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ZESZYTY NAUKOWE

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WYŻSZEJ SZKOŁY EKONOMICZNEJ W TARNOWIE

PRACE Z ZAKRESU ZARZĄDZANIA

numer 2

TARNÓW 2013

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tel.: +48 12 268 09 00
e-mail: biuro@drukarnialuxor.pl

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Foreword

We are honoured to give the Readers the latest issue of *The Małopolska School of Economics in Tarnów Research Papers Collection*, which consists of 19 papers. Eight of them is the work of foreign authors coming from renowned scientific centres in Bulgaria, Croatia, France, Greece and Turkey. Polish academies prepared several articles, the most of which originated at the Małopolska School of Economics in Tarnów. The issue is largely an outcome of progressive integration of different research units in the field of research, as well as the gradual and growing interuniversity and international cooperation taken by the School both in science and practice.

Management, as well as the entire field of economics, is the study of changes in organization and its business environment, which involve the volatility of sources of competitive advantages and variable factors of enterprise development in particular. In this situation, management sciences for their part are also subject to changes, which result in the disappearance of existing paradigms and the emergence of new laws and rules.

The following publication is a collection of works devoted to the problem of managing development of an organization in its multidimensional approach: economic and organizational, informational, personal, technical and production. These dimensions are the subject of reference to the most detailed theoretical and methodological work, which for example may include problem areas such as: systems and processes of innovation management in the organization and programming of innovation at regional level, methods and procedures for evaluating the ability of the organization and development trends of the company's environment, new application of methods of strategic analysis and new ways of assessing the risk in business, testing and improving corporate governance of municipal companies as well as marketing system in your business, educational and vocational counselling, and finally managing household finances, improving the process of globalization and integration of national economies in global economy.

In the articles one can find many original theoretical approaches of management concepts and a lot of practical proposals for new instruments of organizing productive factors. For these reasons, this issue may be interesting and useful both for the organization and management theoreticians, as well as for students in tourism and education, and practitioners.

On behalf of the authors I wish to thank all those who contributed to the creation of this issue: Colleague Editors from Poland and abroad, who took the effort to opinion articles submitted to the editorial; Reviewers for their substantive, essential, and detailed comments; and the entire Editorial Team, as well as all the Cooperators.

Leszek Kozioł
Editor in Chief

Rumyana Angelova, Oleg Milev*

Business risk challenges faced by entrepreneurs from the fruit and vegetables processing sector: Case study of Stara Zagora region

Key words: measures to reduce business risk, break-even point analysis, sales revenue

Summary: The purpose of the research is to focus on some of the challenges associated with business risk faced by entrepreneurs operationalizing in the sector 'Processed and conserved fruit and vegetables' in Stara Zagora region (Bulgaria). The authors point out the measures to reduce business risk associated with this sector, which measures are based on the data obtained by some modern methods for business risk analysis—the 'break-even point analysis' and the 'percentage of variation'. Several indicators are calculated for the main three groups of the assortment structure: fruit and vegetable juices, conserved fruit and vegetables, and nuts and seeds. Knowledge and use of different methods for the analysis of business risk is a prerequisite for proper management for entrepreneurs. Their use would lead to the capture of warnings about a possible risk and taking appropriate action to prevent it.

1. Introduction

The risk is a category that is closely associated with the concept of entrepreneurial activity. Very often the entrepreneurial income is defined as 'an excessive profit, received in an innovative production process and implemented innovative methods of risk' (1, p. 15) using 'new techniques and technologies, new forms of organization of labour and production, new products and markets, new marketing strategies, etc.' (2, p. 14).

* Rumyana Angelowa, PhD—assistant, Department of Industrial Business and Enterpreneurship, Trakia University, 6000 Stara Zagora, Bulgaria, tel.: +359 42 699 432, e-mail: rumi2002@abv.bg; Oleg Milev, MSc—PhD student, Department of Economics, Trakia University, 6000 Stara Zagora, Bulgaria, tel.: +359 42 699 297, e-mail: milev@uni-sz.bg.

Risk is not necessarily associated with the danger of capital loss. Rather it should be considered as a prerequisite for a favourable result of a situation, which might accumulate a certain level of profit.

As a management concept, the risk is defined as the 'deviation from possible outcomes occurring in a given situation' (3, p. 4). The reasons for these variations may be due to various factors such as sales volume, unit price, cost of raw materials, cost of work, existing competition, economic conditions, legislation, state and organization of industry, etc. The main task of the entrepreneur is to assess the degree of the risk and its management, rather than striving to avoid it.

In the economic theory, there are different classifications of risk according to various criteria. This research refers to the 'business risk' which is defined as the 'possibility of adverse changes in market and economic conditions in which the entity operates' (4). These changes affect the fundamentals of the company as sales volume, revenues, expenditures, financial results, profitability, etc.

The subject of this research is the business risk associated with entrepreneurship. Object are the companies from the sector of 'Processed and conserved fruit and vegetables' in Stara Zagora region. The study includes seven companies whose sales form 97% of the total sales of processed and conserved fruit and vegetables in the region. Figure 1 shows the assortment structure of sales of firms participating in the survey.

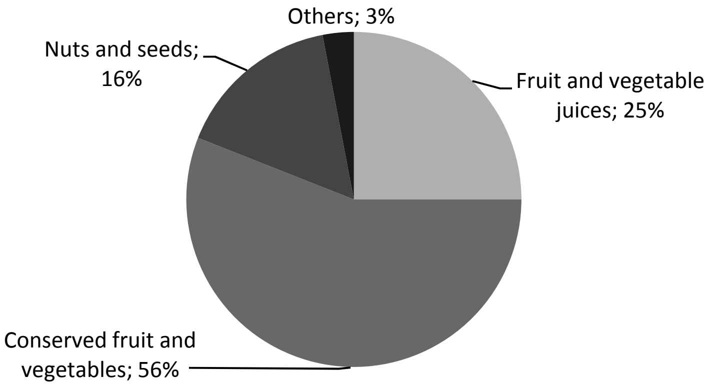

Figure 1. Assortment structure of the volume of production and sales in the sector 'Processed and conserved fruit and vegetables' in Stara Zagora region

S o u r c e: Trade Register.

The two methods that are used to assess the business risk of the entrepreneurs from the surveyed companies are the Break-Even Point Analysis (BEPA) and the Percentage of Variation (4). Break-even point analysis is widely used in the financial analysis.

Its application involves the performance of calculations to find the following indicators:

1. *Break-even point in units* ($q_{b/e}$)—this indicator determines the level of sales below which the company would generate loss.
2. *Break even-point in sales revenue* ($Q_{b/e}$)—this indicator provides information about the volume of sales in value to the amount of which the entrepreneur operates at a profit.
3. *Margin of safety* (Z)—calculated as a deduction between the actual level of sales (Q_r) and the critical size of sales ($Q_{b/e}$). It represents the provisions for reduction of sales revenue, within which the enterprise will not suffer a loss.
4. *Margin of safety in percentage* (Z%)—represents the reduction in the amount in sales or revenues from the sales to the level of which the entrepreneur makes profit.
5. *Coverage ratio of critical revenue* (K_c)—indicates the degree of coverage of critical revenue by actual.
6. *Operating leverage* (OL)—indicates the sensitivity of the profits to changes in sales volume. There are various methods for determining it, but the purpose of our study calculates it by dividing 100% of *Margin of safety in percentage* (Z%).

The analysis of the business risk by the represented algorithm would be more precise if we have the complete accounting information for each individual company. A very important point in this method is the correct determination of the fixed (FC) and variable costs (VC). They are the reference point in determining the *Break-even point in units* ($q_{b/e}$). Due to the confidential nature of some information, for the purposes of the present study the following approach is administered by making these preliminary clarifications:

1. The analysis is embodied in the main product groups of assortment structure of the companies participating in the study (Figure1).
2. The price does not include VAT.
3. 'Analysis of the accounts of expenditure' is used in determining the fixed (FC) and variable costs (VC).
4. The group 'Variable costs (VC)' includes: material costs, wages and social charges. All other costs are allocated to the group of 'Fixed costs (FC)'.

The results of calculations are presented in (Table 1, Table 2 and Table 3).

Table 1

Fruit and vegetable juices—25% (in the 2006–2010 period)

No.	Indicator	2006	2007	2008	2009	2010
1	Sales volume (in tons)—(q)	4412	4353	4410	5445	5049
2	Sales price (in leva/ ton)—(p)	1450	1500	1520	1460	1440
3	Fixed costs (in leva)—(a)	999 000	1 037 000	1 364 000	1 813 000	1 674 000
4	Variable costs (in leva)	4 592 000	4 651 000	5 070 000	5 679 000	5 340 000
5	Av. variable costs per unit (in leva)—(b)	1040.80	1068.46	1149.66	1042.98	1057.64

No.	Indicator	2006	2007	2008	2009	2010
6	Profit/ loss (in leva)—$P=q{\cdot}p-(a+q{\cdot}b)$	806 400	841 500	269 200	457 700	256 560
7	Break-even point in units—$q_{be}=a/p-b$	2441	2403	3683	4347	4378
8	Break-even point in sales revenue—$Q_{be}=q_{be}{\cdot}p$	3 539 937	3 604 520	5 598 313	6 347 296	6 304 346
9	Sales revenue (in leva)—(Q_r)	6 396 000	6 525 000	6 696 750	7 844 250	7 245 250
10	Margin of safety—$Z=Q_r-Q_{be}$	2 856 063	2 920 480	1 098 437	1 496 954	940 904
11	Margin of safety in percentage of sales revenue—$Z\%=Q_r-Q_{be}/Q_r \cdot 100$	45	45	16	19	13
12	Margin of safety in percentage of sales volume—$Z\%=q-q_{be}/q \cdot 100$	45	45	16	20	13
13	Coverage ratio of critical revenue—$Kc=Q_r/Q_{be}$	2	2	1	1	1
14	Operating leverage	2	2	6	5	8

S o u r c e: Author's own study.

T a b l e 2

Conserved fruit and vegetables—56% (in the 2006–2010 period)

No.	Indicator	2006	2007	2008	2009	2010
1	Sales volume (in tons)—(q)	6515	6358	6282	6875	6263
2	Sales price (in leva/ ton)—(p)	2200	2300	2390	2590	2600
3	Fixed costs (in leva)—(a)	2 239 000	2 321 000	3 055 000	4 061 000	3 750 000
4	Variable costs (in leva)	10 285 000	10 419 000	11 356 000	12 721 000	11 961 000
5	Av. variable costs per unit (in leva)—(b)	1578.66	1638.72	1807.70	1850.33	1909.79
6	Profit/ loss (in leva)—$P=q{\cdot}p-(a+q{\cdot}b)$	1 809 000	1 883 400	602 980	1 024 250	572 800
7	Break-even point in units—$q_{be}=a/p-b$	3604	3510	5246	5490	5433
8	Break-even point in sales revenue—$Q_{be}=q_{be}{\cdot}p$	7 927 764	8 072 712	12 539 081	14 219 789	14 126 087
9	Sales revenue (in leva)—(Q_r)	14 327 040	14 618 240	15 000 720	17 571 120	16 229 360
10	Margin of safety—$Z=Q_r-Q_{be}$	6 399 276	6 545 528	2 461 639	3 351 331	2 103 273
11	Margin of safety in percentage of sales revenue—$Z\%=Q_r-Q_{be}/Q_r \cdot 100$	45	45	16	19	13
12	Margin of safety in percentage of sales volume—$Z\%=q-q_{be}/q \cdot 100$	45	45	16	20	13
13	Coverage ratio of critical revenue—$Kc=Q_r/Q_{be}$	2	2	1	1	1
14	Operating leverage	2	2	6	5	8

S o u r c e: Author's own study.

T a b l e 3

Nuts and seeds—16% (in the 2006–2010 period)

No.	Indicator	2006	2007	2008	2009	2010
1	Sales volume (in tons)—(q)	1412	1393	1379	1850	1839
2	Sales price (in leva/ ton)—(p)	2900	3000	3110	2750	2530
3	Fixed costs (in leva)—(a)	639 000	663 000	872 000	1 160 000	1 072 000

No.	Indicator	2006	2007	2008	2009	2010
4	Variable costs (in leva)	2 939 000	2 977 000	3 245 000	3 635 000	3 417 000
5	Av. variable costs per unit (in leva)—(b)	2081.44	2137.11	2353.15	1964.86	1858.08
6	Profit/loss (in leva)—$P=q{\cdot}p-(a+q{\cdot}b)$	516 800	539 000	171 690	292 500	163 670
7	Break-even point in units—$q_{be}=a/p-b$	781	768	1152	1477	1595
8	Break-even point in sales revenue—$Q_{be}=q_{be}\cdot p$	2 263 867	2 305 056	3 583 188	4 062 995	4 036 403
9	Sales revenue (in leva)—(Q_r)	4 093 440	4 176 640	4 285 920	5 020 320	4 636 960
10	Margin of safety—$Z=Q_r-Q_{be}$	1 829 573	1 871 584	702 732	957 325	600 557
11	Margin of safety in percentage of sales revenue—$Z\%=Q_r-Q_{be}/Q_r\cdot 100$	45	45	16	19	13
12	Margin of safety in percentage of sales volume—$Z\%=q-q_{be}/q\cdot 100$	45	45	16	20	13
13	Coverage ratio of critical revenue—$Kc=Q_r/Q_{be}$	2	2	1	1	1
14	Operating leverage	2	2	6	5	8

S o u r c e: Author's own study.

Break-even point in units ($q_{b/e}$) and *Margin of safety* (Z) for 2010 are illustrated in Figure 2, Figure 3 and Figure 4.

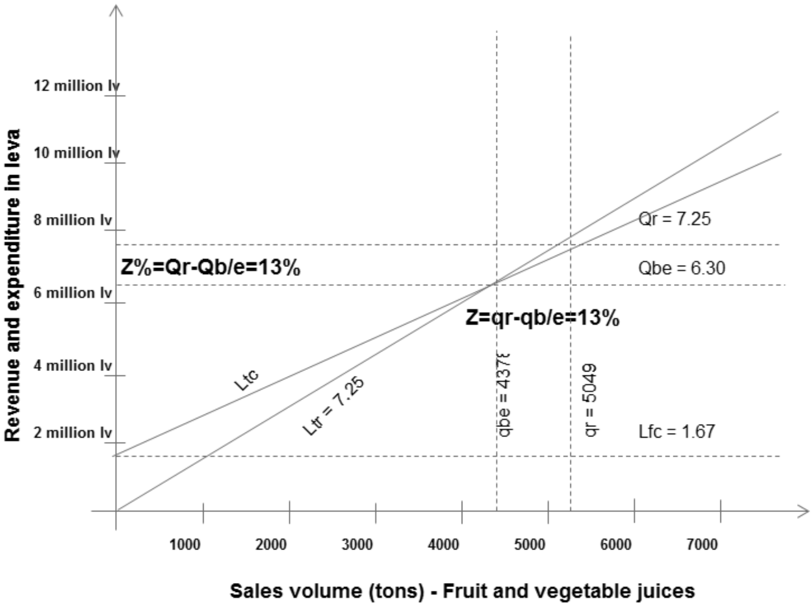

Figure 2. Break-even point in units and margin of safety—fruit and vegetable juices

S o u r c e: Author's own study.

Break-even point in units ($q_{b/e}$) ‘Fruit and vegetable juices’ for 2010 is 4378 tons. Compared to the previous years of the period 2006–2010 it has increased. This trend continues at the indicator *Break even-point in sales revenue* ($Q_{b/e}$)—its size in 2010 is 6.3 million leva. The year 2007 is the most successful for the business within the referred period 2006–2010: the level of the profit is the highest—over 0.8 million leva and the rate of the margin of safety is 45%. For 2010 this level is 13%, i.e. it is possible a drop in the level of sales and level of sales revenue to 13%. Of course, it is necessary to analyze these indicators separately in details for each entrepreneur. The fixed cost line (Lfc) indicates the level of fixed costs—in 2010 they are 1.67 million leva. The total cost line (Ltc) indicates the level of total costs. The total revenue line (Ltr)—the level of revenue (7.2 million leva for 2010). The coverage ratio for 2010 is 1, i.e. the actual revenue covers the size of the critical revenue. In 2006 and 2007 the coverage ratio covers twice the size of the critical revenue, i.e. the level of business risk for this group of products is getting higher.

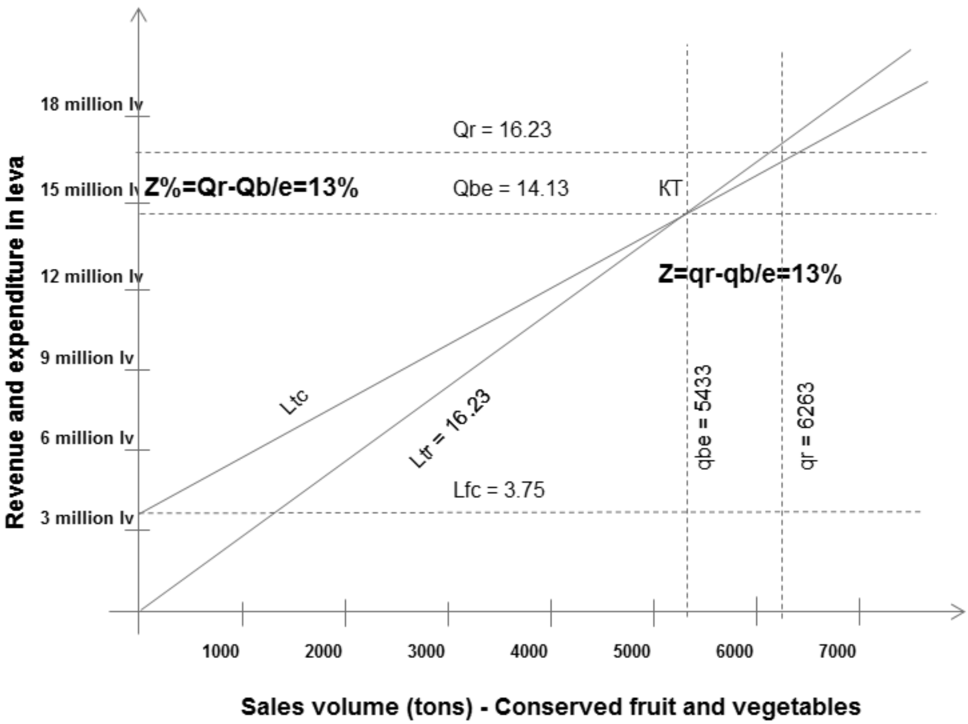

Figure 3. Break-even point in units and margin of safety—conserved fruit and vegetables

S o u r c e: Author’s own study.

Figure 3 illustrates the *Break-even point in units* ($q_{b/e}$) and *Margin of safety* (*Z*) of 'Conserved fruit and vegetables'. For this group in 2010 the margin of safety (*Z*%) is 13% also, and the coverage ratio is 1, i.e. its level of business risk is relatively high. The highest margin of safety (*Z*%) is in 2006 and 2007—45%. The lowest level of profit is in 2010—0.6 million leva. The *Break-even point in units* ($q_{b/e}$) in 2010 is 5433 tons and the *Break even-point in sales revenue* ($Q_{b/e}$)—14.13 million leva. The actual total sales amounted 6263 tons or 16.23 million leva.

Break-even point in units ($q_{b/e}$) and *Margin of safety* (*Z*) for the last group of products 'Nuts and seeds' is presented in Figure 4.

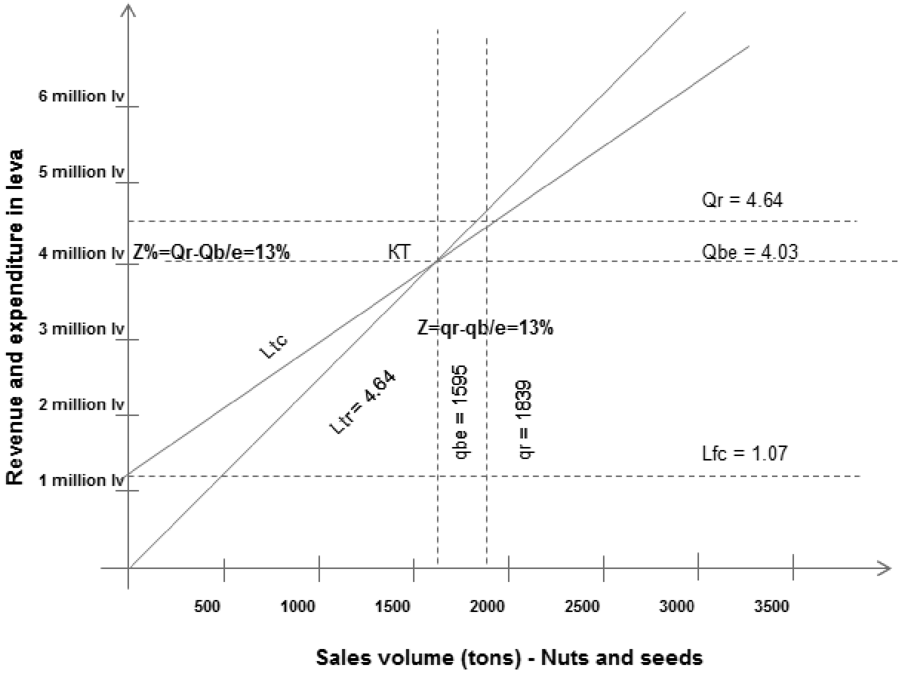

Figure 4. Break-even point in units and margin of safety—nuts and seeds

Source: Author's own study.

In 2010 the level of *Break-even point in units* ($q_{b/e}$) reaches its highest level—1595 tons. *Break even-point in sales revenue* ($Q_{b/e}$) is calculated to 4.03 million leva. The actual implemented quantity production for the same period is 1839 tons, which is equivalent to the value of 4.64 million leva. The margin of safety in this group is also 13%, and the coverage ratio—1.

At all the three product groups *Operating leverage* (OL) is 8 in 2010. The dynamic trend of the value of this parameter is examined for the period 2006–2010 and the calculations ranged from 2 in 2005 to 8 in 2010. The lower levels of *Operat-*

ing Leverage (OL) are associated with the lower levels of business risk as the minor changes in sales volume do not significantly affect the financial result. This means that in the 2010 year the business risk reaches its highest level.

