (Joachimsthaler et al., 2006).

Brand is a very complex notion. Despite numerous attempts at brand definition standardisation experts have not agreed yet which is the most appropriate one. An overview of theoretical positions of the term brand is presented in Table 1.

Analysing the definitions of the term brand presented in Table 1 one can notice that a brand is perceived from the perspective of the name, term, symbol, pattern or their combination created in order to identify a seller's assets or services and distinguish them from competition. In reality, however, brand is perceived in a much wider way. Brand is of special significance on the market of services where what matters above all is trust and security; it is more difficult to refer to the financial side of

a product. Brand triggers off more or less strong emotional relations in a consumer's mind. Therefore what matters in the process of brand building is its emotional content (Witek-Hajduk, 2001, p. 97).

Table 1

## Brand notions defined in literature

Definition	Author
The name, term or their combination created in order to identify the seller's assets or services or their group and distinguish them from the competition.	Philip Kotler
The name, notion or a combination of these elements created in order to mark a given manufacturer's product (or services) and distinguish them from the offer of competitors, where a brand can consist of the brand name (a brand's wordy part which can be recreated verbally) and the brand logo (a brand's recognisable part which cannot be recreated verbally such as a symbol, typeface, characteristic colouring—a combination of colours, an artistic element).	Henryk Mruk Ireneusz Rutkowski
A product which ensures functional benefits plus added values which some consumers value sufficiently in order to make a purchase. It stresses the fact that in marketing an approach combining three brand meanings is of fundamental importance (as marking of a particular assortment position, as a synonym of a trademark in legal literature and deeds and as a mental shortcut with a clearly valuing shade, marking the market image of a product).	Jerzy Altkorn
A combination of a physical product, brand name, packaging, advertising and accompanying activities within the field of distribution and price, a combination which, distinguishing a combination of a given marketer from competitive offers, provides consumers with distinctive functional or symbolic benefits, owing to which it forms a loyal circle of buyers and, as it follows, allows reaching a leading position on the market.	Jacek Kall
The name, symbol, pattern which make it possible to distinguish the offer of an enterprise from competitive products.	Trevor Watkins

Source: Altkorn, 2001; Kall, 2001; Kotler, 2004.

The name and trade mark do not suffice for a brand to be successful on the market. A brand must have its own personality, convey a promise being unique and attractive for potential buyers. The aim of a brand is to attract consumers and build relations with them. It is a prerequisite for a brand to be able to be successful on the market.

The beginning of brand and development of a company's visual identification, as understood nowadays, took place over 100 years ago. At the end of the 19th century a Berlin entrepreneur Emil Rathenau, as one of the pioneers of the power industry, noticed chances connected with mass application of electric energy, obtaining a license for Thomas Edison's patents. In 1883 he established a company which was transformed in AEG<sup>1</sup> enterprise four years later. Producing on a mass scale the equipment: from light bulbs to power plant appliances the company soon became one of the biggest German enterprises.

Brand is a living organism that is subject to changes influenced by clients, the environment and development of a company or organisation. The most frequent cause

<sup>1</sup>Allgemeine Elektrizitäts-Gesellschaft.

of brand refreshing or transforming its image is the fact that the conditions in which a brand functions evolve, e.g. peculiarity of a given area, development of new technologies, economy or changes to consumers' tastes and needs, lifestyle. Another reason can be a change to a company's business profile. As companies grow, they often change or extend their assortment, improve products and services. Yet another cause of brand changes are takeovers and mergers. In a new situation faced by a company an important role is played by message standardisation, creation of common communication channels and a uniform strategy of brand development for the consumer not to feel confused, because then it is very easy to lose even the most loyal client.

An example of a complete brand transformation: the logo, name and company structure can be an enterprise within the power industry—Polski Koncern Naftowy Orlen SA. The reason for brand transformation was a merger of CPN petrol stations (Centrala Produktów Naftowych SA) and Petrochemia Płock SA. Building a new brand was connected with the concern's going public. Logo change means also indispensable modernising of a petrol station chain—the most recognisable element of the company's offer. Décor was designed according to the rules of the prepared visual identification. PKN Orlen is one of the biggest petroleum industry corporations in Central and Eastern Europe, it has the biggest network of petrol stations in Central Europe. It is also one of the best known brands in its field.