For more precise assessment of business risk, for the purpose of the present analysis method ‘Break-even point analysis’ is combined with the method ‘Percentage of variation’. It is necessary to compare *Margin of safety in percentage* (Z%) with the *Percentage of variation of sales volume* (V%). The *Percentage of variation* (V%) indicates the deviation of sales from their average size in the given period of time (i.e. 5 years period). The deviation can be both—positive and negative. If the *Percentage of variation* (V%) is high then the business risk is also high, as it reflects the increased uncertainty in the volume of sales. Provided that $V\%/2 > Z\%$, then there is a danger during the next period that the rate of loss of sales would be greater than the percentage of *Margin of safety* (Z%), which is alert for high business risk.

Based on the information on the volume of sales of the analyzed companies from the sector ‘Processed and conserved fruit and vegetables’ for the period 2006–2010 and calculations of the percentage of variation of the three groups the following results are generated (Table 4).

Table 4

Comparative analysis of *Percentage of variation* (V%)
and *Margin of safety in percentage* (Z%)

Product groups	Percentage of variation (V%)	Margin of safety in percentage (Z%)
Fruit and vegetable juices	9%	13%
Conserved fruit and vegetables	4%	13%
Nuts and seeds	14%	13%

Source: Author’s own study.

The *Percentage of variation* (V%) is the highest in the group of ‘Nuts and seeds’, i.e. business risk there is the highest. Fluctuations in sales of ‘Conserved fruit and vegetables’ are the smallest, indicating for the lowest levels of the business risk in that group. During the next period, in all of the three groups there is no risk of a decline in sales below the margin of safety.

Using these two methods the following conclusions can be drawn about the level of business risk for entrepreneurs of the sector ‘Processed and conserved fruit and vegetables’ in Stara Zagora region for the period 2006–2010:

1. *Sales volume* (tons) and *Sales revenue* (leva) exceed *Break-even point in units* ($q_{b/e}$) and *Break-even point in sales revenue* ($Q_{b/e}$), but the percentage of the margin of safety is getting lower.
2. *Margin of safety in percentage* (Z%) during the analyzing period is fluctuating and for the last two years (2009 and 2010) is 13%. Is this acceptable level indicating significant reserves for drop in sales without the risk of potential

loss? This can be confirmed in certainty if we compare *Percentage of variation* (V%) with *Margin of safety in percentage* (Z%). The percentage will be different in different industries. The entrepreneur could assess the acceptable values of this indicator. Therefore he/ she must justify his/ her judgment, relying on various indicators and methods.

3. *Coverage ratio of critical revenue* (K_c) for the last three years—2008, 2009, 2010 is 1, and reaches the values of 2 in 2006 and 2007. This indicates that the level of business risk increases as the actual revenue is at the same level as the critical sales revenues.
4. Despite fluctuations in *Operating leverage* (OL) its values in 2009 and 2010 increase significantly compared to 2006 and 2007. The higher level of this indicator is the evidence of increasing business risk.
5. *Percentage of variation* (V%) has almost equal values with the *Margin of safety in percentage* (Z%), which is another confirmation of high business risk during the period 2006–2010.
6. This analysis is based on some subjective assumptions that lead to distorted results. This applies especially to the determination of the variable and the fixed costs. For example, in the group 'Conserved fruit and vegetables' the percentage of cost of electricity probably is quite high and it should be considered as a variable cost. At the same time the ratio of staff in the firms is unknown and uncertain. What part of this staff is busy with activities that are constant and do not depend on changes in the volume of production? Firm-level results would be much more accurate, especially when the analyst can access the complete information about the types of costs and their distribution by types of products.

Knowledge and use of different methods for the analysis of business risk is a prerequisite for proper management for entrepreneurs. Their use would lead to the capture of warnings about a possible risk and taking appropriate action to prevent it.

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Wyzwania związane z ryzykiem biznesowym, przed którymi stoją przedsiębiorcy z branży przetwórstwa owocowo-warzywnego – region Stara Zagora

S t r e s z c z e n i e: Celem badań jest omówienie niektórych wyzwań związanych z ryzykiem biznesowym, przed którym stoją przedsiębiorcy prowadzący działalność w branży przetwórstwa i konserwowania owoców i warzyw w regionie Stara Zagora (Bułgaria). Autorzy wskazują środki służące ograniczeniu ryzyka biznesowego związanego z tą branżą, oparte o dane uzyskane za pomocą nowoczesnych metod analizy ryzyka biznesowego: analizy progu rentowności oraz procentu wariancji. Obliczono kilka wskaźników dla trzech głównych grup struktury asortymentu: soków owocowych i warzywnych, konserwowych owoców i warzyw oraz orzechów i nasion. Wiedza oraz zastosowanie różnych metod do analizy ryzyka biznesowego są dla przedsiębiorców warunkiem zasadniczym właściwego zarządzania. Ich wykorzystanie pomoże wychwycić sygnały świadczące o ewentualnym ryzyku i podjąć stosowne działania, aby mu zapobiec.

S ł o w a k l u c z o w e: sposoby ograniczenia ryzyka biznesowego, analiza progu rentowności, przychody ze sprzedaży

Ekaterina Arabska*

Application of a new method for evaluation of the readiness of producers/ traders for conversion to organic production/ trade

Key words: organic production, organic trade, conversion

Summary: This paper studies the opportunities for application of a new method elaborated by the author (1) for evaluation of the readiness of producers and traders for conversion to organic production or trade. The method was created as a result of a study of organic sector development and it is based on the determination of the most important factors in this development. The method relies on a simple evaluation scheme and calculations. It turns to be useful as just a pilot investigation of the five most important factors stated as indicators: preparation (in terms of knowledge and skills of managers/ entrepreneurs), motivation, resources, planning activities skills (considered separately of others because of their particular importance in the 'organic' approach), environmental protection and organic production measures undertaken recently.

The investigation presented in this paper puts the method developed on theory into practice. Furthermore, it proves the conformability of the proposed method and its possible usefulness.

In addition, the steps in starting the conversion are proposed in which an approach very different from the one used till now (based on the choice of a new production technology) is adapted. The accent here is on the management, overall control over the processes and achieving sustainable growth.

1. Introduction

Sustainable development is a fundamental goal in the contemporary world. The main question is how to achieve it once the aims are set in a number of strategies on different levels, i.e. how to involve all the groups in society. On the one side there are consumers (demand), on the other—producers (supply). It is for sure that demand is for safety and health and this should have impacts on the supply chain.

* Ekaterina Arabska, PhD—assistant, University of Agribusiness and Rural Development, 4003 Plovdiv, 78 Dunav Blvd, Bulgaria, tel.: +359 89 67 78 586, e-mail: katya_arabska@abv.bg.

In its policy the EU has put many times an emphasis on organic production as one of the methods for achieving sustainable development. The Reform of the Common Agricultural Policy (CAP) also appeals for promoting quality instead of quantity. Fostering the organic production sector as well as the other environmentally friendly methods for agricultural treatment is more than necessary for increasing entrepreneurial initiatives in rural areas (2).

Organic production follows the same principles in their essence in the whole world but in accordance to local social, economic, cultural and other characteristics.

According to the definition of International Federation of Organic Agriculture Movements (IFOAM), 'Organic agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit shared environment and promote fair relationships and good quality of life for all involved' (3).

The aims of organic farming are to protect: a) the environment, by using organic management practices that do not have adverse effects of conventional practices, and b) the health of consumers, by the provision of organic products (4).

Organic farming as a way of thinking and a practice starts in the first years of the 20th century and today increasing number of farmers convert to organic because of the opportunities it provides for safe and healthy food, environmental protection and marketing benefits.

Sustainable development is one of the pillars of strategic management. Companies aim to survive and earn above the average as they compete with their rivals. Besides an ongoing cut-throat competition, companies start to give more importance to the future (5).

An entrepreneurial approach allows firms the flexibility to address the unique nature of natural environmental opportunities and the challenges posed by unique green markets (6). Reaching high competitiveness is a key objective. Organic production/ trade provide a sustainable competitive advantage.

The increasing interest in organic farming and trade in recent years makes many producers and traders think about the opportunities that organic products provide on the market and advantages in fulfilling environmental and EU financing schemes requirements. But the decision to undertake conversion is not an easy step. It should be based on profound analyses of internal and external environment. For a small- or medium-size producer/ trader it is not feasible and profitable to do this by him/ herself or to pay to consultants to do this at the very beginning of the idea about organic conversion. There is a need of a fast and easy assessment if there is a sense to proceed.

Above all, contemporary farmers should be good managers. Permanent changes in the globalizing world impose new skills and approaches. Thus the increase in demand of organic product leads to increasing organic areas and number of organic farmers, processors and traders as a result of searching for entrepreneurial and innovative methods guaranteeing profit making and sustainability.

This paper concerns the elaborated method as theoretical instrument from a different point of view—the feasibility of its application into practice, and proposes a tool for making analyses concerning organic development and an approach in initial steps in conversion that could be widely used. Thus the aim of this paper is to present a new method and its approbation accompanied with specific recommendations for organic conversion steps in accordance with 'organic' essence and sustainability issues.

2. Material and methods

This paper uses a method (1) based on the necessity of use of integrated approach in organic production & trade as well as the statement that above all organic production is a way of thinking and good management. The method is recommended to be used by organic producers or traders for evaluation of weak points and directions for improvements.

The method uses 5 indicators with 10 criteria each (Table 1).

Table 1

Criteria and indicators set through the proposed method

No.	Indicators & criteria	
1	**Evaluation of the level of preparation**	
1.1	Knowledge in the field of the legislative base in organic production/ trade	Criteria that are evaluated for indicator #1
1.2	Knowledge in principles and methods of organic production	
1.3	Knowledge of the regional characteristics	
1.4	Knowledge in the field of economics and management of farms/ firms	
1.5	Knowledge in the field of environmental protection	
1.6	Organization and management skills	
1.7	Communication skills	
1.8	Skills for taking decisions and risk assessments	
1.9	Skills for making strategies	
1.10	Skills for doing analyses of inner and outer environment	
2	**Evaluation of the level of motivation**	
2.1	Protection of components of environment	Criteria that are evaluated for indicator #2
2.2	Concern about the future	
2.3	Higher prices of production	
2.4	Provision of tasty and healthy food	
2.5	Diversification of activity	
2.6	Opportunities for financing by European and national programmes	
2.7	Increasing demand and good perspectives for organic sector development	
2.8	Image	
2.9	Wish for additional training in the field	
2.10	Searching for extended services	

No.	Indicators & criteria	
3	**Evaluation of resources**	
3.1	Land, production and warehouse facilities	Criteria that are evaluated for indicator #3
3.2	Machines, installations, equipment	
3.3	Own financing	
3.4	Financing by external resources	
3.5	Partnerships in the country	
3.6	Partnerships abroad	
3.7	Manpower	
3.8	Suppliers of raw materials and stuffs	
3.9	Marketing channels	
3.10	Sources of pollution of the region	
4	**Evaluation of the skills for planning the activities**	
4.1	Coordination	Criteria that are evaluated for indicator #4
4.2	Continuity	
4.3	Purposefulness	
4.4	Flexibility	
4.5	Initiation	
4.6	Decisiveness	
4.7	Functionality	
4.8	Actuality	
4.9	Innovation	
4.10	Optimality	
5	**Evaluation of the measures undertaken during the last 3 years for protection of components of environment/ organic production for:**	
5.1	Improvement of soil conditions	Criteria that are evaluated for indicator #5
5.2	Crop rotations	
5.3	Fertilization	
5.4	Soil cultivation	
5.5	Diseases, pest and weeds control/ Prevention and medication of animal diseases	
5.6	Mechanization and manpower	
5.7	Protection of natural habitats	
5.8	Choice of varieties and breeds	
5.9	Choice of technology (incl. human attitude towards animals)	
5.10	Documentation and accountancy	

S o u r c e: Author's own study.

The results are presented in the tables (Table 4 and 5). For each criterion an evaluation of the level of implementation (*Nk*) is made according to the following scale: 1—very low, 2—low, 3—satisfactory, 4—good, 5—very good.

Weight coefficient (*Kk*) is determined that way that for every one indicator to be 1 (*Kn*).

The evaluation of the criteria (*Ek*) is determined by the following formula:

$$Ek = Kk \cdot Nk \tag{1}$$

Evaluation of the indicators (*En*):

$$En = \sum_{i=1}^{10} Ek \tag{2}$$

Overall evaluation *Et*:

$$Et = \sum_{n=1}^{5} En \tag{3}$$

Calculated that way overall evaluation *Et* has a minimum value of 5 and a maximum of 25. Two scales of assessment are elaborated because of the specifics of the fifth indicator (Table 2 & 3) concerning separately organic production and trade.

Table 2

Scale for assessment readiness for conversion to organic production

Et		Assessments of readiness	
from	to		
5	12	1	very low
12	15	2	low
15	20	3	satisfactory
20	23	4	good
23	25	5	very good

Source: Author's own study.

Table 3

Scale for assessment of readiness to conversion to organic trade

Et		Assessments of readiness	
from	to		
5	8	1	very low
8	12	2	low
12	17	3	satisfactory
17	22	4	good
22	25	5	very good

Source: Author's own study.

3. Results

The method was tested with 5 agricultural producers (AP) from the region of Plovdiv at the moment they were applying for financial support through measure 112 'Setting up of holdings of young farmers' of the Rural Development Programme 2007–2013 of the Republic of Bulgaria, supported by the European agricultural fund for rural development.

The tables were filled in by AP1 by his own because of his wish to try to do it by himself. Other APs were interviewed for making self-evaluations and for filling the tables because they asked for some explanations.

Evaluation of the indicators in the proposed method shows that AP1 has higher values than others except for the resources indicator which are the best for AP2 (Figure 1, Table 4). None reaches the maximum evaluation.

The overall evaluation is the highest for AP1 (18.65) but still satisfactory according to the proposed scale (Figure 2, Table 4). AP2 with 15.95 enters group in the scale too but still on the border with the low readiness for conversion to organic production. For AP3 the assessment shows low results, for AP4 and AP5—very low.

This method was applied to 3 food retailers (T) in the region of Plovdiv (Table 5) interviewing them to make self-evaluations. T3 shows the best indicators evaluations (Figure 3) and an overall evaluation of 14.5 (Figure 4)—satisfactory readiness for organic retail. T2 has a satisfactory result, T1—low readiness. All of them have undertaken very few measures during the last 3 years for protection of components of environment/ organic production. For T1 there is a need of gaining some skills to plan the activities.

Table 4

Results of application of the method—agricultural producers (APs)

No.	Indicators & criteria	Coefficient K[a)]	AP1		AP2		AP3		AP4		AP5	
			N[b)]	E[c)]	Nk	E	Nk	E	Nk	E	Nk	E
1	**Evaluation of the level of preparation**	**1.00**		**4.1**		**1.9**		**2.05**		**1.75**		**2.8**
1.1	Knowledge in the field of the legislative base in organic production/ trade	0.10	2	0.2	1	0.1	1	0.1	1	0.1	2	0.2
1.2	Knowledge in principles and methods of organic production	0.15	4	0.6	1	0.15	1	0.15	1	0.15	2	0.3
1.3	Knowledge of the regional characteristics	0.05	4	0.2	5	0.25	2	0.1	3	0.15	4	0.2
1.4	Knowledge in the field of economics and management of farms/ firms	0.15	4	0.6	2	0.3	3	0.45	1	0.15	3	0.45
1.5	Knowledge in the field of environmental protection	0.05	4	0.2	3	0.15	3	0.15	2	0.1	3	0.15
1.6	Organization and management skills	0.10	4	0.4	3	0.3	2	0.2	2	0.2	3	0.3
1.7	Communication skills	0.10	5	0.5	2	0.2	3	0.3	3	0.3	3	0.3
1.8	Skills for taking decisions and risk assessments	0.15	5	0.75	2	0.3	2	0.3	2	0.3	3	0.45
1.9	Skills for making strategies	0.10	4	0.4	1	0.1	2	0.2	2	0.2	3	0.3
1.10	Skills for doing analyses of inner and outer environment	0.05	5	0.25	1	0.05	2	0.1	2	0.1	3	0.15
2	**Evaluation of the level of motivation**	**1.00**		**4.45**		**3.9**		**3.3**		**3.2**		**3.2**
2.1	Protection of components of environment	0.20	5	1	4	0.8	3	0.6	2	0.4	2	0.4
2.2	Concern about the future	0.10	5	0.5	3	0.3	2	0.2	2	0.2	2	0.2
2.3	Higher prices of production	0.05	3	0.15	5	0.25	4	0.2	5	0.25	5	0.25
2.4	Provision of tasty and healthy food	0.05	4	0.2	4	0.2	3	0.15	3	0.15	3	0.15
2.5	Diversification of activity	0.05	4	0.2	4	0.2	4	0.2	5	0.25	5	0.25
2.6	Opportunities for financing by European and national programmes	0.05	4	0.2	5	0.25	5	0.25	5	0.25	5	0.25
2.7	Increasing demand and good perspectives for organic sector development	0.05	5	0.25	3	0.15	3	0.15	3	0.15	3	0.15
2.8	Image	0.05	3	0.15	3	0.15	3	0.15	3	0.15	3	0.15
2.9	Wish for additional training in the field	0.20	5	1	3	0.6	3	0.6	3	0.6	3	0.6
2.10	Searching for extended services	0.20	4	0.8	5	1	4	0.8	4	0.8	4	0.8
3	**Evaluation of resources**	**1.00**		**2.3**		**3.75**		**3.3**		**1.75**		**1.75**
3.1	Land, production and warehouse facilities	0.20	2	0.4	5	1	5	1	3	0.6	3	0.6
3.2	Machines, installations, equipment	0.20	1	0.2	3	0.6	4	0.8	1	0.2	1	0.2
3.3	Own financing	0.15	1	0.15	4	0.6	3	0.45	1	0.15	1	0.15
3.4	Financing by external resources	0.05	2	0.1	4	0.2	3	0.15	4	0.2	4	0.2
3.5	Partnerships in the country	0.10	4	0.4	3	0.3	3	0.3	1	0.1	1	0.1
3.6	Partnerships abroad	0.10	4	0.4	4	0.4	1	0.1	1	0.1	1	0.1

No.	Indicators & criteria	Coefficient	AP1		AP2		AP3		AP4		AP5	
		K[a)]	N[b)]	E[c)]	Nk	E	Nk	E	Nk	E	Nk	E
3.7	Manpower	0.05	3	0.15	4	0.2	2	0.1	2	0.1	2	0.1
3.8	Suppliers of raw materials and stuffs	0.05	3	0.15	3	0.15	3	0.15	2	0.1	2	0.1
3.9	Marketing channels	0.05	3	0.15	3	0.15	3	0.15	2	0.1	2	0.1
3.10	Sources of pollution of the region	0.05	4	0.2	3	0.15	2	0.1	2	0.1	2	0.1
4	**Evaluation of skills for planning the activities**	**1.00**		**3.9**		**3.6**		**2.2**		**1.3**		**2.5**
4.1	Coordination	0.10	3	0.3	3	0.3	2	0.2	1	0.1	2	0.2
4.2	Continuity	0.10	3	0.3	3	0.3	3	0.3	1	0.1	2	0.2
4.3	Purposefulness	0.10	4	0.4	4	0.4	2	0.2	2	0.2	3	0.3
4.4	Flexibility	0.10	3	0.3	3	0.3	2	0.2	1	0.1	3	0.3
4.5	Initiation	0.10	4	0.4	4	0.4	2	0.2	1	0.1	3	0.3
4.6	Decisiveness	0.10	5	0.5	4	0.4	2	0.2	1	0.1	3	0.3
4.7	Functionality	0.10	4	0.4	4	0.4	3	0.3	2	0.2	3	0.3
4.8	Actuality	0.10	4	0.4	2	0.2	2	0.2	1	0.1	2	0.2
4.9	Innovation	0.10	5	0.5	4	0.4	2	0.2	1	0.1	2	0.2
4.10	Optimality	0.10	4	0.4	5	0.5	2	0.2	2	0.2	2	0.2
5	**Evaluation of measures undertaken during the last 3 years for protection of components of environment/ organic production for:**	**1.00**		**3.9**		**2.8**		**2.5**		**1.5**		**1.5**
5.1	Improvement of soil conditions	0.10	5	0.5	4	0.4	3	0.3	2	0.2	2	0.2
5.2	Crop rotations	0.10	3	0.3	4	0.4	3	0.3	2	0.2	2	0.2
5.3	Fertilization	0.10	4	0.4	3	0.3	3	0.3	2	0.2	2	0.2
5.4	Soil cultivation	0.10	4	0.4	3	0.3	3	0.3	2	0.2	2	0.2
5.5	Diseases, pest and weeds control/ Prevention and medication of animal diseases	0.10	4	0.4	3	0.3	3	0.3	1	0.1	1	0.1
5.6	Mechanization and manpower	0.10	4	0.4	3	0.3	2	0.2	2	0.2	2	0.2
5.7	Protection of natural habitats	0.10	5	0.5	1	0.1	2	0.2	1	0.1	1	0.1
5.8	Choice of varieties and breeds	0.10	4	0.4	3	0.3	2	0.2	1	0.1	1	0.1
5.9	Choice of technology (incl. human attitude towards animals)	0.10	3	0.3	2	0.2	2	0.2	1	0.1	1	0.1
5.10	Documentation and accountancy	0.10	3	0.3	2	0.2	2	0.2	1	0.1	1	0.1
	Overall evaluation	**5.00**		**18.65**		**15.95**		**13.35**		**9.5**		**11.75**

[a)] Weight coefficient: *Kk*—for separate criteria, *Kn*—for indicators as the sum of *Kk*
[b)] Evaluations of the level of implementation for every one criteria *Nk*—from 1 to 5
[c)] Calculated evaluations according to the formulas described in Material and methods: for the criteria *Ek* (1), for the indicators *En* (2), overall evaluation *Et* (3)

Source: Author's own study.

Table 5

Results of application of the method—traders

No.	Indicators & criteria	Coefficient K[a)]	T1		T2		T3	
			N[b)]	E[c)]	N	E	N	E
1	**Evaluation of the level of preparation**	**1.00**		**2.05**		**3.1**		**2.85**
1.1	Knowledge in the field of the legislative base in organic production/ trade	0.10	1	0.1	2	0.2	2	0.2
1.2	Knowledge in principles and methods of organic production	0.15	1	0.15	2	0.3	2	0.3
1.3	Knowledge of the regional characteristics	0.05	1	0.05	3	0.15	4	0.2
1.4	Knowledge in the field of economics and management of farms/ firms	0.15	3	0.45	4	0.6	4	0.6
1.5	Knowledge in the field of environmental protection	0.05	2	0.1	3	0.15	3	0.15
1.6	Organization and management skills	0.10	3	0.3	4	0.4	4	0.4
1.7	Communication skills	0.10	3	0.3	4	0.4	4	0.4
1.8	Skills for taking decisions and risk assessments	0.15	2	0.3	3	0.45	2	0.3
1.9	Skills for making strategies	0.10	2	0.2	3	0.3	2	0.2
1.10	Skills for doing analyses of inner and outer environment	0.05	2	0.1	3	0.15	2	0.1
2	**Evaluation of the level of motivation**	**1.00**		**2.6**		**3.2**		**3.7**
2.1	Protection of components of environment	0.20	3	0.6	3	0.6	4	0.8
2.2	Concern about the future	0.10	1	0.1	3	0.3	4	0.4
2.3	Higher prices of production	0.05	4	0.2	4	0.2	5	0.25
2.4	Provision of tasty and healthy food	0.05	3	0.15	3	0.15	4	0.2
2.5	Diversification of activity	0.05	4	0.2	3	0.15	4	0.2
2.6	Opportunities for financing by European and national programmes	0.05	4	0.2	4	0.2	4	0.2
2.7	Increasing demand and good perspectives for organic sector development	0.05	4	0.2	4	0.2	5	0.25
2.8	Image	0.05	3	0.15	4	0.2	4	0.2
2.9	Wish for additional training in the field	0.20	2	0.4	3	0.6	3	0.6
2.10	Searching for extended services	0.20	2	0.4	3	0.6	3	0.6
3	**Evaluation of resources**	**1.00**		**2.35**		**2.65**		**3.35**
3.1	Land, production and warehouse facilities	0.20	3	0.6	3	0.6	4	0.8
3.2	Machines, installations, equipment	0.20	3	0.6	3	0.6	4	0.8
3.3	Own financing	0.15	2	0.3	3	0.45	4	0.6
3.4	Financing by external resources	0.05	2	0.1	2	0.1	4	0.2
3.5	Partnerships in the country	0.10	2	0.2	3	0.3	3	0.3

No.	Indicators & criteria	Coefficient	T1		T2		T3	
		K[a)]	N[b)]	E[c)]	N	E	N	E
3.6	Partnerships abroad	0.10	1	0.1	1	0.1	1	0.1
3.7	Manpower	0.05	2	0.1	3	0.15	3	0.15
3.8	Suppliers of raw materials and stuffs	0.05	2	0.1	2	0.1	3	0.15
3.9	Marketing channels	0.05	3	0.15	3	0.15	3	0.15
3.10	Sources of pollution of the region	0.05	2	0.1	2	0.1	2	0.1
4	**Evaluation of skills for planning the activities**	**1.00**		**1**		**3**		**3.4**
4.1	Coordination	0.10	1	0.1	2	0.2	3	0.3
4.2	Continuity	0.10	1	0.1	2	0.2	3	0.3
4.3	Purposefulness	0.10	1	0.1	4	0.4	3	0.3
4.4	Flexibility	0.10	1	0.1	3	0.3	3	0.3
4.5	Initiation	0.10	1	0.1	4	0.4	4	0.4
4.6	Decisiveness	0.10	1	0.1	3	0.3	4	0.4
4.7	Functionality	0.10	1	0.1	3	0.3	3	0.3
4.8	Actuality	0.10	1	0.1	3	0.3	4	0.4
4.9	Innovation	0.10	1	0.1	3	0.3	4	0.4
4.10	Optimality	0.10	1	0.1	3	0.3	3	0.3
5	**Evaluation of measures undertaken during the last 3 years for protection of components of environment/ organic production for:**	**1.00**		**1.1**		**1.2**		**1.2**
5.1	Improvement of soil conditions	0.10	1	0.1	1	0.1	1	0.1
5.2	Crop rotations	0.10	1	0.1	1	0.1	1	0.1
5.3	Fertilization	0.10	1	0.1	1	0.1	1	0.1
5.4	Soil cultivation	0.10	1	0.1	1	0.1	1	0.1
5.5	Diseases, pest and weeds control/ Prevention and medication of animal diseases	0.10	1	0.1	1	0.1	1	0.1
5.6	Mechanization and manpower	0.10	1	0.1	2	0.2	2	0.2
5.7	Protection of natural habitats	0.10	1	0.1	1	0.1	1	0.1
5.8	Choice of varieties and breeds	0.10	1	0.1	1	0.1	1	0.1
5.9	Choice of technology (incl. human attitude towards animals)	0.10	1	0.1	1	0.1	1	0.1
5.10	Documentation and accountancy	0.10	2	0.2	2	0.2	2	0.2
	Overall evaluation	**5.00**		**9.1**		**13.15**		**14.5**

[a)] Weight coefficient: *Kk*—for separate criteria, *Kn*—for indicators as the sum of *Kk*
[b)] Evaluations of the level of implementation for every one criteria *Nk*—from 1 to 5
[c)] Calculated evaluations according to the formulas described in Material and methods: for the criteria *Ek* (1), for the indicators *En* (2), overall evaluation *Et* (3)

S o u r c e: Author's own study.

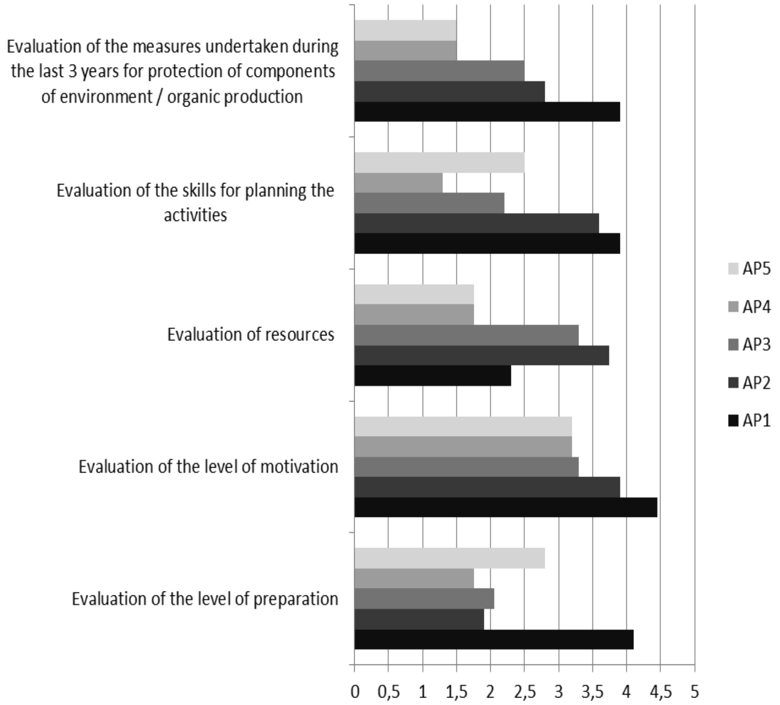

Figure 1. Results for indicators from application of the method by agricultural producers

S o u r c e: Author's own study.

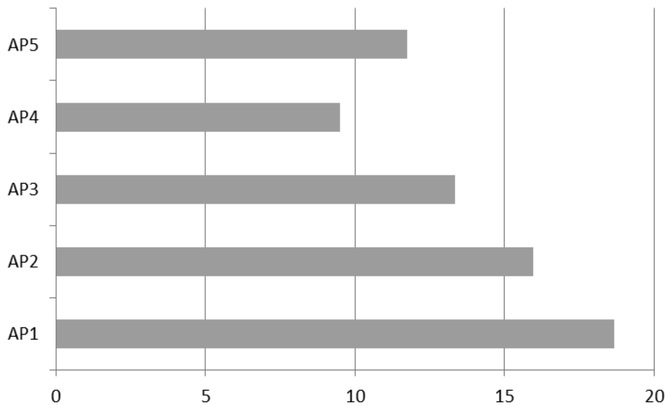

Figure 2. Overall evaluation of application of the method to agricultural producers

S o u r c e: Author's own study.

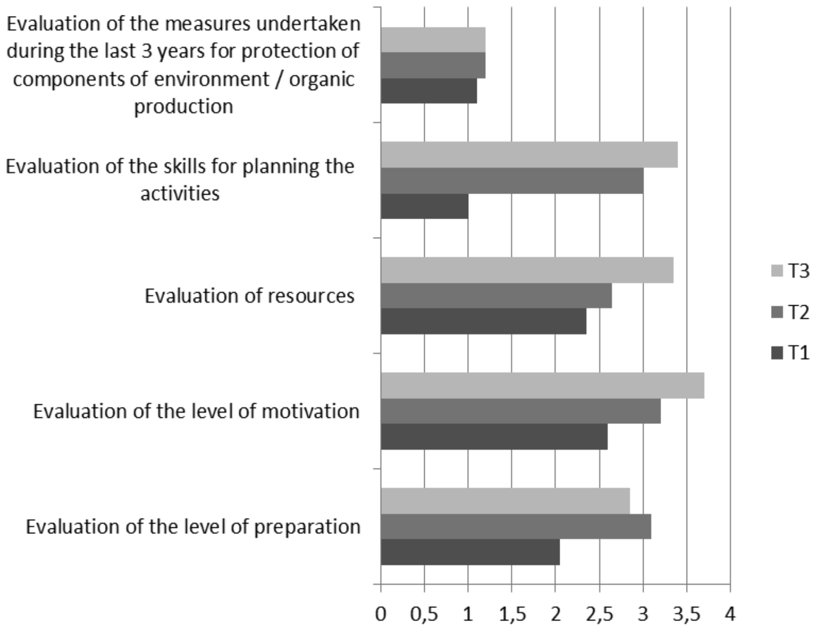

Figure 3. Results for indicators from application of the method by traders

S o u r c e: Author’s own study.

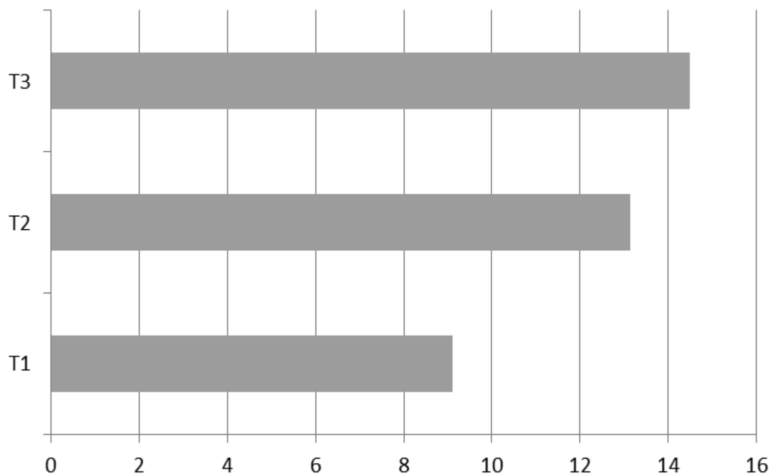

Figure 4. Overall evaluation of application of the method to traders

S o u r c e: Author’s own study.

5. Discussion

Following filling in tables *Nk* for every one participant in this investigation, additional discussions were organized for reflections on results.

The APs accepted the final conclusions from the application of the method especially relating the proposed fields of improvements: for AP2—preparation, AP3—preparation and planning skills, AP4—preparation, resources, planning skills, AP5—resources. Retailers agreed with the comments, too.

Then the results were compared to the results of the application procedure in the State fund 'Agriculture' (for agricultural producers). Only the first one was approved with a business plan including conversion to organic production which is in line with the results from the conducted study.

During discussions with participants in this study the importance of the use of a right approach in conversion and careful thinking about how to do that were underlined. Based on this some steps for starting conversion to organic production or trade are proposed based on the main ideas in organic approach—planning, management, preventive measures and control of processes for achieving sustainable growth.

The most important steps in starting a business in organic sector determined in the investigation are the following (Figure 5):

- getting acquainted with organic principles and methods;
- getting acquainted with legislation in the field;
- answering the question 'Why to start a conversion and for which products?';
- making a decision what part of the farm/ processing/ trade activities will be the subject of conversion;
- what training and consultations do I need? Where can I find them?;
- making analyses of suppliers of stuffs and raw materials;
- making analyses of possible competitors;
- making analyses of available and necessary resources;
- studying ways of providing financing;
- providing manpower;
- studying opportunities for establishing partnerships in sales;
- risk assessment;
- planning the conversion and choosing a certification company;
- formulating a strategy, a plan, activities;
- starting the conversion;
- certification;
- trade mark.

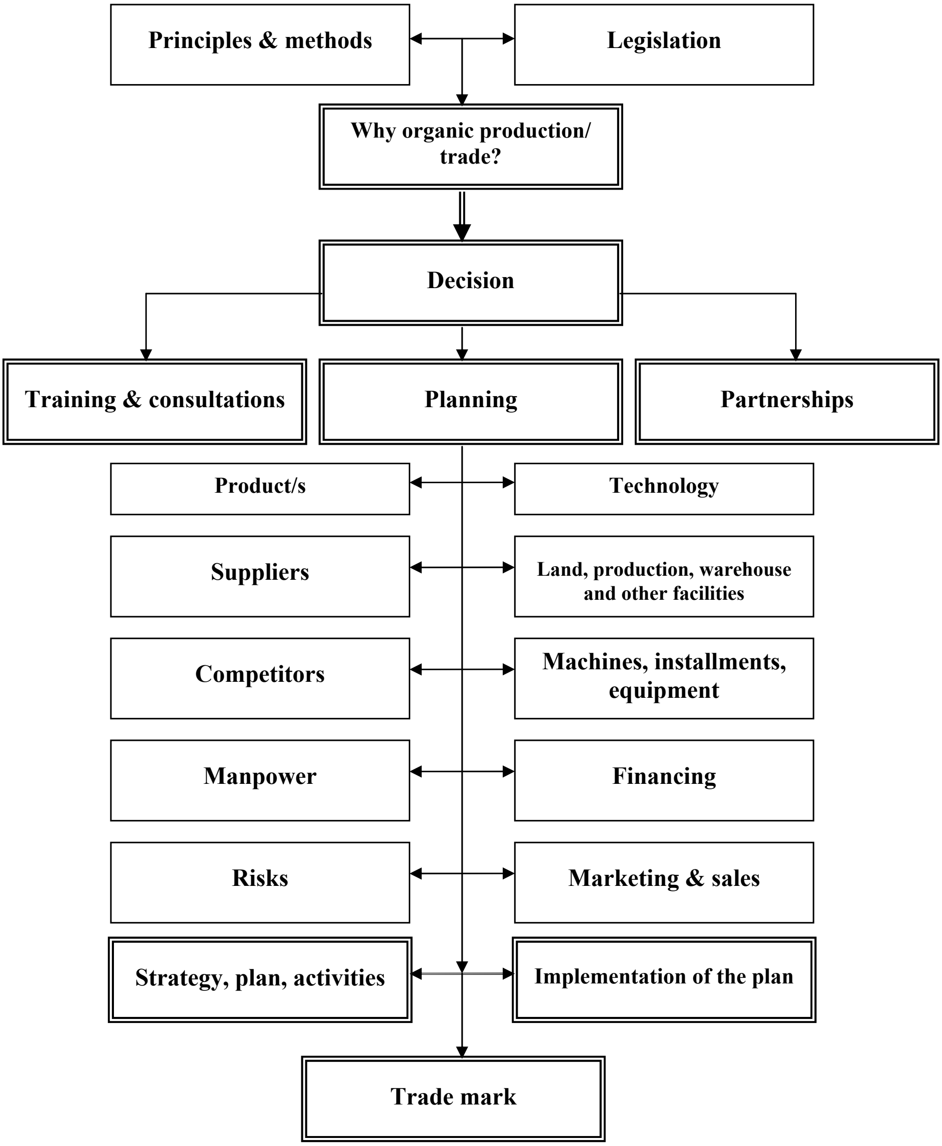

Figure 5. Steps in starting conversion to production and trade of organic products

S o u r c e: Author's own study.

A key moment is taking the decision in which several groups of factors should be recognized: social and economic—population increase and life quality improvement; economic development; consumers and habits/ preferences; technology progress; control—state policy, structure of economics, etc.; limiting factors—resources, financial opportunities, social infrastructure. The assessment of opportunities of new products, and on which decision is based, should include: evaluation of potential markets, evaluation of strengths and weak points of new product/s, of competitive advantage/s and consequences of introduction of new product/s, risk assessments, etc.

Main problems turn to the lack of or doing superficial analyses and ungrounded risk assessments. The lack of skills and wish to search for help and to conduct negotiations lead to negative effects, too. It is a mistake to pay attention to the planning only for the production part. The integral approach: market, innovations, production, price, organization, management and financial planning, is necessary for reaching success.

Creating a trade mark—a product of high quality and identity (for example logo, slogan, etc.), is a basis for achieving sustainable demand and positive financial results. For organic marketing and building trust in consumers this is a process of extreme importance. Acceptance of organic logo on European level is a part of the strategy for organic development.

Organic farm is a mark of quality—the final product is not the only one under control but the production process through common principles and rules which are applied by producers in the whole world. Control guarantees origin of the products. The significance of planning and management in organic production is underlined based on ecological systems with natural resources—an advantage is the use of inner resources over outer but flexibility is insured at the same time.

6. Conclusions

This study attempts to make a test of proposed method and the results show that it could be really used in practice. The method could be used by representatives of different groups in the supply chain as well as by consultants, trainers, researchers, etc.

The proposed method is a model for making analyses and prognoses for possible future development in the sector. It can be used by trainers, consultants, producers, processors, traders or others interested in the field for overall evaluation of readiness to convert to organic, as well as for evaluation of strengths and weak points and determination of fields needing improvements.

The main advantage in it is the differing approach based on significance of motivation and management in production/ trade. It also takes into account importance of innovation and entrepreneurship for increasing competitiveness as well as sustainability issues and future responsible, wise and environmentally friendly development.

The proposed steps in starting a conversion to organic production or trade consider decision taking as a key moment concerning a number of influencing factors and need of analyzing and planning, and keeping the creation of a trade mark as a main objective in it.

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Zastosowanie nowej metody oceny gotowości producentów / handlowców do przejścia na produkcję / handel organiczny

S t r e s z c z e n i e: Niniejsza praca bada możliwości zastosowania nowej, opracowanej przez autorkę metody oceny gotowości producentów i handlowców do przejścia na produkcję lub handel organiczny. Metoda ta powstała w wyniku badań rozwoju sektora organicznego i oparta jest na ustaleniu najważniejszych wskaźników tego rozwoju. Bazuje na prostym systemie oceny i obliczeniach i okazuje się użyteczna jedynie jako badanie pilotażowe pięciu najważniejszych czynników określanych jako wskaźniki: przygotowania (pod względem wiedzy i umiejętności menadżerów / przedsiębiorców), motywacji, zasobów, umiejętności planowania działań (rozważanych osobno z powodu ich szczególnej wagi w podejściu „organicznym"), ochrony środowiska oraz ostatnio podjętych działań w dziedzinie produkcji organicznej.

Badania przedstawione w niniejszej pracy pozwalają zastosować w praktyce metodę opracowaną w teorii. Potwierdzają one ponadto zgodność tej metody i jej ewentualną użyteczność. Co więcej, zaproponowano kroki prowadzące do rozpoczęcia przejścia na produkcję / handel organiczny, gdzie zastosowano zupełnie inne podejście niż stosowane dotychczas (oparte na wyborze nowej technologii produkcji). Akcent położony tu został na zarządzanie, całościową kontrolę nad procesami i osiągnięcie zrównoważonego rozwoju.

S ł o w a k l u c z o w e: produkcja organiczna, handel organiczny, przejście

Kazimierz Barwacz*

The owner's supervision over special municipal companies executing the order in house

Key words: owner's supervision, capital companies of the municipal sector, general economic interests, public services, order in house

Summary: The purpose of the research described in the article is execution of the existing system of the owner's supervision over special capital companies of the municipal sector, practicing in house order (SCMS), and to present the idea of the owner's supervision performed by individuals of the local government (LG) over these companies, along with giving the conditions of its implementation.

The article presents discussion around the essence and meaning of the privatization of public aims, methods of their privatization, and detailed analysis of popular so called order in house. The entire problem was presented in the context of the performance of the owner's supervision over a company performing this type of order. Further, the article presents a case study of functioning of this type of companies and presents the model of the supervisory structure on the example of research of empirical municipal companies. The final part of the article presents conclusions from the research.

1. Introduction

Among numerous occurrences and processes which appeared in Poland after 1989 and influenced the transformation of the socio-economic system, one can point to: decentralization of the public power and commercialization, and even privatization of services provided by the public section. A basic institution which makes privatization of public services possible by organ of the public administration is the system of the public-private partnership.

* Eng. Kazimierz Barwacz, PhD—assistant professor, Department of Finance and Accounting, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 543, e-mail: kazimierz.barwacz@mwse.edu.pl.

In Poland this system is still in the first phase of development, continuous evolution, and is the base of many discussions and investigations, mostly for distrust and reluctance between the private business and the public administration. That is why the public administration is seeking new solutions. Some of them make the process of privatization more formal than real, which makes, in practice, inauthentic privatization.

In the article the ways of executing of public objectives by private subjects, focusing especially on the so called in house orders, are analyzed.

The purpose of the research described in the article is the execution of existing system of the owner's supervision over special capital companies of the municipal sector, practicing in house order (SCMS), and to present the idea of the owner's supervision performed by individuals of the local government (LG) over these companies, along with giving the conditions of its implementation.

The following research hypothesis was formulated: the structure and the effectiveness of the owner's supervision is dependent on the strategy accepted by the owner in this case (LG).

The research approach is the analysis of predecessors' research and my own research using the techniques of interview, observation and case study. The questions concerned the aim of research, i.e. the construction of the model and the effectiveness of the owner's supervision. Members of boards of directors and management SSK were interviewed.

2. The review of the ways of privatization of public aims

The Polish law allows the execution of public tasks by LG in one of the following forms:

– with own powers, that is to say by a formed entity without legal status, e.g. the budget entity or in some cases the municipal budget institution;
– by giving of the grant in aid to entitled subjects, based on legal regulations resulting from e.g. the law on public use and on voluntary service;
– giving the tasks to chosen subjects in modes provided in law of public orders (LPO), the law on license on building operations or services and the law on public-private partnership (PPP).