Brand management in the power industry in the era of strong market competition acquires a new meaning (Skłodzień, 2009). It is a tool of building a competitive advantage and reaching projected aims. The Tauron brand strategy consists in creating added visual value for the companies making up the Group and using it for business purposes. Elements of the common visual presentation ensure communication coherence and efficiency, guarantee better recognition on the market and acceptance building for company's activities, in particular those concerning plans connected with going public.

Company Tauron Polska Energia SA was established on the 6th December 2006 in connection with execution of the governmental Programme for the Power Industry (Ministerstwo Gospodarki, 2006). The programme provided for founding four big business entities which were supposed to consolidate both energy distributors and manufacturers. The aim of consolidation was to create entities competing efficiently with other European enterprises on the energy market. On 9th May 2007 the State Treasury contributed shares of Południowy Koncern Energetyczny (PKE) SA from Katowice, Cracow Enion SA, EnergiaPro Koncern Energetyczny SA from Wrocław and Power Plant Stalowa Wola SA to Energetyka Południe SA. The holding, apart from the above-mentioned four companies, is also comprised of other entities: within the area of energy traffic it is Enion Energia sp. z o.o., Pierwsza Kompania Handlowa Polska Energia sp. z o.o. and EnergiaPro Gigawat sp. z o.o., within the area of energy generation from renewable sources: Jeleniogórskie Elektrownie Wodne sp. z o.o. and Zespół Elektrowni Wodnych Rożnów sp. z o.o., within the area of coal mining: Południowy Koncern Węglowy SA. Furthermore, Tauron Polska Energia SA

has taken over control over Elektrociepłownia Tychy SA and Przedsiębiorstwo Energetyki Ciepłej Katowice SA, with PKE SA heating assets the companies form the basis for building the holding Tauron Ciepło SA.

Tauron Polska Energia is one of the biggest business entities in Poland, having at its disposal capital of PLN 14 billion. The holding employs 28 thousand people, sells electric energy of the value exceeding PLN 9 billion. In 2008 a corporate strategy was prepared for TAURON Group for the years 2008–2012 until 2020 in perspective.

Designing a new logo for the brand of Tauron Polska Energia closed the stage of brand strategy formation for the Group. A presentation of the logo initiated implementation of a new development strategy within the public dimension (Gnat, 2009). The new logo was supposed to be a communicative dot above the ‘i’ of the strategy. Its aim was to announce a new view of the company’s future. Acceptance of the new logo was preceded by a few-month process of brand strategy building and the choice of the optimum graphic solution, based on a series of marketing researches. The time span during which the new brand identity of Tauron Group was being prepared, was marked by several questions about the future of the power industry in Poland and abroad plus a discussion on the subject of the impact of energy generation on the natural environment and greenhouse effect. Works were started in October 2008; development strategy and attempts at consolidation were the most important, but not the only conditionings taken into account. A crucial aspect of the new brand was its debut on the stock market, determining the investment processes being planned. It is the brand that is responsible for trust being built in the consciousness of potential shareholders. A new brand has to communicate the basic benefits connected with energy. Breaking into the Polish market of foreign brands, connected with liberalising the energy market, changes the Poles’ awareness and habits within the area of delivery choice opportunities and, as it follows, it makes the brand a tool supporting market competitiveness. A condition of building a strong brand is its distinction from competition. During works on the brand strategy and logo design the brand was given features taking into account the group’s growth direction, including plans for extending production from renewable sources and energy from nuclear power plants.