The accessible methods for LG, thanks to which the privatization of the realization of public objectives is possible, are:

– the license contract;
– the public-private partnership.

According to the law on municipal economy, LG by the means of the contract can assign the tasks from municipal economy to natural persons, to legal bodies or to organizational entities which do not have the legal status, chosen in the mode of LPO.

The construction of both the institution of the license as well as PPP eliminate projects which guarantee to the private partner or to the licensee the full cover of outlays of the public subject, or granting a concession. That is why in the economic activity on the same point of public sector (municipal) and private, the described forms of the cooperation are still not popular.

In the last years one can observe occurrence of the position of economic subjects with the participation of local autonomies, by giving companies with 100% LG participation the execution of the tasks on the basis of so called in house order. Nowadays this form has gained great importance in the organization by autonomies of managing waste material according to 'new garbage law'. The form has been however known before, at the organization of the collective transportation, on the basis of the law on public collective transportation, where one introduced the notion of internal subject.

Regulations presented, though in accordance with the legislation of the European Union, cause strong reactions and doubts among liberal circles.[1] These companies are especially subject of dispraise of the unfair competition, or receiving of the public help in the form of compensation.

Advocates of the order in house think that the formula 'the best value money'—that is to say, the best quality for definite money—correlates with this criterion, being the foundation of optimization of effectiveness of municipal sector (3, p. 1).

Nowadays orders in house are very common way of execution of public tasks, because of numerous advantages:

1. The executor of the task is internal subject, separate from autonomy, legal person, qualified in compliance with a Commercial Companies Code (CCC).
2. Despite the fact that sides of in house order have legal status, the order is not given on the basis of regulations of the LPO.
3. A base of such order is the act of the determining organ (Parish Councils) which gives the internal subject the execution of the task.

A company of the commercial law can be recognized as the internal subject, it must fulfill the following conditions:[2]

1. LG must have a control over internal subject, which is in the form of the company of commercial law. This is the same control as over one's own services.
2. The company—the internal subject should execute the greater part of its own activity on autonomy.

The treaty about functioning of the European Union leaves in the competence of member states to predominate tasks executed in the common interest and set conse-

[1] The decision of the Committee EU of the 20 December 2011 in the matter of the usage, item 106, par. 2

[2] Orders EU no. 1370/2007 of the European Parliament and the Committee of the 23 October 2007.

quential organizational rules with reference to proper services, though member states must take into account community law (EUL), because all activity concerning delivery of goods and providing of services on the given market is fundamentally economic activity, regardless of the legal status of the given firm and the manner of its financing.

Considering the law on the municipal economy one ought to accept that the internal subject can be capital companies of the commercial law whose stock or shares belong 100% to LG. The acceptance of such criteria became an essential determinant for the leadership of the economic policy of autonomy.

Depriving the market of elements of competitiveness in confrontation with the customer is, according to liberal economic practicians, an element of return to the order distribute system from the past epoch.

One ought to remember that when the EU legislation allows such form of commissioning services provided in the common economic interest, then it becomes, in present macroeconomic conditionings (with the participation of the public section, including municipal, in the economy, grows), often case.

With objective premises of the usage of the order in house, advised by the EU regulations are (3, p. 1):

– necessity of assuring continuity and certainty of realization of the public task;
– considerable value and degree of complexity of infrastructure necessary for execution of the public task;
– low degree of competitiveness on the market of subjects working on the public tasks.

All concerning interpretations of this type of services emphasize the fact that the order in house should be treated as an exception, and not a rule, as it is a threat for local competitors.

3. The specificity of the owner's supervision over (SCMS)– attempts of evaluation

The municipal company, meeting the conditions of the internal subject and using orders in house, has many advocates in municipal circles. But in the opinion of the greater part of economic practicians, it is a privileged entity. This situation causes whole range of problems connected with specificity of the performance of the owner's supervision over this type of entities.

Problems of the owner's supervision of capital companies of the municipal business sector differ considerably from those which appear in the private business sector. That is why the problems of efficiency of this supervision raise controversies because of frequent transformations, coming from the research of the suitable model of the functioning of autonomies in Poland.

Nevertheless, in the previous years we could observe a growth in interest of the external supervision, including the mechanisms coming from the environment of the firm, and also with groups of business generally called stakeholders it is the municipal sector that oscillates towards intensifying of internal supervision, based on supervisory function, characteristic of bureaucratic structures. The direction of these changes is forced by internal legislation of member states of the EU, appointing internal entities.

An object of the analysis of the supervision over a municipal company being an internal entity is the execution of the owner's supervision over these subjects created for implementing the new system of municipal garbage economy.

Authors of different ideas of the owner's supervision do not question necessities of leaving some companies with bigger participation of the public section. However, extending of this by the internal legislation of member states of the EU and specifying different kinds of conditions of the privilege (e.g. the manner of the exercising control, or the way determining the compensation), causes the necessity of the change of the manner of exercising the owner's supervision enriching it in new adequate mechanisms for this type of companies.

On the grounds of analyses of literature and one's own research for evaluation of effectiveness of the SCMS, one can adapt the following criteria adequate for municipal sector (1, pp. 196–199):

1. Defining of objectives for the municipal firms.
2. Influence of groups of stakeholders on decisions made by the management.
3. The 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 management of a company.
6. The 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.
9. Information policy used by the management.

The full analysis of all criteria, in consideration with the limitations coming from the nature of this paper, is impossible. Therefore, the aim of the elaboration is a lot more modest and refers exclusively to the evaluation of the way the board of directors works. This institution, according to the author, as well as in the opinion of many theoreticians and practicians, is a most important one (6, pp. 45–46).

The research area connected with the realization of aims of the article included an analysis of the way of work of boards of directors of two companies, both dealing with garbage material. With the decision of the Parish Councils, they obtained the status of the internal subject. In the analysis of functioning of boards of directors of these companies, research tools in the form of observation, interview and also analysis of the records (official records of sessions of boards of directors) were used.

On the grounds of extensive analysis of the collected materials one presented following conclusions concerning the way of the work of boards of directors, and one presented the proposals of the improvement of the model of the owner's supervision SCMS of executing in house orders:

1. Functioning of the company of commercial law as internal subject and executing in house orders are connected with the matter of compensation obtained by the company, in connection with realization of public tasks. A fundamental task for supervisory bodies is the range and the manner of settlement of its proper level.[3]
2. The legislation concerning appointments of internal subject, and also orders in house denote, what premises decide whether the accepted compensation does not determine the prohibited public help. Therefore, boards of directors should pay close attention to the following elements:
   – the precise standard of realization of the public task;
   – the objective and clear algorithm of the manner of the payment of the compensation;
   – the height of compensation which cannot exceed the net costs carried during realization of a given public task, plus the reasonable profit;
   – the level of compensation in the account to costs, which would be carried by typical, well administered firm that has suitable resources for realization of the public task.
3. To establish the compensation for SCMS one should take into consideration the problem of secondary activity. Products of that activity are sold on the market and can result in additional disturbance of the competition. Boards of directors should control the cost accounting of the production of these products/ services, with a special attention whether they are included in partial compensation.
4. Secondary activity should be an exception and should have special justification, subjected to close supervision.
5. SCMS realizing order in house cannot conduct sponsorship activity. This results from the fact that the financial result and amortization should be the surplus serving only to the reproduction of the company's assets, connected with realization of this type of order. Supervisory bodies of companies should show interest also in this aspect.

[3] For the compensation one ought to acknowledge every increase obtained by internal subject connected with realization of charging assignment.

4. The model of supervisory structure SCMS realizing the order in house

Presented conclusions show aspects which do not reflect in the present model of the owner's supervision of municipal companies.[4]

In Polish realities of the municipal economy most often supervisory activities are done by boards of directors. Efficiency and intensity of the supervision in large degree depends on the standards of the owner's supervision, activities of council members and the way of monitoring the work of companies and their organs by offices, licensed by the organ determined by decision making body of the community.

One should remember that in compliance with general idea of the owner's supervision, the aims of municipal companies and the construction of the system of the owner's supervision depend on the strategy of the owner that is LG. This proves the theory that the owner strongly affects the strategy of the organization and its owner's supervision (2).

Considering existing manners of the performance of the supervision in municipal companies, as well as presented conclusions from the analysis of functioning of SCMS, the frame model of the system of the supervisory structure for this type of companies has been worked out.

A basic matter in presented model is the change of the manner of board of directors work, aiming at strengthening of its potential. It is possible by obligatory creation in its structure committees or positions responsible for audit of the procedure of calculating the compensation as in the point 2 of the analysis, and also the committee of the financial control according to adequate standards for internal entities. Also, the management of the company should use conclusions coming from the system of internal audit LG (in this the internal audit), which will be according to the present law.

Present standards for members of boards of directors of capital companies require that they were responsible for creating the strategy of functioning. That is why this aspect must be placed in the specific construction of SCMS, realizing the order in house. The range of its qualification should take into account legal aspects of the EU legislation and the opinions of EUL, as well as thorough knowledge of problems from the financial and budget accountancy.

[4] The model of the owner's supervision of municipal companies is the manner of performance of acts superintending the manageresses in the company, consequential from the existing national system of the owner's supervision and also conditioning consequential of the creature of municipal economy.

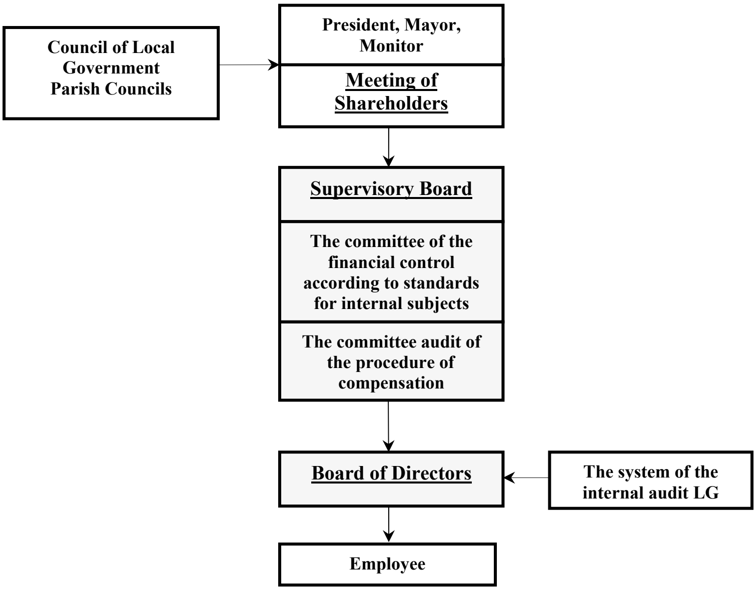

Figure 1. The frame model of the system of supervisory structure for this type of companies being the internal subjects realizing the order in house

S o u r c e: Author's own elaboration according to the outcome of the research.

The presented model of the supervisory structure SSK, in compliance with the accepted research hypothesis, is the derivative of accepted by LG strategy. The complex evaluation of the effectiveness of the owner's supervision for this type of companies demands the system approach. Its full analysis in the paper would be difficult, if not impossible.

LG authorities deciding on conducting the municipal economy in the form of SCMS, realizing the order in house, should remember that giving special rights to economic subjects realizing services for the common economic business is only allowed in the case of impossibility of executing these tasks without sending them to internal subjects. This aspect should be fundamental for regulatory and supervisory authorities of LG.

5. Conclusions

The municipal members of boards of directors should not be restricted by directions of determining organ, but most importantly basing on their own experience and knowledge on specifics of the supervision over this type with entities, as well as with recordings of CCC.

Pragmatics of the improvement of the system of the owner's supervision SCMS should (except for new solutions) take into consideration solutions taken from the private sector, of course after previous verification and modification, e.g. in the matter of manager contracts, or manners of execution of supervisory activities (the monistic model).

The intention of the author is to spark the important discussion about the model of executing the supervision over municipal companies serving public objectives.

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Nadzór właścicielski nad specjalnymi spółkami komunalnymi realizującymi zamówienia *in house*

Streszczenie: W artykule przedstawiono dyskusję wokół istoty i znaczenia prywatyzacji celów publicznych. Dokonano prezentacji metod ich prywatyzacji, a także omówiono szczegółowo popularne obecnie tak zwane zlecenie *in house*. Całość zagadnienia została opisana w kontekście sprawowania nadzoru właścicielskiego nad spółką realizującą tego typu zlecenie. W dalszej części artykułu zaprezentowano analizę przypadku funkcjonowania tego typu spółek oraz przedstawiono ramowy model struktury nadzorczej na przykładzie badań empirycznych spółek komunalnych. W końcowej części artykułu umieszczono wnioski wynikające z przeprowadzonych badań.

Słowa kluczowe: nadzór właścicielski, spółki kapitałowe sektora komunalnego, interes publiczny, usługi publiczne, zamówienie *in house*

Janusz Bąk*

Perceived strategic uncertainty and early recognition of changes in business environment: A study of selected Polish innovative companies

Key words: early recognition system, weak signals, perceived strategic uncertainty, business environment, Polish innovative companies

Summary: Contemporary business organizations are facing increasingly turbulent environments, ones dramatically complex and changeable, where changes occur rapidly, are difficult to foresee, and emerge from discontinuous processes. This commonly acknowledged growing turbulence of most organizations' environments calls for a new kind of action, which would restore at least some control over the environment to decision makers within their organizations. This new kind of action is collecting information in form of weak signals by early recognition systems. Previous body of research strongly suggests that the more strategic uncertainty in the environment is perceived by managers and decision makers, the more advanced early recognition systems tend to be. The system's advancement is understood as the intensity with which the objective of early recognition is perused. Drawing on the existing research, coming mostly from English-language scholarly literature, as well as the author's own empirical research conducted among Polish innovative Small and Medium-Sized Enterprises, the author attempts to empirically confirm hypothesized effects the environment perceived as uncertain have on business organizations, that is their proneness to engage in early recognition, as well as the intensity with which they approach the problem of weak signal detection and understanding. To the best of the author's knowledge, this study is the first to address these assumption in the context of Polish business organizations, and it provides additional supporting proof for the current theory.

* Janusz Bąk, PhD—assistant professor, Institute of Economics, Sociology and Philosophy, Tadeusz Kościuszko Cracow University of Technology, 31-155 Kraków, ul. Warszawska 24, tel.: +48 12 628 24 84, e-mail: januszbak@pk.edu.pl.

1. Introduction

Contemporary business environment differs dramatically from the environment of the dozen or so years ago. Since nowadays organizations face high uncertainty, it is key for them to acquire the capability to minimize the uncertainty and react promptly to environmental changes, as well as the ability to strike balance between the organization's goals and its environment. Such ability heavily relies on the process of perceiving and comprehending current environmental developments, as well as (first of all, in fact) anticipating environmental future states. Thus, managers who make decisions about future of their organizations must be equipped with tools which will provide them with timely and relevant information about their environments.

The realization of above requirements have led both management scholars and practitioners to search for methods and tools capable of minimizing decision-making uncertainty, and maximizing effectiveness of decision making process through faster than competition detecting and processing environmental information, and gaining a better understanding of relevant external conditions underlying strategic decisions. The need for timely and relevant information for the purpose of strategic management has been addressed in a promising manner by early recognition systems. They offer the management support in recognizing changes occurring in organization's environments when they are still in their early stages, and they point to potential opportunities and threats, thus giving the organization a chance to avoid strategic surprises.

In the following article, the author attempts to present interplay between environmental uncertainty due to its turbulence, and the process of early recognition of environmental changes. The performed overview and analysis of reference sources with respect to the above indicates existence of a relation between perceived strategic uncertainty and intensity of implementation of early recognition system. It is related to actions taken by managers in the situation of uncertainty, striving for better recognition and understanding the environment, obtaining information and its adequate interpretation because of its significance for the reduction of uncertainty. On the basis of the above, the author, using empirical data collected among selected Polish innovative companies, will verify the relationship between perceived uncertainty in business environment, and early recognition, focusing specifically on weak signals perception and interpretation processes.

2. Organization, environment and uncertainty

The environment is one of the variables describing context of organizations' performance, however, despite formal separation, it is difficult to unambiguously pinpoint a set of objects, which do not belong to the organization, but are part of its environment, and effect the organization. Organizational boundaries are not always easy to identify. Indeed, they are very often conventionally set. The degree of organization's openness depends on stability and complexity of its parts. Research findings coming from Burns and Stalker (1) show that the extent of openness is not only the function of an organization's genotype, and does not depend only on managers' choices, but it is also affected by characteristics of the environment itself. In a stable environment, organizations behave according to classic principles of organizational management, but in a rapidly changing environment they become more flexible.

Contemporary research on interactions between organization and environment tend to focus on changeability and complexity of the environment, which imply dynamic changes, characterized by discontinuity, violence, and subversion (2, p. 10). Such changes appear usually in discontinued, difficult to identify processes, and exert a significant influence on organizational performance. Both scholars and practitioners researches tend to concentrate on evolution of environment from stability to turbulence (2, 3, 4, 6).

Narayanan and Nath (7) argue that the problems organizations deal with these days are mostly rooted in their business environment. Environment is the source of both key uncertainties and resources, and this is there, where outputs are eventually sent. Environmental uncertainties may turn out to be threats or opportunities for organizations, and they are a significant obstacle for long-term planning and strategic decisions. Hence, sustaining a dynamic balance between the organization and its environment is a difficult task. As the realistic planning horizon becomes limited, organizations tend to focus on current matters, and avoid dealing with a remote future. There is, therefore, an acute need for new ways of thinking about turbulent present-day environment.

Many researchers have come to treat increasing complexity, changeability and uncertainty of the environment permanent decision making attributes, ones that stimulate information processes. Using information in decision making processes to reduce or eliminate uncertainty is commonly acknowledged (8, 9, 10). In fact, Thomson (11) stresses significance of uncertainty in business operations and decision making processes, and posits that coping with decision uncertainty lies in the very nature of managerial practices.

Decision uncertainty results from a gap between the processed information and the information necessary to make a decision (12, 13). Decision uncertainty arises due to incomplete information, inadequate comprehension of already acquired information, or lack of alternatives (14). Although incompleteness of information can be objectively determined, the other two remaining factors are a result of interactions among specific decision, environment, and decision maker. The mentioned approach takes into consideration both objective and subjective perspectives, and implies that it is not only the environment that may be a source of uncertainty, but also the decision maker may feel uncertain about the environment they are trying to understand. Thus, the organization is influenced by attitudes of decision makers rather than objective characteristics of the environment. Uncertainty is a function of the amount and quality of information already at one's disposal, but also the intensity and ways of its interpretation. It follows from this that uncertainty is not only about the environment, but also about decision makers (15, pp. 99–101).

Uncertainty is most often referred to as a decision attribute. Milliken (16) lists three types of decision uncertainty: state uncertainty, effect uncertainty, and response uncertainty. The first one is associated with a situation in which a decision maker perceived the environment or one of its components as unforeseeable. The second type suggests lack of knowledge about the impact a given change might have on an organization. The third one depicts a situation, in which there is no knowledge how changes might affect environment, value, or utility of each potential choice.

Grote (17, p. 13) synthesized the above discussion on uncertainty by proposing a comprehensive framework for uncertainty analysis in decision making within an organizational context (Figure 1).

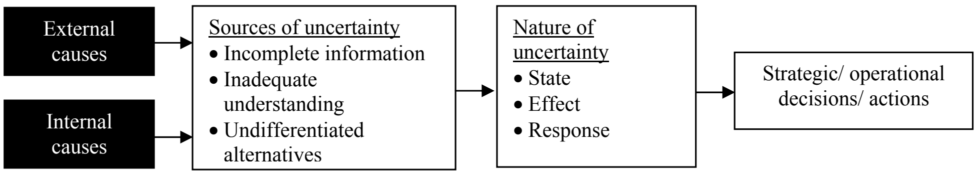

Figure 1. Framework for the analysis of decision uncertainty

S o u r c e: Author's own own study based on (17, p. 13).

To sum up the above discussion, one can conclude that organizational environment is a source of uncertainty in a sense that the organization has scarce information about its environment. Furthermore, complexity and changeability underlie the environment's turbulence, and lead to even greater uncertainty. Realization if this however, does not have to generate any impulse to intensify collecting information about the environment. The perceived uncertainty must be associated with the environment regarded as important to the organization, for if a given environment is perceived as highly complex/ changeable but at the same time it is not seen by the organization as vital (e.g. the organization is not dependent on this environment's resources) then the uncertainty will be held as less significant.

3. Managerial behaviour in the context of perceived strategic uncertainty

The research on how organizational environment effects decision making through, among other factors, subjective perceptions of uncertainty, has led to the emergence of a concept of perceived strategic uncertainty. Daft, Sormunen and Parks (10) argue for the need to comprehend managers' behaviours in the context of environmental information perception. They augment the complexity/ changeability model with the concept of perceived significance of environment, and put forward a behavioural model, where specific managers' behaviours are directly influenced by perceived strategic uncertainty, which is in turn affected by complexity/ changeability of the environment and significance of this environment. Empirical verification of their model was presented by Sawyerr (18) (Figure 2).

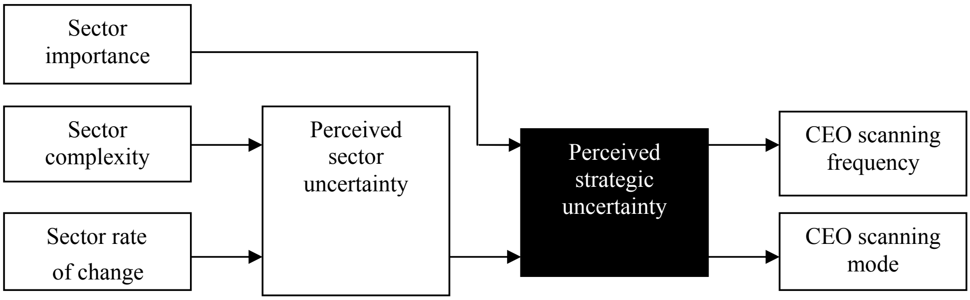

Figure 2. Model of chief executive scanning behaviour

Source: (10).