The functioning image of the field connected with energy production uses symbols rooted in the 19th and 20th centuries in common awareness. Defining an appropriate brand message, meanings which could confirm common awareness of the society that energy generation contributes to interference with the natural environment were avoided. No one wanted to show shafts, chimneys and light bulbs. This image has been commonly used in brand creation on the market of electric energy for over one hundred years. Energy has been shown as an everlasting source of power which affects both the functioning of the smallest living cell, growth of plants and appearance of new stars. Energy, comprehended in this way, is the driving force of all progress and the condition of overcoming their weaknesses by human beings, which gives them strength and joy. Energy is needed, because it is a natural component of life and nature.

During works on the brand it was attributed expectations concerning the latest technologies making it possible to produce and use energy in symbiosis with the nature. The Group's competence, based on a chain of values which it has in mining, production and sales of energy, allows adding Tauron to the circle of natural allies of the human being in realising their dreams and desires about a better world. Such assumptions were taken into account in defining subsequent stages during works on the criteria which a new logo was supposed to satisfy. The following assumptions were strictly defined for graphic designers: the mark which was to become a new symbol of the group had to have the power of conveying the strongest premises. Above all it had to be positively energetic and embody a new perception of the safe future of the power industry. The designing process involved five experienced graphic designers supported by the strategic panel. Over twenty proposals meeting the correctness criterion were prepared. Out of these six were selected for examinations.

In the course of designing works a series of marketing researches was carried out, under which concepts were being assessed by means of deepened and focused interviews with invited employees, contractors, institutional clients as well as end clients plus potential shareholders. 11 meetings were held and over 12 thousand surveys were carried out, providing the representation of associations and statements the occurrence of which was pinpointed during the qualitative research. The logo selected owing to the research is supposed to communicate the required features of the brand, but, simultaneously, it will not convey possible unwelcome associations. The shapes, their connotations and the level of meaning coherences of the logo with the assumptions of the brand were being analysed. Tests for shape adjustment to given colours of the logo were carried out. The research included alternative forms of brand name record, with the help of different types. The logo which communicated energy and great joy was chosen—the key notions identifying the brand. In a test for open associations, without clues, the most respondents identified a four-arm symbol as a flower, a fan, a small fan, a turbine and the sun. All these scopes of associations were welcome and overlapped with the intention of the logo's author. In a test for colour adjustment, the respondents, seeing a colourless logo—greyness—referred to the colour of magenta, as the most natural one for this shape, which had also been assumed by the author of the logo.

The new logo consists of a flower symbol transforming into a blade of a fan and a logotype, i.e. the full brand name record. The research being carried out confirmed that the chosen type is associated with modernity. The colour of magenta used in the symbol is not neutral, it has a big energetic potential, it dazzles with joy of life and strongly distinguishes the brand Tauron from the domestic and European competition. Figure 1 presents the individual stages of works on the logo.

In the process of logotype remembering a significant role is played by impressions accompanying reading it; the bigger impression the logotype makes on us, the bigger chances of remembering it. Logotype designing is the art of maintaining proportions;

marketing efficiency of a logotype is assessed not on the basis of aesthetic criteria which can be relative and highly subjective, but by means of four purely pragmatic parameters: logotype uniqueness, emotional charge that it carries, its ageless message and universality.