An organization's environment, being a source of uncertainty as well as information about changes, determines managers' environment perception behaviours through perceived strategic uncertainty, defined as an interaction of perceived complexity, changeability and significance of the environment. In the face of perceived strategic uncertainty, organizations alter their behaviours connected with frequency and means of gathering information. This is because frequency of gathering information leads to increase in the amount of information, which in turn reduces uncertainty (19). Moreover, the use information-intensive sources enables organizations to understand changing in the environment better. The more uncertain the perceived environment, the more frequently information is gathered, and the more intensively personal sources of information are used. On the other hand, the less uncertain the environment seems, the more seldom information is sought, and the less important personal sources of information become.

In a rapidly changing and increasingly complex environment, one can rationally expect to find a relationship between perceived environmental conditions, uncertainty and information needs. Where the environment is highly complex, and changes occur rapidly, a major problem organizations need to deal with is lack of knowledge what specific information is necessary to make strategic decisions (15, p. 103). It is, therefore, imperative that organizations engage in detecting emerging changes in their environments, since they may constitute both threats and opportunities, and if ignored, they may hinder the achievement of the organizations' goals. This kind of knowledge is regarded indispensable and is the basis for the decision making process (20, pp. 127–128; 21; 22).

Organizations do have tools at their disposal enabling them to adapt to an uncertain environment. These tools can by classified into three groups (7, p. 210): selection of an adequate strategy, change of internal structures and processes, and procedures for forecasting and understanding of the environment. Also, Daft (23) emphasizes procedures of studying understanding the environment. He combines organizations' potential actions into four types, depending on environment's characteristics as defined by model of highly turbulent environment (complex—dynamic). Further, he underlines the need to intensively scan the environment in order to recognize and understand changes. But adjusting to uncertainty is contingent on the ability to build a system for gathering and analyzing information coming from the environment. Once in place, organizations are able to react to decision uncertainty associated with a turbulent environment in two basic ways. They can either decrease their information need (e.g. by creating reserve material resources), or they can increase their information processing and knowledge creation capabilities (e.g. by perfecting their information systems, communication processes, abilities to perceive and interpret information) (24, p. 92; 25, p. 14). Considering limited material resources and high cost of maintaining their increased amount, the second way of reacting appears more appropriate. By enhancing their capabilities to process information and turn it into knowledge, organizations can make decisions with lower associated risk.

4. Early recognition in strategy formulation

The environment the contemporary organizations face is in flux. Changes in environment send signals, which feed organizational information processes, are key to reducing decision uncertainty and fine-tuning organizations' capacities and their environmental expectations (26). An ability to anticipate changes shapes organization's future in the way that it helps to identify a range of strategic options. Thus, information obtained from the environment constitutes a decision making foundation and an integral element of strategic management system, which secures future of the organization.

Observations of the contemporary environment have given rise to intensified research by both management scholars and practitioners into instruments capable of supporting decision making processes with information and knowledge. The research has centered on organizational and managerial solutions, which allow dealing with uncertainly by means of early identification of problems. Ansoff (23, pp. 83, 89) argues that in a turbulent environment, it is necessary to intensify effort and concentrate organizational resources on the identification of weak signals and early recognition of changes in the environment.

The concepts of early warning system (EWS) and early recognition system (ERS) are very often treated interchangeably in literature, even though there are significant differences between these two concepts. Initially, information systems, which attempted to help organizations to take benefit of the signs of changes, were directed only to detect danger in strictly defied areas. They were to warn against specific danger, hence the name: early warning systems. The concept of early recognition was coined in the 1980s in order to emphasize the principle of strategic management, namely observing the environment not only to search for threats, and warn against them, but also to recognize emerging opportunities. Observations cannot be limited entirely to predefined areas within the environment, but they should encompass the whole environment of the organization. Thus, the concept of early recognition both broadened the range of tasks for the system by adding recognition of opportunities, and went beyond quantitative mechanisms of detection and analysis. To conclude, early warning systems refer to operational systems of I and II generations, whereas early recognition systems stand for strategic systems of III and IV generations.

Early recognition consists of actions which are to lead towards the achievement of a predefined goal. The models of the early recognition process presented in literature mirror the model of organizations as interpretation system of Daft and Waick (27), which comprises three phases: scanning (data collection), interpretation (data given meaning), and learning (action taken). During two initial phases, the organization transforms weak signals about potential changes into managerial actions which make use of recognized changes. The focus of the model is how managers perceive, interpret, and act in response to a changing environment.

In authors' opinion, the process of early recognition should indeed encompass the two initial phases, i.e. scanning and interpretation. In addition to that, however, the act of communication should be given more emphasis, even though it has not been explicitly named within the Daft and Waick's (27) concept. This appears appropriate because one of the main tasks of the system is to provide information decision makers to help them select adequate actions. The system alone has no influence on how the information it generates is utilized. This approach is in keeping with the process of environmental analysis (28, pp. 37–42; 5, pp. 156–161), because early recognition is a special case of an environmental analysis, in which the raw input is not just any information, but the information carried by weak signals. In this context, one should also appreciate the significance of the information management process. The task of ERS is to collect, store, process, and disseminate information in order to enhance development of organizational intelligence (29, p. 23). ERS has to be both focused (searching), and unfocused (looking around).

To conclude the above discussion, early recognition should be defined as a process consisting of the following broad types of action (they should also be understood as stages of the process): (1) perception of weak signals, (2) interpretation of weak signals, (3) communication within the system and with the environment. These types of actions may further be broken down into five tasks. During perception, two key tasks are performed: scanning in search for weak signals, and monitoring their evolution once they are detected. The interpretation comprises the tasks of forecasting threats and opportunities, and assessing of their implications (28, p. 36). Interactions within and between perception and interpretation constitute the action of communication. The whole system is therefore able to process information within the system, gather information from outside the system, and disseminate information out of the system.

Initiation of the process of early recognition (ER) requires involvement of a great number of actors within and from outside the organization as well as accumulation of experience in order to gain critical mass in the area of information collection and analytical capabilities. The effectiveness of the process requires commitment of the entire organization.

5. Hypotheses and constructs

The review of literature concerning the environment-organization interaction and ER strongly suggest that one should expect to see a relationship between the perceived strategic uncertainty of the environment and the intensity of ER process. This relationship, if expressed as a correlation, can be interpreted as causal. To be able to do that, one has to make an *a priori* assumption, drawing on the literature and logic, that the perceived strategic uncertainty of the environment can lead to the increase in early recognition conducted by organizations. Environmental uncertainty logically implies appropriate actions performed within organizations, which attempt to get to know the environment better, and provide knowledge about potential opportunities and threats. Environmental uncertainty should especially affect intensity of seeking weak signals (perception). However, it should have no effect on the information processing (interpretation). The reason for this is that environmental uncertainty intensifies obtaining information about the environment, but it should be neutral to what is happening to the information within the organization. The above discussion implies the following hypotheses:

(H1) Perceived strategic uncertainty of the environment (PSU) positively affects the intensity of early recognition (ERS).

(H2) Perceived strategic uncertainty of the environment (PSU) positively affects the intensity of weak signal perception (WSP).

(H3) Perceived strategic uncertainty of the environment (PSU) has no effect on the interpretation of weak signals in the organization (WSI).

The above hypotheses identify relations between the assumed constructs. What arises from literature research and author’s own study is that uncertainty of the environment should imply such actions within the organization whose aim will be better understanding of the environment and ensuring knowledge about potential opportunities and threats. If the presented ERS is to perform such a function, there should occur a correlation between the intensity of PSU and the intensity of the impact of ERS itself which 'activates' in the reaction to the turbulence of the environment. In particular, uncertainty of the environment should influence the intensity of receiving weak signals (perception), and simultaneously it should not have significant effect on the processing of the information itself (interpretation). It should work this way because uncertainty of the environment intensifies only 'collecting' information about the environment, and what happens to it within the organization (interpretation) depends on other factors, related to the way information is 'treated' in the organization.

Verification of the research hypotheses required to construct scales for the measurement of constructs in the research model: PSU, WSI, WSP.

Perceived strategic uncertainty of the environment (PSU) is a variable representing uncertainty of the organization's environment from the perspective of managers. What is important within its framework, is both what number of elements the environment consists of (complexity), how fast it changes (changeability), but also how important it is for the organization (weight), which, to a various extent, may depend on the environment. Within this variable, the modified scale for the measurement of perceived strategic uncertainty of the environment which can be found in the reference sources was used.

Perception of weak signals (WSP) is a variable describing the activeness of the organization members in the area of receiving weak signals (scanning and monitoring of the environment). Inspiration for its construction was the scale proposed in the reference sources, which concentrates on three aspects of action within this scope: the frequency of scanning and the type of used sources (how often external/ internal and personal/ non-personal sources are scanned), the scope of scanning (the area of the perceived environment and inclination to go beyond the current areas of activeness), as well as the extent to which all members of the organization are responsible for the perception of weak signals.

Interpretation of weak signals (WSI) is a variable describing activeness of organization members in the area of processing weak signals (predicting and assessing changes). Similarly to the previous one, the variable has its sources in literature and in modified form it was focused on: diversification of interpretation patterns in the interpretation process, intensity of these processes, a degree of using tools supporting the interpretation, as well as the frequency of interpretation.

Early recognition system (ERS) is a variable which consists of the scales measuring perception and interpretation of weak signals, extended by a variable investigating the degree of formalization of these processes in the organization. Partial positions of the scales are presented in Table 1.

Table 1

Research constructs

Symbol	Construct	Items
PSU	Perceived strategic uncertainty of the environment	Sum of perceived complexity and changeability of the environment, multiplied by environmental significance (weight): – organization's environment is very dynamic (changes frequently and rapidly) – organization's environment is very complex (it's made up of a large number of various objects/ actors) – organization heavily depends on what is happening in the environment
WSP	Perception of weak signals	Summated scale ratings – employees are very often a source of information useful for recognizing potential opportunities and threats – internal reports, memos, information systems, etc., are very often a source of information useful for recognizing potential opportunities and threats – customers, suppliers, partners, outside consultants, etc., are very often a source of information useful for recognizing potential opportunities and threats – magazines (incl. trade press), Internet, external databases, etc., are very often a source of information useful for recognizing potential opportunities and threats – while seeking information useful for recognizing potential opportunities and threats, we watch all areas typically associated with our operations (current customers and competitors, competitive products, etc.) – while seeking information useful for recognizing potential opportunities and threats, we go beyond areas typically associated with our operations (unrelated industries, remote markets etc.) – we have precisely defined areas of our business environment which should be watched, and we stick to them – all employees in our organization are responsible for seeking information about potential opportunities and threats
WSI	Interpretation of weak signals	Summated scale ratings – in our organization, we discuss potential opportunities and threats very intensively – we discuss potential opportunities and threats very intensively with people from outside our organization – while analyzing information about potential opportunities and threats, we often question fundamental assumptions for our industry – interpreting information about potential opportunities and threats is one of the tasks we deal with on constant basis – analysis of information about potential opportunities and threats is very intensively supported by analytic tools (scenario-building tools, war games etc.) as well as information/ communication tools (blogs, communicators, information management systems, etc.) – we very often discuss potential opportunities and threats (annual, quarterly, monthly meetings)
ERS	Early recognition system	Summated scale ratings, PSS + ISS plus the item below – in our organization, collecting and analyzing information about potential opportunities and threats is completely formalized (tasks, budgets, responsibility)

Source: Author's own study.

In consequence of the assumed hypotheses and defined research constructs, the research model presented below (Figure 3) was built for reference, showing relations only in the area on which the research hypotheses concentrate.

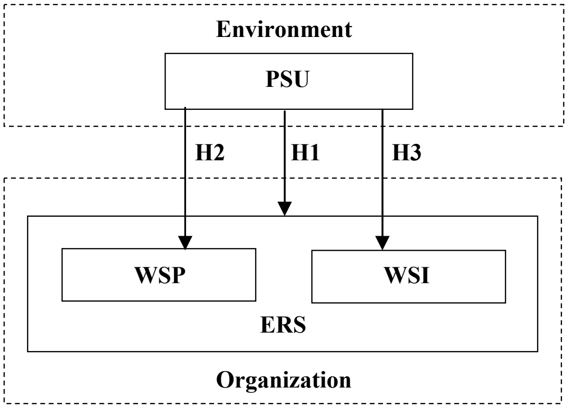

Figure 3. Research model

S o u r c e: Author's own study.

Thus, the model is a simplification of much more complex reality and does not grasp the whole spectrum of possible determinants, but only considers the ones which are analyzed.

6. Study of Polish innovative companies

In order to verify hypotheses listed above, a study of selected Polish business organizations was conducted in 2010. The population encompassed organizations listed on Kamerton Innowacyjności 2008—a ranking of the most innovative Polish companies (30). These companies introduce innovations in their product assortment, processes, organization, and marketing, therefore they are believed to actively engage in identification of changes in their environments (weak signals), recognize in advance potential threats and opportunities (ERS), and this knowledge to improve (by changing their products, processes, organization, marketing) avoiding threats and seizing opportunities. The reason for the choice of the population is that innovative organizations are in general more proficient in recognizing changes, and this suggests that they operate and develop some kind of ERS. This belief seems well supported by literature.

The ranking lists Small and Medium-Sized Enterprises (SMEs) as well as large businesses, but the research focused on SME only. This limitation has a technical justification. The plan was to conduct person-administered surveys with one representative of each of the selected organization, who knows the entire organization very well, and is well aware of all the strategic management processes going on in the organization. In this case, senior managers were selected for their broad and versatile knowledge about organizational processes and actions in all relevant areas. It is rational to assume that in SMEs senior managers have a direct responsibility for all aspects of strategic management of their organizations, thus their opinions are representative of the whole company.

The population encompassed 262 SMEs, eventually 65 companies took part in the study (25%) (Table 2). Since the companies in the sample were very diversified (different sectors, scales of operations or sizes), the demographics did not turn out to be of any use.

Table 2

Population and sample structures

Organization's size (number of employees)	Population	Sample	Percentage of organizations in the study
Micro (1–9)	62	11	18%
Small (10–49)	77	28	36%
Medium-sized (50–249)	123	26	21%
Total	**262**	**65**	**25%**

Source: Author's own study.

The data were collected using a fully structured questionnaire, by means of a traditional telephone interview. Opinions and attitudes of the respondents—senior managers (often owners) were recorded using a seven-point Modified Likert Scale (31, p. 318). The scale's choice was based on other researchers' experience within similar field of research (32, p. 87). The questionnaire consisted of a number of composite and single-item scales, measuring different aspects of ERS. Composite scales were converted into summated scales for the purpose of statistical analysis (33).

The Pearson Product-Moment[1] correlation was selected for hypotheses testing, and an assumption was made that the used Likert scales can be treated as though they were interval scales. The hypothesis supporting rule was decided to be $r \geq 0.2$ for $p < 0.05$ (31, p. 591). Thus, a statistically significant coefficient of at least 0.2 is considered to offer support for a hypothesis, and imply a causal relationship between constructs in a way suggested by the hypothesis.

[1] Statistical analysis was performed using PASW Base 18.00 (SPSS) statistical analytic package.

7. Study results

(H1) Perceived strategic uncertainty of the environment (PSU) positively affects the intensity of early recognition (ERS).

This hypothesis assumes that decision makers engage heavily in early recognition if they perceive the organization's environment as uncertain. By doing so, they reduce the decision uncertainty and gain some control on the environment they operate in. Thus, the more uncertain the environment as perceived by decision makers, the more intensively they tend to engage in ER.

Table 3

Correlation of PSU and ERS

	PSU	
	Pearson Correlation	Significance (2-tailed)
ERS	0.464	0.000 **
** correlation is significant at the 0.01 level (2-tailed)		

Source: Author's own study based on PASW Statistics 18.

The obtained correlation coefficient of 0.46 allows to support the hypothesis, which means that the perceived uncertainty of the environment does influence the intensification of early recognition in the organizations included in the study. We can thus conclude that organizations adjust their early recognition systems to the level of uncertainty associated with their environments. The intensity of early recognition, or the maturity of the system is therefore the function of the perceived uncertainty.

(H2) Perceived strategic uncertainty of the environment (PSU) positively affects the intensity of weak signal perception (WSP).

This hypothesis assumes a positive relationship between the uncertainty of the environment as perceived by decision makers and intensity the organization's members engage in perceiving weak signals.

Table 4

Correlation of PSU and WSP

	PSU	
	Pearson Correlation	Significance (2-tailed)
WSP	0.529	0.000 **
** correlation is significant at the 0.01 level (2-tailed)		

Source: Author's own study based on PASW Statistics 18.

The obtained results offer support for the hypothesis. The coefficient of 0.529 allows to draw the conclusion that the perceived uncertainty of the environment makes organizations' members more perceptive and engaged in seeking weak signals. The higher the perceived uncertainty, the more intensively weak signals are sought, more often outside sources of information are utilized, and more often the sources of information tend to be personal. Also, with the increase in perceived uncertainty of the environment, the readiness to observe areas of the environment not traditionally associated with the sector rises, and the responsibility for observing the environment tend to be more often delegated to employees at lower levels of organizational hierarchy. One can conclude that the uncertainty in the environment changes the ways managers behave, and indirectly—through managers' decisions—changes behaviour of rank and file employees.

(H3) Perceived strategic uncertainty of the environment (PSU) has no effect on the interpretation of weak signals in the organization (WSI).

The above hypothesis suggests there is no relationship between perceived strategic uncertainty of the environment and interpretation of weak signals.

Table 5

Correlation of PSN and ISS

	PSU	
	Pearson Correlation	Significance (2-tailed)
WSI	0.188	0.158

Source: Author's own study based on PASW Statistics 18.

The obtained coefficient of 0.188 offers the support for the hypothesis and suggests the lack of relationship between the perceived uncertainty of the environment and interpretation of weak signals. This means that the perception of the environment does not influence the way weak signals are interpreted. It therefore does not change the behaviour of managers in studied organizations in how intensively they engage in the discussion on weak signals inside and outside organization, their tendency to question existing business models in the sector, the extent they use tools supporting interpretation, or the frequency they engage in weak signals interpretation. One can, therefore, conclude that the uncertainty of the environment does not determine managers behaviour connected with processing information about potential opportunities and threats.

To sum up, the obtained data suggest that if decision makers perceive the environment as strategically uncertain, they will tend to develop ERS in their organizations. The more uncertain the environment, the more mature the systems will tend to be. Moreover, an uncertain environment will influence managers' and other organization's members to engage in perception of weak signals, but it will have no effect on how these signals will be processed.

8. Study conclusions and limitations

The research findings bring confirmation of the fact that managers in studied SMEs are sensitive to their environmental uncertainty and undertake appropriate actions to maintain some degree of control over their environment. Companies intensively watch their environments (using mostly external sources) in order to detect weak signals, but they tend to perceive their environments in conventional ways, restricting their observations to areas typically associated with their industries and operations. They rarely wander beyond their comfort zones, where probability to detect weak signals is higher. What is more, they tend to centralize early recognition, and seldom delegate the task of conscious observation of their environment to rank and file personnel. This significantly weakens these organizations' vigilance and scope of scanning.

Obtained information through the process of ER are interpreted mainly within the organization. Outside consultants are rarely involved. This is probably why these companies find it difficult to question traditional industry assumption and business models, and 'think outside the box'. Nevertheless, the process of interpretation is performed simultaneously with other tasks, and information support tools are to some extent utilized to identify, process and communicate weak signals.

The perceived strategic uncertainty of the environment has been confirmed to influence the perception intensity of weak signals. However, it has no effect on the process of weak signals' interpretation. The perceived strategic uncertainty affects the intensity of using personal and external sources of information, leading to broadening the scope of environmental scanning.

The processes undergoing within ERS are actually information processes related to gaining, processing and spreading knowledge about weak signals. Just like information processes as such, they will be under influence of attitudes and beliefs related to 'treating' information in the organization. Due to the above, it should be expected that the element which will be responsible for the intensity of processing actions, interpreting the information obtained in the perception phase, will be the maturity of information culture which will translate into the implemented information processes and influence actions related to the interpretation of the obtained information in which openness and proneness to share information are important. Therefore, it should be expected that information culture will correlate with the intensity of interpretation.

The author is aware of a major limitation of the study, which is a relatively small sample, so any attempt to generalize the findings must be done with caution, and may be associated with a relatively large error. However, the author is confident to assert that the results can be treated as a firm foundation for further research to confirm the hypotheses using larger samples, and perhaps more representative to the general population of business organizations, not only those considered as innovative. This research is an important step towards eliminating the noticeable lack of systematic empirical observations in this area, especially of quantitative kind.

Another area of potential limitation is associated with the selected data collection mode. Telephone interviews together with data collection instrument designed for this method also impose restrictions on the process of gathering empirical observations. Namely, relatively short interviews and relatively simple questionnaire—necessary for ensuring data collection effectiveness and reliability—tend to oversimplify complex problems and provide somewhat incomplete picture of the studied reality.

Continuation of the research into relation between the environment and organization, in this case moderated by ERS, in addition to the aforementioned extension of the scope of research (size of companies, industries), enabling further deepening of knowledge, should include in the proposed model other constructs which may be helpful in the interpretation of this process and are responsible for the functioning of this system, in the area of interpretation in particular. Information culture of the organization may be such a construct worth inclusion. Another important challenge in the subject of this work is undertaking attempts for further standardization and verification of a tool to study ERS, so that it could be possible to construct a reliable tool for the ERS identification in the structure of the organization operations, and on the basis of this knowledge to take actions improving its functioning.

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Postrzegana strategiczna niepewność otoczenia i wczesne rozpoznanie zmian otoczenia organizacji. Studium wybranych polskich przedsiębiorstw innowacyjnych

S t r e s z c z e n i e: Współczesne organizacje funkcjonują w warunkach otoczenia turbulentnego, które charakteryzuje się dużą złożonością i zmiennością. Warunki te powodują, że przewidywanie zmian, jakie wyłaniają się z procesów nieciągłych, jest niezwykle trudne. Powszechna zgoda praktyków i teoretyków zarządzania co do wzrastającej turbulencji otoczenia organizacji wymaga poszukiwania nowych sposobów działania, które pozwolą menedżerom na choćby ograniczoną kontrolę nad otoczeniem. Ten nowy sposób działania to gromadzenie i przetwarzanie informacji niesionych przez tak zwane słabe sygnały w ramach systemów wczesnego rozpoznania. Przegląd badań z obszarów systemów wczesnego rozpoznania i niepewności otoczenia wskazuje, że im większa – w ocenie menedżerów – postrzegana strategiczna niepewność otoczenia, tym bardziej zaawansowany system. Zaawansowanie systemu rozumiane jest jako intensywność, z jaką realizowany jest cel wczesnego rozpoznania. Opierając się na istniejącej, głównie anglojęzycznej literaturze, jak również na badaniach własnych autora zrealizowanych na próbie polskich przedsiębiorstw innowacyjnych z sektora MiŚP, w artykule podejmowana jest próba empirycznej weryfikacji wpływu otoczenia postrzeganego jako niepewne na przedsiębiorstwa, ich skłonność do zaangażowania się we wczesne rozpoznanie, również intensywność działań związanych z percepcją i interpretacją słabych sygnałów. Według wiedzy autora prezentowane wyniki badania empirycznego są pierwszymi, które zajmują się problemem relacji pomiędzy postrzeganą strategiczną niepewnością a wczesnym rozpoznaniem w kontekście polskich przedsiębiorstw, i dostarczają dodatkowych dowodów prezentowanej teorii.

S ł o w a k l u c z o w e: niepewność strategiczna, otoczenie organizacji, polskie przedsiębiorstwa innowacyjne, system wczesnego rozpoznania, słabe sygnały

Karolina Chrabąszcz*

The development of the real estate market in the context of sustainability

Key words: green buildings, deregulation of real estate professionals, financial market development direction

Summary: The author presents contemporary issues and current trends in the property market, including touching timely and important topic as sustainable development and applies it to the real estate market, especially the construction sector. The first part is a description of regulatory changes in the real estate and financial markets. You can find information on the deregulation of real estate professionals and new professions which have recently been in the field of real estate brokerage. In the second part, the author goes back to the definition of sustainable development, the beginnings of the formation of the concept, to be able to provide a description of the implementation of the concept of sustainable development in the real estate market, especially in the construction market. The last part is devoted to ecological construction, the so called passive houses. The author presents the examples of the construction and operation of passive buildings in Poland and the opinions of residents and builders. The article ends with the statement that rising energy costs in the future and the requirements of the European Union will be important factors in determining the choice of modern house buildings technology. Eco-building is now eco-efficient and economically justified.

1. Introduction

The real estate market in the first half of 2013 can be summed up as a fall in real estate prices, rising credit costs and deregulation of real estate professionals. The real estate market in Poland is a dynamically changing market, interesting in terms of research and science. This is a market, which provides opportunities for comprehensive development and exciting career prospects. A visible trend in the Polish real estate

* Karolina Chrabąszcz, MSc—assistant, Department of Real Estate and Insurance, Faculty of Management and Tourism, Małopolska School od Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 536, e-mail: karolina.chrabaszcz@mwse.edu.pl.

market is to implement the concept of sustainable development, so called *ecological trend*. Changing regulations, both in the operation of the real estate market and the availability of credit, will significantly influence the direction of development of the market. The aim of the research described in the article is the identification, analysis and evaluation of contemporary problems of the real estate and finance market, as well as the scheme of improvement factors of property management in the context of sustainability. According to acquired thesis, the sustainable development of the real estate market is a determinant of efficiency improvement of economic, social and environmental performance of organizations operating in the real estate market.

2. Trends in the real estate market and the financial market in Poland

2.1. New professions of real estate market and deregulation

The real estate market in Poland develops dynamically. There is growing competition between intermediaries in real estate market, growing customer demands. On 19th April 2013, the Polish government adopted a draft of the law on changing laws governing the exercise of certain professions, including real estate professionals. The parliament decided to completely open competition of real estate agent and property manager. An amendment adopted in the field of professional appraiser increased the scope of deregulation, i.e. it involves lowering the requirement of higher education (from master's degree to higher), introduces the possibility of exemption from professional examination conferring authority on the basis of the powers of diploma. The adopted amendment introduces an obligation of fall practice while studying in a place of professional practice, provided that the practice's programme is based on an agreement between the university and the organization of professional appraisers, and also exempts persons who have documented two years experience in a position involving the valuation of real estate (1). It remains the obligation to perform professional practice within at least six months. It will continue to run a central register of experts by the minister of construction. On 1st January 2014, information about disciplinary sanctions against appraisers were removed from the register provided they have already been blurred. The new regulations in the field of real estate professionals apply from 1st January 2014.

In terms of real estate professionals the Parliament adopted the amendments of the Senate providing for the maintenance of the obligation to take out liability insurance. The real estate agent and real estate manager can perform actions on the basis of an agreement in writing (2). Accordingly, the decision of the Parliament and signed by the President eliminate the articles of the law on real estate, which previously governed the legal nature of the profession of manager and real estate agent. However, the fact of liquidation provisions does not mean that the real estate market competition will no longer exist. On the contrary, you can see a lot of interest specializations related to real estate management at universities. The associations of brokers and property managers are looking for new solutions. These organizations plan internal training and issuing certificates that will stand out educated people from a multitude of agents and managers who will appear on the market. Currently, the number of licensed property managers is (according to the Central Registry of the Ministry of Infrastructure and Development) 25,952 persons (3) and 20,599 real estate agents (4).

For some time distribution of the real estate market into smaller segments can be observed. A good example is the company Home Broker, which develops new professions, such as primary market trader, specialist in land, real estate advisor or specialist holiday letting. Home Broker is a real estate advisory firm, providing services to real estate agents (5). Trader primary market is an expert on housing development, working together with developers and real estate advisors, i.e. negotiates special housing prices, and gaining information about the demand for properties with specific parameters. Combined information in such a way allows conducting transactions of purchase/ sale of real estate in a short time. A person who wants to become a trader in primary market should have negotiating skills. Such a person should examine the local primary market, creating confidence, be convincing and have necessary legal knowledge, economic and in terms of the real estate market.

In recent years, increasing the amount of land transactions, so grows the need for advisors specializing in this segment of the market. Home Broker created profession—land's specialist—partner in the investment Earth. Relevant investments in land can generate several times higher rate of return than previously reported annual increases in agricultural land. Work of land's specialist is associated with the work 'in the field'. Here is needed indispensable knowledge of the local market, the ability to assess the prospects of rising prices, the predictability, the ability to reach out to people who have suitable land and want to sell it. Moreover, land's specialist should have orientation in the local development plan and the plans for the development of local authorities.

Another interesting specialization in real estate is brokerage in sales of holiday property. In this segment, profits depend largely on the potential rent, occupancy, length of the season or the attractiveness of the area. Specialists from Home Broker company estimate that the return on such investments may be as high as 10% per year. Necessary in this profession is knowledge of finance and law.

A person with experience in real estate, having intuition, skills, foresight, risk assessment, forecasting can find his/ her place in commercial premises. Home Broker company defined this position as adviser in the service sector or profession combining analytics and accounting in one. Very important is knowledge about local services market and knowledge of trends and factors influencing prices.

In Home Broker company, experienced and meritorious advisors can be promoted to a senior real estate advisor (6). Also on the local (Tarnów) real estate market is a noticeable trend in which real estate brokers specialize in a particular segment of the market. The agents of KNC Global Real Estate are good example—they specialize in indebted transactions of real estate market.

The well-known profession of agent in real estate allows everyone to choose their own career path and grind specialized knowledge and skills in a narrow field, allowing to be professional. The abolition of formal requirements and belief in the 'invisible hand' of the market of real estate may carry certain risks, but that will pick up managers and brokers prepared for professional issues. Many real estate professionals, including well-known professor Ewa Kucharska-Stasiak (Head of Department of Investment and Real Estate, University of Łódź), warn against the belief in the reliability and validity of the deregulation of real estate profession. According to Kucharska-Stasiak, there are no reliable markets, which would not need instruments to support their operation and also the real estate market is not a perfectly functioning one. The question arises, whether a person without education will know how to determine the right to the property, to evaluate the economic merits of investing in real estate, how he/ she will be able to professionally advise property owners as a manager (7).

2.2. The current situation and direction of changes in the financial market in Poland

According to analysts from Open Finance, the biggest in Poland and only listed on the stock exchange financial advisory firm (8), 2013 was the best time to purchase a home for several reasons. Analysts pointed to the low installments of housing loans. With the lower credit cost, creditworthiness is higher than last year, which means that the same income can apply for higher credit. Housing prices have fallen to 2006 levels. Analysts argue their opinion, saying that since April 2012 the number of housing starts and permits issued to developers for the construction fell, which can translate into a reduction of the new homes available on the primary market. Under the conditions of continued demand, the decline in the supply of new housing may increase prices. In a situation of falling interest rates, banks will be more willing to increase the profit margins of credit, which is an important component of interest (9). What is more, the Financial Supervision Commission introduced from 1st January 2014 the obligation to hold at least 5% of their own contribution, which can eliminate a certain group of customers applying for credit. In 2015 it will be the 10%, and from 2016—15%. The current observations indicate that 26% of borrowers in the apartment are not even 5% of the amount needed to purchase. When the threshold for savings held will be an increase up to 10% of the dwelling, 35% of customers will still not stand for a loan. According to the analysis of the Open Finance, which works with 20 banks, 12 banks borrowed for 100% or more property prices, one for 95%, three for 90% and four at the rate of 80%. According to the creators of the amendment to Recommendation S, the ratio of loan repayments to income should not exceed more than 40% (10; 11).

3. The concept of sustainable development

The ‘sustainable development’, according to the Report of the World Commission of Environment and Development, the so called *Brundtland Commission Report*, in 1987, is ‘a process aimed at meeting the development aspirations of the present generation in the way the same aspirations are to be met by the next generation’ (12, p. 13). This report points to the failure of the current social and economic doctrines production growth and improving the welfare and quality of life of people in the world, which lead to environmental degradation, poverty of mankind and stratification between rich and poor. In contrast, the concept of sustainable development is beyond care for natural resources and environment, including social justice (12, pp. 13–14).

The two most important concepts in the concept of sustainable development are ‘limits of growth’ and the ‘triplebottomline’ of sustainable development. *Limits of growth* determine the technological capabilities of societies in the use of natural resources and the ability of the biosphere to absorb the negative effects of human activity. The concept of *triplebottomline* comes down to taking into account all decisions and actions relating to sustainable development of social, economic and ecological at the same time, i.e. the three pillars of sustainable development: society, economy, environment (12, pp. 14–15).

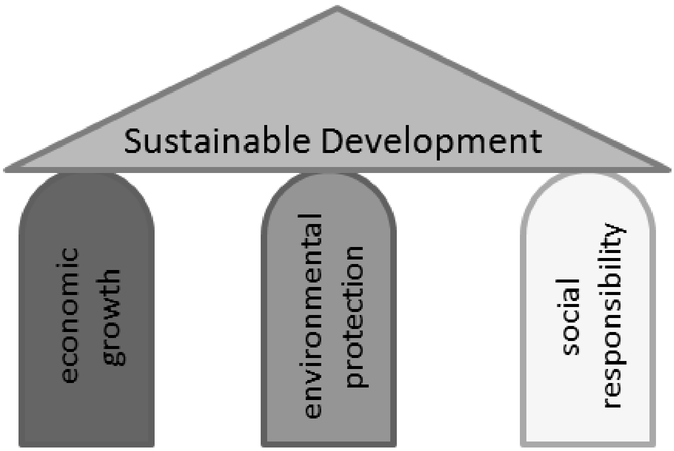

Figure 1. The three pillars of sustainable development

Source: (13).

The vast majority of the definition of regional development is reduced to the problem of ‘harmonizing economic growth and the management of economic resources and natural. In this way, a definition created includes Włodzimierz Bojarski (14) and Marion Donhoff (15). Małgorzata Burchard-Dziubińska in her definition indicates that sustainable development is the development of social, economic and natural systems. Krystyna Dubel defines sustainable development as one that is ‘socially desirable, economically viable and environmentally acceptable’ (16).

An important element of the concept of sustainable development is the *quality of people's lives*—their raising and maintenance. Quality of life is understood as meeting the needs of modern human life generation, without over-exploitation of nature, so as not to impair the quality of life for subsequent generations. In this spirit, for example, write Franciszek Piontek and Bazyli Poskrobko. Frequently appearing criterion of sustainability is to harmonize the components of socio-economic development of the requirements of the environment/ biodiversity (12, pp. 16–17).

4. Ecological trend—sustainable development in the real estate market

An important area of implementation of the concept of sustainable development is the construction sector. This sector plays a significant role in the national economy, economic growth in emissions, use of natural resources and energy or production of waste. Basic aspects of the implementation of the concept of sustainable development in relation to the buildings is elimination of problems, among others CO_2 emissions and its reduction, minimization of construction and demolition, the prevention of air pollution inside the building. The research shows that direct energy consumption by the construction sector is about 30% (data not shown in intermediate consumption in industry and transport). The study in Japan indicates the increased energy consumption during operation than the construction of buildings. The highest energy consumption refers to the heating and cooling of buildings, water heating, lighting and use of household electrical appliances.

In common parlance, sustainable buildings are referred to as green buildings. These are buildings that are characterized by minimal consumption of natural resources at all stages of the life cycle of the building, and low negative impact on the environment compared to traditional construction. In his definition, Charles Kibert, defines sustainable buildings as a healthy built environment, responsibly created and managed, taking into account the principles of environmental protection and efficient use of resources (12, p. 70). Examples of energy-efficient construction in housing construction are *passive houses.* Passive buildings are the latest generation of energy--efficient buildings, with the highest thermal comfort and extremely low demand for thermal energy ratio of a maximum of 15 kWh/m^2, which is less than 1.5 liters of oil, or 1.5 m^3 of natural gas for electricity m^2/year or 5kWh and heat pumps. Thanks to the use of passive energy, the building itself heats and cools (17).

The studies of commercial real estate market show that users of office space tend to choose sustainable real estate due to lower operating costs, lower energy costs in such buildings or benefit branding. Further, such buildings have a higher value. Eco wear of passive house is smaller than in conventional buildings, so the value is more stable. It is worth to mention the cost of construction of sustainable buildings, which, as follows from the calculations, is higher than traditional buildings. It is assumed that if the buildings generate sustainable benefits for a long period of use of the building, it must be aware of the high investment required in the initial phase of investment. In the case of investments in the housing market, the investor can benefit from financial assistance. In 2013, the National Fund for Environmental Protection and Water Management launched the programme of subsidies for energy-efficient buildings. 'The programme is targeted to individuals building a single-family house or buying a house/ apartment from a developer. Funding is a partial principal repayment of the bank loan for the purchase/ construction of the facility. The funds are paid at the time of completion and confirmation of the required standard of energy through the building. The programme budget is 300 million PLN, or the ability to finance about 12 000 houses and apartments in multifamily buildings' (18). The programme is a response to the Directive of the European Parliament and of the Council 2010/31/ EU of 19th May 2010 on the energy performance of buildings, which obliges EU countries to bring the situation to the end of 2020. All newly created objects of the buildings were 'almost zero-energy' (17). According to the ranking Eco-Innovation Scoreboard 2011, Poland occupies the last place in terms of eco-innovation among the 27 countries of the European Union (Croatia was not taken into account), but in the commercial market it is becoming a leader in green building among the Central-Eastern Europe countries last years (12, p. 180). For Polish cities with the largest number of objects undergoing organic certification (LEED, BREEAM) there are Warsaw, Wrocław, Łódź, Poznań, Krakow and the TriCity. Deloitte and Deutsche Bank are an example of tenants interested in leasing in green buildings (19). According to the estimates, in 2012 around 2%—3% of office space in the above-mentioned Polish cities was certified. In Warsaw, participation in the area of environmentally certified buildings in the first quarter of 2012 was 58%, 24% in Łódź, 15% in Katowice and 3% in TriCity. Cracow, although it has the second largest stock of modern office space in Poland, has a market share of certified area of less than negligible. The biggest developers of ecological office in Eastern Europe are Ghelamco, Skanska, Erste ImmorentGroup, GTC and HB Reavis. Warsaw is also mentioned as one of four regional centres (next to Prague, Bucharest and Budapest) with the largest cumulated big projects related to green building. According to a report by Jones Lang Lasalle, Poland will happen in the next few years the leader in the region in the field of green building. In the years 2012–2014 the usable space of 510 000 m^2 in environmental office buildings will be real, and provided all the planned projects have been completed, in 2015 Warsaw would have a chance to become the main building centre in the region (almost 550 000 m^2 of usable space). One of the most sustainable buildings in Poland is office complex Rondo 1 in Warsaw (12, pp. 190–194).

In conclusion, sustainable buildings are characterized by higher rents, lower operating costs, higher value, lower risk and higher usability. Higher capital expenditures are offset by direct saving supplies and slower consumption of functional and moral objects (12, p. 143).

The first passive house in Poland, confirmed by certified Passive House Institute in Darmstadt, was a house built in 2006 in Smolec near Wrocław (20). Certified passive houses in Poland are still relatively little. One of the examples is the project of home by companies MultiComfort and Studio Z500, with an area of 119.9 m^2 in Boruszowice, near Tarnowskie Góry. The building takes part in a five-year research project, during which the parameters are being monitored. The cost of construction of this passive house, prefabricated, timbered was higher by almost 13% than any other building prefabricated offered by MultiComfort. According to the inhabitant of the house, co-owner of MultiComfort, you must learn how to live in such a house. The house does not have drafts, in all areas there is the same temperature (21–23 °C) and silence. The house is very bright and sunny, due to large windows. The problem is, that you need to wash the windows (a 3-metre mop becomes helpful) as well as remember about draining the blinds in the summer to protect against excessive sunlight. Due to the fact that it takes part in research experiment, the house was equipped with more than 100 sensors, whose data goes directly to the central computer research lab at the University of Agriculture in Krakow. The house can be seen on the web at www.buduj-pasywnie.pl. The biggest result of the research will be recording the actual energy consumption of the building. If the test is successful, the basic thesis will be a statement that the traditional Polish wooden house should be like the ones over the centuries, as it harmonizes with the natural environment and friendly people (21).

As another example, you can specify a passive house with an area of 162.5 m^2 in Słomczyn. The finished house but without installation costs 340,000 PLN gross. The windows and doors of the house are very massive, the door alone weighs 150 kg. This house has not been certified as passive house because the tightness of the walls did not meet the minimum requirements. Residents of the home are of the opinion that the investment will pay for itself quickly and they are very happy with the decision (20, pp. 13–23).

5. Conclusions

Recognizable direction of the change which the current real estate market in Poland chooses is the implementation of the concept of sustainable development, especially in the construction sector. The ‘green’ construction is now eco-efficient and economically justified.

It can be expected that a large impact on the functioning of the real estate market in the coming years will be the deregulation of professions of real estate and tightening requirements for mortgage loans. By 2014, the rules for granting loans for apartment or house construction changed. They assume, among others, five-percent contribution of their own. In addition, the period of repayment obligation can not exceed 35 years. A big impact on the housing market in Poland will have a government programme 'Apartment for Young'. Experience of the 'Family on Their Own' programme can provide that a new programme will gain popularity.

In Polish conditions, the construction of passive houses (green) raises a lot of doubts, it is more cost-effective than building a house in a traditional way. These factors put off potential investors who do not have easy access to detailed analyzes and so they do not take into account the lower cost of home maintenance in the future. However, rising energy costs in the future and the requirements of the European Union will be an important factor in determining the choice of modern house building technology (10, p. 29).

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Rozwój rynku nieruchomości w kontekście sustainability

S t r e s z c z e n i e: Autorka przedstawia współczesne problemy i bieżące trendy na rynku nieruchomości, dotyka aktualnego i ważnego tematu, jakim jest rozwój zrównoważony, i odnosi go do rynku nieruchomości, zwłaszcza do sektora budowlanego. Pierwsza część zawiera charakterystykę wprowadzonych zmian regulacyjnych na rynku nieruchomości i rynku finansowym, wpływających na kierunek rozwoju obu rynków. Można tu znaleźć informacje na temat deregulacji zawodów rynku nieruchomości oraz nowych zawodów, które wyodrębniły się w ostatnim czasie w zakresie pośrednictwa w obrocie nieruchomościami. W dalszych rozważaniach autorka sięga po definicje zrównoważonego rozwoju, po początki tworzenia się tej koncepcji, aby móc przedstawić opis wdrażania koncepcji zrównoważonego rozwoju na rynku nieruchomości, zwłaszcza na rynku budowlanym. Ostatni rozdział poświęcony jest budownictwu ekologicznemu, tak zwanym domom pasywnym. Zaprezentowane zostały przykłady budowy i eksploatacji domów pasywnych w Polsce, opinie ich mieszkańców i konstruktorów. Artykuł kończy się stwierdzeniem, iż rosnące koszty energii w przyszłości i wymogi Unii Europejskiej będą ważnym czynnikiem decydującym o wyborze nowoczesnej technologii budowy domów. Budownictwo „zielone” jest obecnie efektywne ekologicznie i uzasadnione ekonomicznie.

S ł o w a k l u c z o w e: budynki ekologiczne, deregulacja zawodów rynku nieruchomości, rynek finansowy, kierunek rozwoju

Konstantinos Danias, Androniki Kavoura*

The role of social media as a tool of a company's innovative communication activities

Key words: social media, Facebook, advertising, marketing strategies

Summary: Social media and social networks conquer with surprisingly increasing rhythms more and more users and that is why they are implemented by many companies. The aim of this paper is to provide explanations of the term 'social media', their most widely accepted presentation, their use from the perspective of advertising and their effectiveness, with special emphasis on Facebook. An important goal of this paper is the presentation of innovative ideas important to the advertising market in an attempt to more fully attract potential customers with the use of new technologies. The article aims to present the way social media networks may be employed from companies and the advertising vehicles employed on Facebook which may enhance the company's innovative communication and advertising activities. This paper is a reflexion of the implications of the generalized use of information technology and social networks for business through advertising and it examines the type of opportunities the social networks of companies present for it. It introduces the concept of the 'imagined community', which is associated with the sense of belonging to a group, a concept that may be related to the innovative communication activities of a company. In that way, the paper offers a theoretical contribution to the way social media may offer the opportunity for companies to effectively target their consumers and allow for them to be part of an 'imagined community', a concept that may well be used for the environment social media offer, transcending physical boundaries.

1. Introduction

Innovation is a significant factor to support execution of the development strategy of companies (1). The implementation of new technologies and technological inno-

* Konstantinos Danias, MSc—senior executive, Mediabrands Enterprise; Prof. Androniki Kavoura, PhD—professor, Department of Marketing, Faculty of Management and Economics, Technological Educational Institute of Athens, Agiou Spyridonos Str., 12210 Egaleo, Greece, tel.: +30 210 53 85 100, e-mail: nkavoura@teiath.gr.

vation with the use of social media and social networks conquer more and more users with surprisingly increasing rhythms (2; 3).