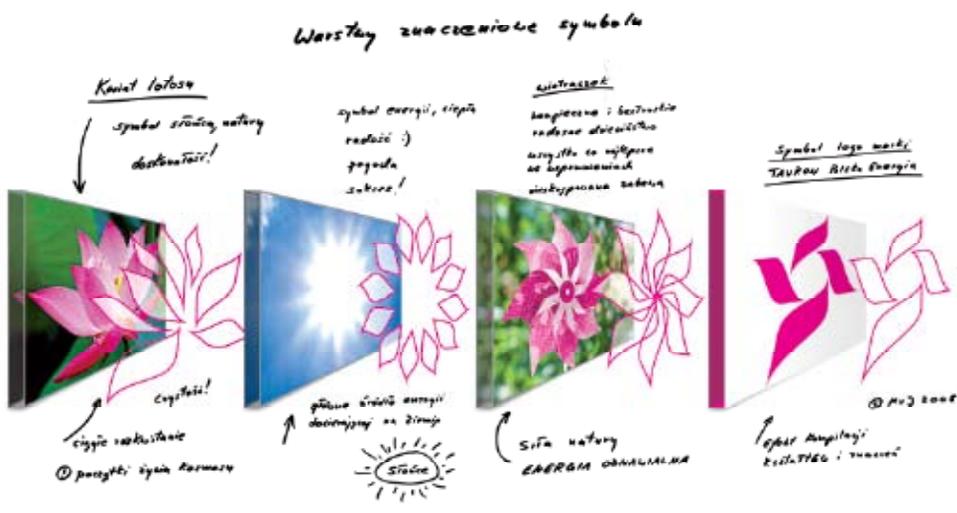


Figure 1. Stages of research on Tauron logo

Source: author’s own study based on: Fasiiecka, 2009.

Applying a new logo by Tauron Polska Energia SA plus a new system of visual identification initiated the process of corporate identity ordering in Tauron Group, as a consequence of the implemented strategy aimed at forming a uniform operational holding. One of the assumptions is striving to consolidate all the components of the holding also in the dimension of the communicated corporate identity. Building coherent identity within a scope of companies will allow communicating the structure and, in this way, it will influence the clarity of perceiving elements which build its potential.

Strong corporate identity affects both internal and external processes of the holding, it deepens consolidation processes within the group, building the awareness of employees’ membership, influences their feeling of stability and safety, outside, in the conditions of market competitiveness, demonstrating a strategic position, and it also influences image building of the entire holding and particular companies, it should confirm potential of the group for potential shareholders.

One of the factors which influence decision making in building corporate identity are activities of competitive energy holdings. Implementation of the uniform corporate identity is conditioned by designing clear brand architecture within a holding, demonstrating the place and role of each and every company.

What is important is implementing a monolithic model of corporate identity which assumes a complete and anonymous identity of all components of a holding on the

lexical and visual level. On the lexical level, concerning name-calling of companies, it is important to standardise names, the principle of building names based on the two elements: Tauron Polska Energia brand name and competence determination which expresses the role of the company in the chain of values of the group. On the visual level the element building the corporate identity is Tauron Polska Energia brand logo. The time horizon of implementing the target brand architecture model depends on performance of consolidation tasks of companies in line with the business strategy being implemented.

The monolithic model treated as the target one determines the choice of the interim concept of visual identity within the area of companies in Poland and other European countries. In order to maintain its present market position and improve it efficiently in the future, communication and marketing activities which might rival those of the competition, must be carried out. Architecture of brands which are not clearly connected with Tauron brand makes it impossible to use effects of communication synergy and rules out fast construction of the uniform visual identity. Different possible concepts of implementing visual identity on the level of companies were analysed. During concept evaluation and selection the assumed assessment criteria proved useful:

- Coherence level of the indirect model with the assumed target model;
- Scale of costs indispensable for the indirect and target model to be implemented;
- Clarity level of changes on the visual level for employees and clients.

The new visual identity is based on the notion of fundamental identity, with regard to Tauron Group companies, building corporate identity on the fundament of the chain of values which constitutes the competence scope of Tauron Polska Energia brand. The model provides for using the main assumptions of the visual identification system of Tauron Polska Energia brand and Group Tauron logo by companies on the visual level, simultaneously retaining names of the companies. An advantage of the concept is the possibility of obtaining communication synergy effects on the visual level fast and building membership awareness among employees. According to the principle of building Tauron brand on the fundament of the components of the chain of values, using Tauron Group logo by entities from outside the chain of values (medical companies, leisure centres et cetera) is excluded. Each and every company of the Group is an element of the holding structure, great attention is paid to the process of informing employees of individual companies about projects being implemented. Technical implementations of a new corporate identity mean coherence of visual communication principles of each company and designing own systems of visual communication, taking into account communication situations and needs of the companies. In practice the logo is never presented on a big chart. It is usually placed against a background of other logos or photos which can sometimes give it an unwanted meaning. It is important to prepare the principles of brand visual communication which—by imposing the framework of logo use—ensure its proper recep-

tion. The system of brand visual identification is a tool of every-day work of people responsible for the company's communication.