Since there is possibility for data tracking for those running the sites and search providers (3), a company may in fact take advantage of the way users behave, interact and use this information accordingly. This though means that users may have little choices of the way the information they provide may be finally used by the companies (4).

This papers aims to present the way social media networks may be employed from companies in order to keep customers satisfied and attract users' attention via new technologies that would enhance the company's innovative activities taking though the necessary precautions in order to be consistent with the ethical issues that may arise with a special emphasis on the use of Facebook.

We argue that in fact social media may offer the opportunity for companies to create an 'imagined community', a term initially used in another framework (in regard to elements of nationality and nationalism of a population) from Benedict Anderson in the 1980's to argue that even if people have never met, they may feel that they belong to the same group (5). This concept, in fact, may be well used for the environment social media may offer and the opportunity for the companies to create an 'imagined community' among their targeted groups all over the world transcending in that way physical boundaries.

2. Which are the social media?

We define social media websites, the web-services platforms that allow people: 1) create public or semi-profiles within a defined framework, 2) create a list of other users with whom they are connected in some way, and 3) to see and consult lists of friendly connections of their friends and profiles them. Social networking sites allow users to write in columns and reveal the social circle/ circle of acquaintances. This can result in interpersonal and social links between individuals that otherwise could have been achieved, but nevertheless, this fact is not always the target, since the 'meetings' are often based on non-web links between people (6).

The appearance of a profile varies by site, is consistent with the judgement and preferences of each user, since the configuration is at the discretion of each. LinkedIn controls what one viewer may see, based on whether he or she has paid for the existence of a personal account. Sites like MySpace allow users to choose whether they want their profile to be public and visible to everyone or only to a specific list of friends.

Facebook has a different approach on this issue—by default, users who are members of the same 'network' (Facebook) can see the profiles of other users of that 'network', unless the owner of each profile decides to refuse permission to see it even for those who are users of the network.

The next wave of social media began in 2001 when Ryze.com was launched, a website designed to help people consolidate and increase the operational and business networks. The founder of Ryze.com has characteristics indicating that the site was introduced by him to his friends—mostly members of the business and technology community of San Francisco, including entrepreneurs and investors who were behind many social media. In particular, the people behind Ryze, the Tribe.net, LinkedIn and Friendster were tightly connected not only professionally but also personally.

Friendster, another social media network, was to be the purely social site where friends could introduce one another, match and date. They believed that they could support each other, with no competition between them (7). In the end, Ryze never managed to gain mass popularity, Tribe.net grew to attract a dedicated and passionate user base (niche user base), LinkedIn became a powerful business service, and Friendster became the most important of all, only by the visual 'one of the biggest disappointments in Internet history' (8).

MySpace was able to increase the number of users very quickly by utilizing the former Friendster users and especially those who first had supported and followed Friendster; it differentiated itself by regularly adding new features based not only on user requests and market demand and allowing users to personalize and customize their own profiles adding HTML webpages with personal profiles offering expressive power to the users and attracting young people and teenagers who promoted events; yet, security issues was a major drawback (9, 10).

That is why companies employing social media networks need to carefully take into consideration security issues (e.g. hacking) from the use of these networks in order to appropriately incorporate them in the advertising campaigns for them and their clients.

Mark Zuckerberg founded Facebook and in early 2007 advertising space was opened within the net. Users can now not only exchange messages and write on the walls selected friends, but can also pay online gifts to friends who have birthdays and even develop their own applications and games. Some of the most popular applications towards the end of 2007 were the graffiti and Scrabble. Users create groups and organize liaison activities not limited to online activities or games yet.

By the end of 2007 Facebook announces that the number of registered users had touched 30 million, making now officially Facebook the biggest social networking tool with a focus on education. In early 2008, taking advantage of the global dimensions of the instrument, actors, singers, politicians etc. create their own professional profiles for Facebook. A survey completed on 1 September 2011 illustrates an increase in use of Facebook in the top 25 country markets (11) and is presented in Table 1.

Table 1

Top 25 country markets and Facebook

Position	Country	September 2011 (millions of users)	12-month growth
	ALL	712.4	42.9%
1.	United States	154.6	15.4%
2.	Indonesia	40.1	44.4%
3.	India	34.6	162.4%
4.	Turkey	30.3	27.1%
5.	United Kingdom	30.0	8.0%
6.	Mexico	28.5	83.9%
7.	Philippines	26.2	61.7%
8.	Brazil	25.8	327.1%
9.	France	22.6	17.2%
10.	Germany	20.7	87.3%
11.	Italy	19.1	14.5%
12.	Canada	16.7	1.3%
13.	Argentina	16.2	40.2%
14.	Colombia	15.3	37.4%
15.	Spain	14.4	30.3%
16.	Thailand	11.9	131.7%
17.	Malaysia	11.5	41.2%
18.	Taiwan	10.9	53.1%
19.	Australia	10.5	10.6%
20.	Venezuela	9.3	29.8%
21.	Chile	8.9	20.4%
22.	Egypt	8.3	104.1%
23.	Peru	6.9	125.7%
24.	Poland	6.7	101.0%
25.	Pakistan	5.2	108.6%

Source: http://gold.insidenetwork.com/facebook.

The use of social media is thriving even in countries that are facing economic problems as is Greece illustrating the great potential and opportunities that social media networking is offering. In regard to Greece, the most successful social media employed today (12) are presented below in Figure 1.

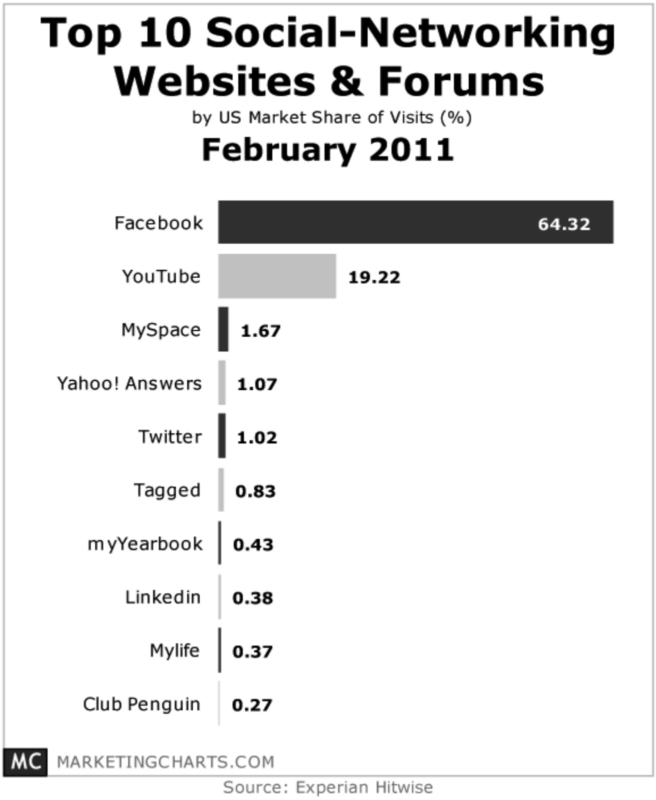

Figure 1. The most successful social media employed in Greece today

S o u r c e: Experian Hitwise.

3. Advertising vehicles on Facebook

The placement of advertisements (ads) on the biggest social networking sites such as Facebook is one of the best opportunities on the Internet for targeted advertising. Since users of this instrument provide information about their age, gender, place of residence and interests, a company may apply through the ad directly to the demographic audience that it wants to reach and influence (13). There are various ways of advertising on Facebook offering the opportunity to a company to employ innovative ways for its communication with the people and the most popular ones are described next.

3.1. Social ads on Facebook

Facebook allows advertisers to either pay by the number of impressions made in advertisements using the 'clicks' that users make on CPM or CPC. Social ads offer very powerful targeting: when a company creates its ad, there is an option to narrow down the target audience that may see the company's ad by age, marital status, sex, location, keywords, level of education, workplace, political beliefs and possible relationship to someone, information that is provided by the user himself/ herself.

Companies may use Facebook for social ads. This is one of the simplest ways one can promote their own products and services on Facebook. Using social classified/ social ads, Facebook provides the possibility of targeting groups based on demographic characteristics of people—users. These common features include for example age, gender as well as the interests each user has. By managing this kind of targeting groups, a company may be given the possibility of increasing the clicking through rate (CTR) the result of the following mathematical operation: clicks/ impressions. This event attracts more visitors to the website and increases while raising the potential number of customers who are in a position to attract any business. In fact, a study on the retail industry on more than 150 billion impressions from 100 retailers by Facebook social marketing platform Nanigans found that retailers have achieved an increase of 3.75 times higher click-through rates in the first nine months of 2013 than the same period in 2012 (14); this is a fact that illustrates significant role that Facebook may have on achieving the advertising and sales goals of a company.

Social ads also offer the advertiser a possibility to place them in the area of 'News Feed' (the main page of each user which sees all new 'Facebook Friends') where it may attract the attention of other users. A company also can target users' friends who have recently had some kind of involvement and exposed to the product or advertising message either through the 'Fan Page' or through the 'Facebook Beacon'; highly targeted these actions yield even better results.

3.2. Products/ services pages on Facebook

Facebook also provides the ability to create social groups and individual product pages (fan pages) for each company, product, or simply website. Such process is followed by search and invitation of users to follow these social groups or supporters (fans) of these pages. Encouraged users—creators of social groups or product pages use the function of 'invitation' to either increase the number of supporters of one page or the number of participants in a social group. Both pages and groups are two excellent communication channels and with proper use, they can collect all their possible future and existing customers and also may increase more as the reputation and visibility of individual brands—brands on Facebook. Value creation through social media tools can be achieved and companies implement their use in many different sectors (15); the use of tourism can well employ the potential that the implementation of new technologies may offer (16).

3.3. Facebook—the word of mouth innovative tool of the company

Selling to a friend a product or your service can be easier than selling to a stranger. The important element thus is to try to attract more and more friends simply because the active users of Facebook are really many. It should therefore be the user who follows the product, service, webpage and must take part in these social groups, which may be variously associated with the product or company and within the process of socialization, interaction with members of these social groups takes place in order to create and develop new friendships. When these people begin to learn and trust the firm or the product for sale from their friends, the more likely it is they will buy the products. Research has found that the word of mouth from relatives and friends is considered to be very important to the decisions made (17, 18, 19) and this is an opportunity widely offered on Facebook.

4. Critical approaches—the future of advertising in social media

An already existing and ongoing dialogue about the importance of social networking sites is under discussion. Scholars still have a limited understanding of who does and who does not use these social networking sites and both quantitative and qualitative research all over the world may shed light on the way social media may be better implemented.

Building marketing strategies without enough information is difficult for marketers; ethnographic research on populations and netnography on the Internet (20) is predominantly harder to achieve, yet it may have the best possible access to the target audience. This, however, will be able to help in learning how to understand the long term effects of these tools.

The social media networking have a lot to offer to a company's innovative activities for advertising itself and communicating with its existing and potential target groups. Since physical and digital world will be inextricably connected, iPhone applications and mobile technology with which people are linked to their profile on Facebook and Twitter allow the exchange of data. It all may bring huge revenues via online shopping to the companies with the collection of information about the potential target groups associated with their specific interests (21).

Social media offer the opportunity for companies to create an 'imagined community' among their targeted groups all over the world, transcending in that way physical boundaries.

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Rola mediów społecznościowych jako narzędzia innowacyjnych działań firmy w zakresie komunikacji

S t r e s z c z e n i e: Media społecznościowe oraz sieci społeczne zdobywają coraz więcej użytkowników w zadziwiająco szybkim tempie, dlatego też są one wykorzystywane przez wiele firm. Celem niniejszej pracy jest wyjaśnienie terminu „media społecznościowe", ich najszerzej akceptowana prezentacja, ich wykorzystanie z punktu widzenia reklamy i ich efektywności, ze szczególnym naciskiem położonym na Facebook. Istotna jest również prezentacja innowacyjnych pomysłów ważnych dla rynku reklamowego, próbującego w szerzej przyciągnąć potencjalnych klientów przy użyciu nowych technologii. Ma ona na celu przedstawienie sposobu, w jaki sieci mediów społecznościowych mogą zostać wykorzystane przez firmy, a także prezentację nośników reklamowych wykorzystanych na Facebooku, mogących zwiększyć innowacyjne sposoby komunikacji wykorzystywane przez firmy oraz działania reklamowe. Praca ta jest refleksją nad implikacjami związanymi z uogólnionym wykorzystaniem sieci społecznościowych i technologii informacyjnej w biznesie poprzez reklamę i bada typ możliwości, które stwarzają dla niego sieci społecznościowe firm. Przedstawia koncepcję „wspólnoty wyobrażonej", kojarzonej z poczuciem przynależności do grupy – koncepcję, która może być związana z innowacyjnymi działaniami firmy w zakresie komunikacji. W ten sposób praca oferuje wkład teoretyczny do sposobu, w jaki media społecznościowe mogą zaproponować firmom możliwość efektywnego kierowania oferty do konsumentów, a także pozwolić być częścią „wspólnoty wyobrażonej". Zamysł ten z powodzeniem może być także wykorzystany w ofercie środowiska mediów społecznościowych, wykraczając poza granice fizyczne.

S ł o w a k l u c z o w e: media społecznościowe, reklama, innowacje w procesie komunikacji, „wspólnota wyobrażona"

Cansu Güleç*

Globalization and Middle East: The economic dimension

Key words: globalization, Middle East, economics

Summary: In the last part of the 20th century and in the beginning of the 21st century, a popularized and equally controversial phenomenon has marked, and has had a great impact on societies, that is named globalization, which has occupied discussions related to the current world economy, world politics, local problems and responses. Globalization has increased contact among the peoples of the world, a rapid expansion of interdependence among nations; and we have witnessed an explosion of new actors in international affairs. There are many definitions, opinions and dimensions of globalization. Yet, for the purpose of this study, the paper will try to analyze the economic domain rather than political and cultural dimensions of this popular phenomenon with particular reference to Middle Eastern countries. Economic and financial globalization and the expansion of world trade have brought substantial benefits but also inequalities to countries around the world. In the framework of this argument, the paper analyzes the concept of globalization and processes of globalization particularly focusing them from economic perspective. It then concerns with the effects of the economic globalization in Middle East region, and argues the main impediments for greater integration into global economy.

1. Introduction

In the context of international politics, the 1990s has been regarded as a transitional period in which basic foundations of international politics have considerably changed; and there has been an impression that the post-Cold War societies are decisively different than before. It is argued that one major denominator of the changes in the contemporary world including the Middle East is 'globalization'. The phenomenon and concept of globalization has occupied discussions related to the current

* Cansu Güleç, PhD—research assistant, Department of International Relations, Yeni Yüzyıl University, Istanbul, Turkey, tel.: +90 212 444 50 01, e-mail: guleccansu@hotmail.com.

world economy, world politics, local problems and responses. There are various definitions, opinions and dimensions of globalization. However, it is impossible to cover the entire phenomenon. Thus, the intention of this paper will be examining globalization with particular reference to Middle Eastern countries, and from the perspective of its economic dimension.

The main argument is that the states of the Middle East fell behind in such globalization indicators as foreign direct investment, competitiveness, market growth, and integration into international markets, and there are number of factors responsible for the limited nature of economic globalization in the Middle East. Accordingly, the paper begins with a definition of this ambiguous concept as well as processes of globalization, particularly focusing them from economic perspective. It then concerns with the effects of the economic globalization in Middle East region, and argues the main impediments for greater integration into global economy.

2. The globalization process and Middle East

The Cold War, which was a product of a bipolar international distribution of power, and which was a struggle between the two states with the largest military capabilities—the U.S. and the Soviet Union—dominated political events for more than forty years both at the international and the national levels (1, p. 201). Since 1945, world politics has been greatly influenced by the conflict between the United States and the Soviet Union, each of which emerged as 'superpowers'. The ideological, political, and military interests of these two states and their allies extended around the world.

The Cold War also significantly influenced economic and political developments in the Middle East. According to Krasner, the creation of state of Israel was a result of the policies followed by the great powers, as was the independence and form of government of many Arab states. Both the U.S. and the USSR cultivated their own allies in Middle East. The control and price of oil was regarded as the result of political calculations rather than economic. For instance, The United States tolerated not only the nationalization of the holdings of the international oil companies, but also in the early 1970s discontinuous increases in the oil prices (1, p. 202). Krasner claims that the main aim of the U.S. policy makers was not the narrow economic interests of the country, but rather the defeat of communism. According to her, these leaders wanted to minimize Soviet influence in the Middle East even if this meant a massive transfer of wealth to the oil-exporting states.

With the end of the Cold War, domestic as well as international cleavages changed in many polities. Since 1989, the Middle East and North Africa (MENA)[1] have witnessed the end of the Cold War, the Gulf War, and the starting of the Arab-Israeli

[1] According to World Bank definition, The MENA Region includes: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, West Bank and Gaza, Yemen.

peace process. These events have affected the political map of the Middle East, and all these changes had great impacts on all the countries in the region. Furthermore, 9/11 terrorist attacks on the U.S., and its dramatic regional and global consequences have returned the region in the centre of the world politics. In the meantime, the main argument is that interdependence, along with trans-nationalization of the network of the states and social communities, has turned the relationship between Middle East and the rest of the system into a major security complex (2, p. 2). However, this paper does not concern itself with this debate, and the following part will focus on the dynamics of 'economic globalization' for the region. In this study, it has been interpreted in a narrow economic sense, referring to main economic indicators within the region. At this point, main economic and trade parameters of the region would be considered as key indicators.

2.1. Concept of globalization

In the last part of the 20th century and in the beginning of the 21st century, a popularized and equally controversial phenomenon has marked, and has had a great impact on societies, that is named globalization. Globalization simply refers to 'the process of increasing interconnectedness between societies such as events in one part of the world having more and more effects on people and societies far away' (3, p. 8). In a globalized world societies are affected more extensively and deeply by events of other societies. Over the last three decades, the scale and scope of global interconnectedness have become increasingly evident in every sphere from the economic to the cultural (3, p. 20). The social sphere of globalization comprises social relations and customs such as family relations, social organizations, consumption patterns and lifestyles (consumer goods and services such as consumer durables, fashion and designer articles, food and beverages). The cultural dimension includes important domain of values, religion and identity. It also comprises leisure avocations such as television, videos, music, dance, sports and foreign travel. At the political level, globalization is reflected in the spread of pluralist systems, multi-party democracies, free elections, independent judiciaries, and human rights. As it can be seen, globalization, to varying degrees, is evident in all the principal sectors of social activity; yet, for the purpose of this study, the paper will try to analyze the economic domain rather than political and cultural dimensions of this popular phenomenon.

First of all, it can be said that there are a number of forces which have driven the processes of economic globalization. Worldwide expansion of capitalism and technological progress are regarded as the core dynamics of it. These forces have been in operation for centuries, but have increased in scale and intensity in recent decades (4, p. 3). The boom of the expansion of capitalism has found expression in the shift towards greater reliance on markets and private enterprises almost all over the world. Almost everywhere there has emerged a reduction in state intervention in the economy, privatization of public enterprises, deregulation of the economy, and liberalization of foreign trade and capital flows (4).

As mentioned above, in the sphere of economics, globalization has been reflected in the increasing acceptance of free markets and private enterprises as the principal mechanisms for promoting economic activities. Its growing importance is captured in such indicators as trade in goods and services, private capital flows in different forms, foreign investment, technology transfers, operations of transnational enterprises, business travel and communications, and migration and remittances (4, p. 2). This process is usually associated with key reform policies such as privatization, trade liberalization, and capital market and financial deregulation promoted, in most cases, by international multilateral institutions, particularly the IMF, World Bank, and more recently the World Trade Organization (WTO). These institutions are also viewed by most observers as the main ambassadors and 'important vehicles' for globalization (5, p. 446). However, it would be misleading to argue that globalization in any of its spheres has proceeded in a smooth and uniform manner. In the economic domain, the financial markets come closest to achieving global integration. It has been argued that outside the framework of regional free trade areas, the trend in most industrialized countries over the past fifteen years has been towards imposition of various barriers to free trade, especially in their trade with developing countries (4, p. 2). Moreover, it can also be argued that the pattern of global economic integration also exhibits some inequalities. Whether measured in terms of trade, capital flows, foreign investment, technology transfers or activities of transnational enterprises, most transactions take place among developed countries. Linkages with developing countries have expanded significantly in recent years, but there is a marked concentration of direction: a limited number of countries account for the majority of flows (4, p. 3). Nevertheless, most of the poorest and least developed countries are largely bypassed by the intensified circles of trade, capital and investment. Consequently, in parallel with these explanations, for the purpose of creating a picture of the said phenomenon, some arguments can be presented from the perspectives of both the supporters and the opponents of the globalization.

The arguments in favour of globalization claim that globalization is a stable support of the economic growth; it is a stable support of the global trade; globalization and competitiveness are complementary; and globalization enables the getting of all scale advantages, the capitalization of the cooperative advantages, the turning into account of geographical advantages and of those corresponding to its own market power (6, p. 1245).

On the other hand, the arguments against globalization argue that globalization increases the inequality of incomes, at the global level, but also inside the countries; it causes asymmetric shocks of the type: social break between the rich and the poor, the duality of work—unemployment, the duality: lack of power in interdependency; it is a potential process of disappearance of the state—notion; and through the transnational companies it has suppressed, and even eliminated some of the national markets (6).

2.2. The interaction between the international system and the Middle East

An important process in which aspects of globalization have been introduced throughout the developing world over the past two decades is the provision of international finance with attached economic reform and liberalization policies. The IMF and the World Bank are the two principal multilateral institutions involved, with their provision of finance in support of stabilization and structural adjustment programmes. Stabilization programmes usually involve expenditure education through cuts in government expenditure, tight monetary policy, and devaluation. Structural adjustment programmes (SAPs) involve switching production towards the tradable goods sector of the economy, as well as liberalization measures to enhance economic efficiency such as trade liberalization, removal of price distortions, rolling back the state, and privatization programmes. In addition to financial support from the two Washington multilaterals, finance for the reform programmes is often provided by other multilaterals such as the European Union, as well as by bilaterals such as the United States Agency for International Development (USAID). In addition, programmes are often supported by substantial debt rescheduling, or written-off by both official and private creditors (5, p. 446).