### 3. Conclusion

Brand management brings a company the following measurable benefits: an increase in marketing efficiency. A brand helps to distinguish itself from competitors, not to compete with them by lowering prices, raising marketing and advertising expenses. A brand, along with appropriate protection (trademark registration) provides security against unfair competition. A company can use its brand knowledge in order to take marketing decisions, develop new products or expand geographically. A strong brand increases a company's value significantly, which is important when taking decisions about selling an enterprise or taking over and merging with another entity.

A strong brand supports the main business strategy and improves efficiency of a company's operations. A brand influences profits by affecting clients' preferences, it allows obtaining a competitive advantage. A consistently managed brand reflects needs of the environment, responds to challenges and ensuing changes. A well managed brand supports internal harmony as regards the company's vision. If all people in an enterprise understand its promise and essence, they will become loyal and efficient employees who comprehend the philosophy of the company. Communication through brand, advertising of the company, the brand and the industry supports the company's existence—it has a positive effect on knowledge about it and loyalty.

### Bibliography

- Altkorn J. 2001. *Strategia marki*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1349-2.
- Cheverton P. 2006. *Jak skutecznie wykorzystać potencjał Twojej marki: Tajniki budowania marki i zarządzania nią*. Transl. by M. Działowski. Gliwice: Helion. ISBN 83-246-0373-5.
- Fasiecka O. 2009. "Tajemnice marki." *Polska Energia*, no. 1 (3).
- Gnat A. 2009. "Nowa tożsamość Grupy Tauron". *Polska Energia*, no. 1 (3).
- Joachimsthaler E. et al. 2006. *Zarządzanie marką*. Transl. by T. Rzychoń. Gliwice: Helion. ISBN 83-7361-912-7.
- Kall J. 2001. *Silna marka: Istota i kreowanie*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1288-7.
- Kotler Ph. 2004. *Marketing od A do Z*. Transl. by A. Ehrlich. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1483-9.
- Ministerstwo Gospodarki. 2006. *Program dla elektroenergetyki*. Warszawa, 27 March.
- Skłodzień D. 2009. "Zarządzanie wizerunkiem: Marki w grupach energetycznych". *Polska Energia*, no. 2 (4).

- Urbanek G. 2002. *Zarządzanie marką*. Warszawa: Polskie Wydawnictwo Ekonomiczne. ISBN 83-208-1399-9.
- Waśkowski Z. 2002. "Dylematy zarządzania marką". *Marketing i Rynek*, no. 2.
- Witek-Hajduk M. 2001. *Zarządzanie marką*. Warszawa: Difin. ISBN 83-7251-209-4.

## Znaczenie marki w identyfikacji wizualnej

**Streszczenie:** Mocna marka wspiera główną strategię biznesową i podnosi skuteczność działania firmy. Marka ma wpływ na zyski, poprzez wpływ na preferencje klienta umożliwia zdobycie przewagi nad konkurencją. Konsekwentnie zarządzana marka jest odwzorowaniem potrzeb otoczenia, odpowiedzią na wyzwania i zachodzące zmiany. Dobrze zarządzana marka wspiera wewnętrzną harmonię odnośnie do wizji firmy. Funkcjonujący wizerunek sektora elektroenergetyki w powszechnej świadomości posługuje się symbolami zakorzenionymi w XIX i w XX wieku. Definiując właściwy komunikat marki, należy unikać znaczeń mogących potwierdzać powszechną świadomości społeczeństwa, że wytwarzanie energii przyczynia się do ingerencji w środowisko naturalne. Taki wizerunek jest powszechnie wykorzystywany w kreowaniu marki na rynku energii elektrycznej od ponad stu lat. W artykule wykorzystano przykład tworzenia nowej strategii marki w Grupie Tauron.

---

Słowa kluczowe: marka, wizerunek, holding, energia, energetyka

---