During the 1980s many developing countries, facing economic discomfort—resulted from a combination of weak domestic policy and external shocks—signaled by large balance of payments and public sector deficits, were forced to turn to the IMF and World Bank for financial support in return for economic reform programmes. The Arab world was no exception in that respect. It is usually argued that the 1980s was a lost decade for Latin America, which achieved an average annual growth rate of around 1%. However, the performance of Arab economies was even more disappointing. During 1981–1990, the Arab world stagnated, achieving almost zero growth. Even in terms of debt, the Arab world's performance was also disappointing. The Arab world, with a weak and undiversified industrial base, emerged in the 1980s as the second largest indebted developing region, after Latin America (5, p. 448).

There are some internal and external factors which explain the disappointing economic performance of Arab economies since the early 1980s. The former include poor economic management, corruption, and high and prolonged periods of heavy protection that led to large waste and inefficiencies. External factors include deterioration in terms of trade and collapse in international oil prices, a fact which drastically reduced revenues of Arab oil-rich states and, in turn, diminished their ability to continue their large official assistance to other Arab oil-poor countries. The latter states were also hit by the decline in demand for their workers in the Gulf, thus lowering the volumes of one of their most important sources of foreign exchange, namely, remittances from workers abroad. Global economic slow down reduced demand for the region's main exports, also higher global interest rates triggered a debt crisis in several Arab states. The outbreak of financial crisis in the

1980s gave international financial institutions the opportunity to effect the direction of free market economy. Sudan in 1979/1980, Morocco in 1983, Tunisia and Egypt in 1987, and Jordan in 1989 all turned to the IMF and World Bank for financial and technical assistance. Algeria, Yemen, and Lebanon followed suit during the 1990s (5).

The IMF and the World Bank demanded large cuts in government spending, the imposition of new taxes, trade liberalization combined with large currency devaluations, a massive reduction in tariffs and elimination of non-tariff barriers, privatization of state owned enterprises, and price and financial deregulation. These policies figured in SAP packages signed with every local government in the Arab World (5, p. 449).

It is also necessary to underline the fact that despite the obvious call for economic need for external finance and reform in many countries in Middle East, the flow of international finance has also been determined by geo-political factors. The collapse of communism in the late 1980s and early 1990s did not end only the Cold War between the U.S. and the USSR, but also the conflict between the two major ideologies, capitalism and communism. The former U.S. policy of containment of the communist threat in the region authorized large and unconditional financial and military aid for the region. However, according to El Said and Harrigan, the environment of the new world order seemed to be pushing in the direction of economic liberalization (5).

2.3. The Middle East and global economy

It should be clearly underlined that the Middle East region has economies with different capacities and levels of performance. The gross national income per capita can range from about \$7.970 in Lebanon classified as 'upper middle income' by the World Bank,[2] to approximately \$3.000 in 'lower middle income' countries such as Algeria (\$4.420), Egypt (\$2.070), Iran (\$4.530), Morocco (\$2.790), and Tunisia (\$3.720). There are also a number of 'high income' countries, most notably Saudi Arabia (\$17.700) and Israel (\$25.740) (7). Moreover, there are different variations in population, gross domestic product and its annual growth, government revenues, and the availability of technology and infrastructure.

While there is much debate over the strength, effect, and the importance of globalization, there is little doubt about its reality. There has been an explosion of global activity over the last decade via the liberalization of financial markets, the opening up of trading regimes, and the development of communications technology in the West, all of which have reduced the transaction costs of doing business abroad. The impacts have been particularly apparent in the developing world, due to its need for capital to fuel development programmes, and to foster economic

[2] Economies are divided according to 2009 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, \$995 or less; lower middle income, \$996–\$3,945; upper middle income, \$3,946–\$12,195; and high income, \$12,196 or more.

growth. Faced with declining levels of military and financial assistance from the West with the end of Cold War, many developing countries were subjected to the pressure from international financial institutions, such as IMF and the World Bank, to open up their state-controlled markets to global competition in exchange for new injections of development capital. The result has been an increase in the flow of private capital to the development world (8, p. 202). Whereas official development assistance remained constant between 1990 and 1998 at just under $60 billion, foreign direct investment increased from $20 billion in 1990 to in excess of $160 billion in 1998 (9, p. 45). The MENA region, excluding the Gulf countries, received net inflows of foreign direct investment (FDI) of about $2.2 billion in 2000—slightly more than 1% of the $158 billion to all developing countries, and one-sixth of their share (7%) in the GDP of all developing countries. The group of five Eastern European countries (Czech Republic, Hungary, Poland, Turkey and Russia) together received some $19 billion, nine times more than MENA. The three East Asian countries (Malaysia, Philippines, and Thailand) received more than $8 billion in inflows, four times more than MENA. And the group of four Latin American countries (Bolivia, Chile, Mexico, and Brazil) received about $50 billion, more than 22 times the inflows to the MENA region (10, p. 9). The region's share in total FDI flows to the developing world rose to 21% in 2006, whilst the top five holders of FDI inward stock in 2006 were Turkey ($79.075 million); Saudi Arabia ($51.828 million); Egypt ($38.925 million); the UAE ($37.098 million); and Morocco ($29.795 million). These five recipients held 68% of aggregate FDI stock. The six-member Gulf Cooperation Council (GCC)—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE—together accounted for two-fifths of total inflows to the region. Saudi Arabia was the biggest recipient in the GCC, with inflows of $18,293m, 51% more than in 2005 (11). It can be argued that the MENA region experienced an increase in FDI flows to a record $51.6 billion in 2006, accounting for 4.7% of world FDI, up from an average of only 1.8% in 2000–2004. However, FDI flows to the region are concentrated in few countries: Saudi Arabia, Egypt, UAE, Tunisia, Bahrain, and Morocco. The bulk of the region's FDI is directed to oil-related and other natural resource activities.

Moreover, the MENA region has been excluded from the flows of capital. Despite reduced flows of official development assistance to MENA, which downed from 17% to 9% of the global total between 1990 and 1997, and serious reductions in the flow of oil revenues, most of the MENA countries remain closed to the global economic arena (11). For example, according to varibales of *Arab Human Development Report*, MENA seemed to be losing its share of global trade, its export growth of 1.5% in the 1990s was below the global average of 6% (12, p. 4). As Henry and Sprinsburg underline, the MENA has little to offer the world economy apart from oil. Also, given the weak nature of stock exchanges, the region has been unable to tap into the huge global flows of portfolio investment, attracting less than even Sub-Saharan Africa.

Consequently, it can be said that the MENA region is being by-passed by the economic forces of globalization.

Figure 1 provides a view of growth performance in the MENA region between 1963 and 2000. This extended perspective allows one to see both the oil-price-supported boom of the 1970s and the slow growth trend thereafter. In 1990s, the average growth rate of the region has been around 3.3% per annum. This translates into a per capita growth rate of around 1.2% (10, p. 3).

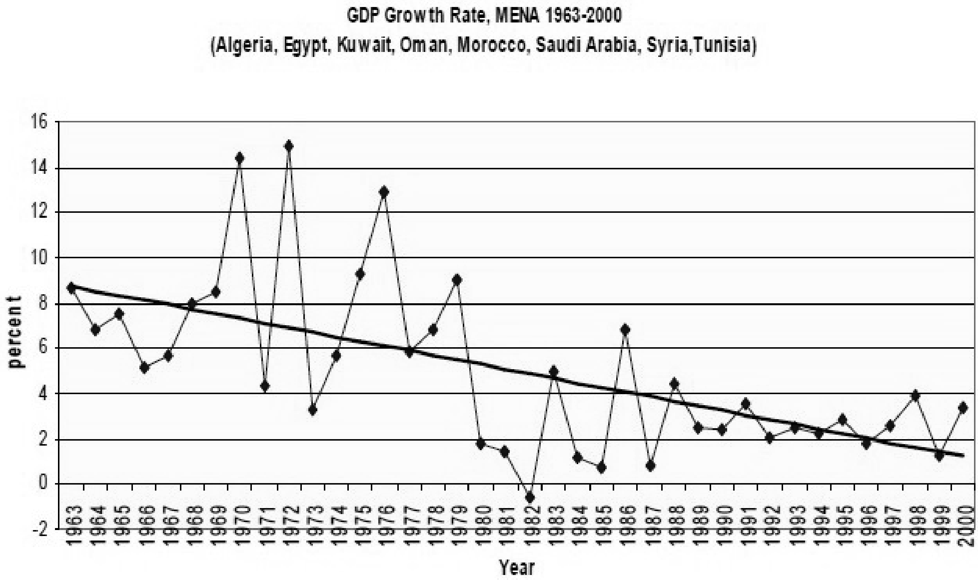

Figure 1. GDP growth rates for selected MENA countries (1963–2000)

Source: (10).

In addition, according to World Bank Development Report 2009, the average annual percentage GDP growth of the MENA region was 4.5 between the years of 2000–2007. This rate was below the rates of East and Pacific Asia, Europe and Central Asia, South Asia, and Sub-Saharan Africa, whose growth rates were 8.9, 6.1, 7.3, 5.0% respectively. Only the GDP growth rate of Latin America was under the MENA region which had 3.6% GDP growth rate during that period.

Figure 2 provides a comparison of MENA's growth during the 1990s with that of other regions. The MENA region's per capita growth rate of 1.2% is worse than that of such regions as Latin America, South Asia and East Asia. It is better only than that of Sub-Saharan Africa and the Europe/ Central Asia region (10).

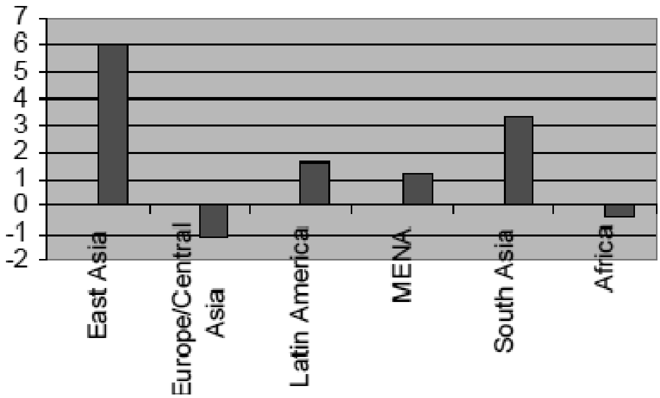

Figure 2. Comparative per capita growth rates (1990–2000)

Source: World Bank, 2003, Appendix Table 1, p. 228.

When overall trade performance is analyzed, it can be seen that countries in the region differ in relative endowments of natural resources and labour. Despite the diversity of country characteristics trade outcomes are fairly common throughout the region. When the trade figures are analyzed, it can be seen that the MENA region failed to ride the wave of globalization that began in the mid-1980s. While world trade rose by around 8% in the 1990s, MENA's trade with the world rose by only 3% (10).

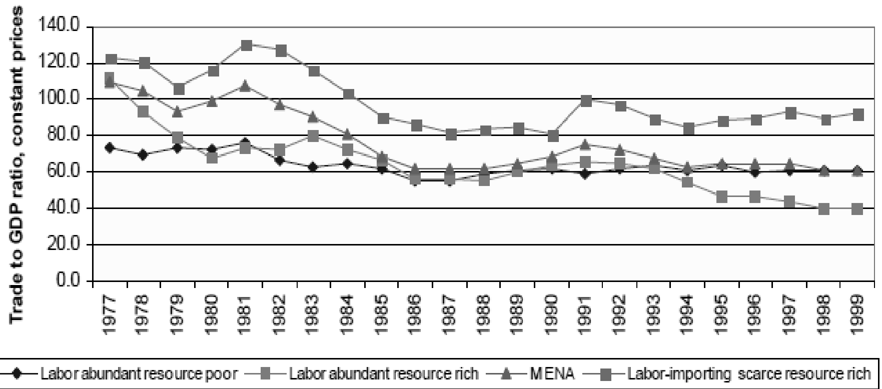

Figure 3. Trade performance of MENA countries

Source: World Bank, 2003, p. 74.

An important portion of the trade of the MENA region is made up of oil and oil related products whose value fluctuates with the price of oil. To fully appreciate the role of policy in determining exports, it is necessary to focus on the performance of the non-oil component of exports. Figure 3 shows that while overall merchandize exports have fluctuated between 32% and 17% of GDP, most likely depending on the price of oil at any given time, non-oil exports have stayed at a steady and low rate of around 7% of GDP since the early 1980s. According to World Development Report of 2009 (13), the percentage of manufactured exports of the region was 19%, while the percentage of the high technology exports was only 5% which was below the rates of the other regions except South Asia.

As mentioned above, the Middle Eastern trade is still largely dependent on the export of raw materials, like oil, and the import of manufactured goods, although there emerged some progress in several countries towards greater manufactured goods export orientation. Egypt, Israel, Morocco, Tunisia, Bahrain and Kuwait joined the WTO, becoming full members in 1995. Jordan, Oman, Qatar, and the UAE joined later. Tunisia and Morocco are full partners, but not members, of the EU, while Israel and Jordan entered association agreements. Despite these commitments to free trade, tariffs remain high, even in countries with bilateral or multilateral free trade agreements. Some countries, such as Lebanon, rely on tariffs to finance the government budget, and policy-makers in many countries seem to be unconvinced that the benefits of free trade outweigh the costs. Apart from the oil sector, most Middle Eastern countries have few competitive advantages in the international market, thus the reduction or elimination of tariffs would render the manufacturing sectors vulnerable to unsustainable competition to cheap Asian imports. As a result, there has been an increase in the already high unemployment rate, or an increase in burdensome subsidies to the manufacturing sector, neither of which is an attractive option (14).

As mentioned above, the Middle East ranks consistently low on indicators of technology exports, with exception of Israel. High technology exports consist of about 20% of manufactured exports in Israel, compared to only 4% in Jordan, 2% in Turkey and Tunisia, and 1% in Algeria. Israel's high technology success is dependent on its considerable investment in the security sector, and by the high level of education and useable skills in the population. However, other Middle Eastern countries will find it difficult to catch the globalization wave without high technology exports (10, p. 3).

Figure 4 provides such a comparison in the case of non-oil exports. According to indicators of World Bank, total non-oil exports of the MENA region amounted to about $28 billion in 2000 (excluding re-exports) (10).

Moreover, GDP growth in Middle East and North Africa dropped to 5.5% in 2008 on lower oil prices and exports to Europe. It dropped further in 2009 as the full effects of the global financial crisis are felt. Developing oil exporters in the region, Algeria, Islamic Republic of Iran, Syrian Arab Republic, and the Republic of Yemen, suffered from drops in both the price and volume of oil exports. More diversified economies, Egypt, Jordan, Lebanon, Morocco, and Tunisia, were affected by declines in external demand from high income economies, especially the Euro area, as exports, tourism, and remittances fell. Figure 5 shows the percentages of annual rate of growth of the MENA exports, MENA GDP growth, and Euro area imports of goods and services.

According to the data below, the export rate of the region fell after 2006, and there seems a decrease in the GDP growth of the region in 2007 and 2008.

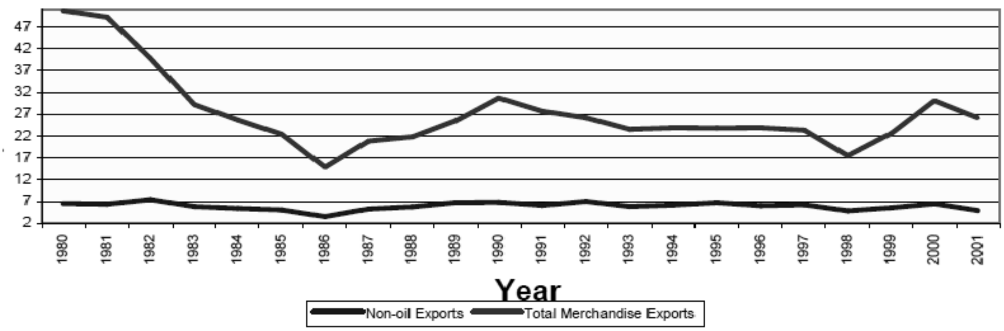

Figure 4. Exports of MENA as percent of GDP

Source: (10).

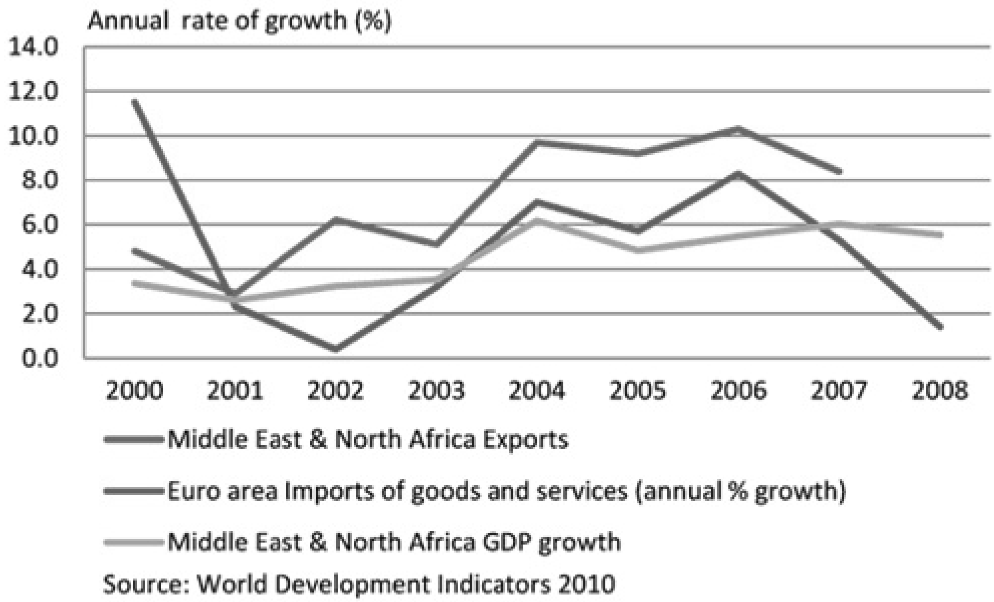

Figure 5. Annual rate of growth of the MENA exports, MENA GDP growth and the Euro area imports

Source: (7).

Furthermore, the closed nature of MENA political economies also has had negative consequences for their socio-economic and human development. For instance, the United Nations *Arab Human Development Report* argued that although Arab world has less suffered from poverty than other developing regions, poverty in the region, along with unemployment and inequality have increased in recent years. Around 12 million Arab people, or 12% of the labour force are unemployed; out of every five Arabs, one lives with less than $2 a day; 65 million adults are illiterate among 280 million Arabs, two-thirds of whom are women; 10 million children have no schooling at all; and only Sub-Saharan Africa had lower annual growth in income over the past twenty years than the Arab world (12).

2.4. Common problems

The economic performance of a nation or region is determined by the interaction of economic, social, political and technological forces. Open trade, a civil society, appropriated institutional arrangements can be regarded as prerequisites for integration in the global process. However, to a large degree these requirements are not sufficient in the region. Partly because of the region's geopolitical importance, external hegemonic influences prevail over weak state systems governed largely by authoritarian regimes. Political fragmentation and repeated conflict have prevented the development of democratic institutions, and become an important obstacle to economic reform. As noted by the recent *Arab Human Development Report*, the region performs poorly when it comes to civil and political freedoms, gender equality, and, more generally, opportunities for the full development of human capabilities and knowledge. The border lines between the public and the private sectors are often unclear, encouraging conflict of interest, rent seeking, and widespread corruption. While there are exceptions, transparency in government is poor and accountability is rare. Civil society organizations, such as professional associations, free and independent media, and autonomous nongovernmental entities, are weak and often co-opted by governments (15, p. 7). As a result, citizen participation and private sector initiative have been constrained. Figure 6 shows the levels of voice and accountability, political stability, government effectiveness, regularity quality, rule of law, and control of corruption among the different regions of the world. As it is seen from the Figure, the percentages of the MENA region concerning these indicators are below other regions, which show the ineffectiveness of the region.

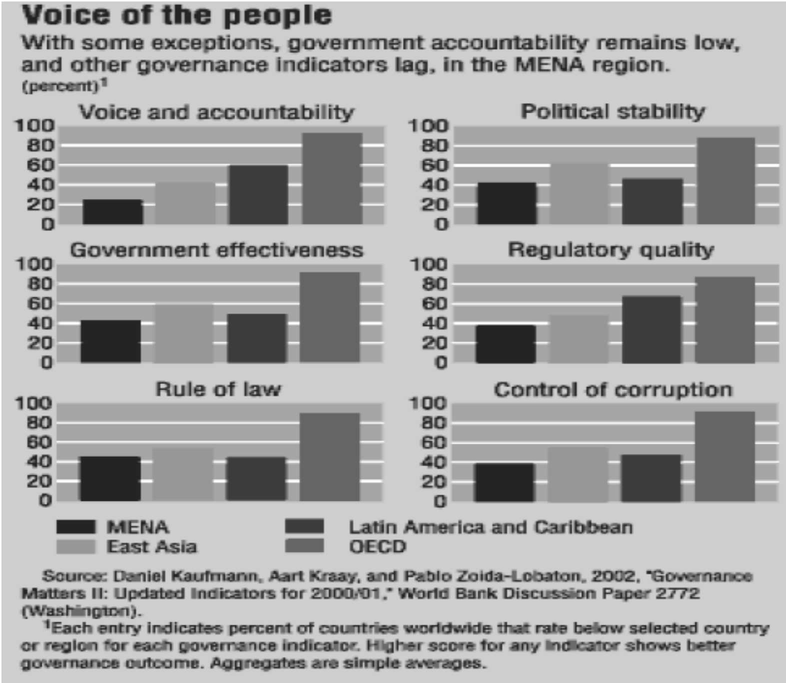

Figure 6. Levels of voice and accountability, political stability, government effectiveness, regularity quality, rule of law, and control of corruption in world regions

S o u r c e: (15, p. 8).

Moreover, despite some progress with privatization, most economies are still dominated by state institutions and large public enterprise sectors. Some countries have pursued fiscal reforms, such as tax reforms, and improved transparency and expenditure control; and some progress on privatization, particularly in the region's telecommunications sector, is realized. However as Abed argues, the MENA countries continue to lag in the development of an economic and financial environment conducive to entrepreneurship, risk taking, and private sector-led investment and growth by international standards.

Furthermore, it can be also claimed that financial markets in the MENA region remain cursory and fragmented. Banks are dominated by public control, and have considerable exposure to government debt; regulations are outdated; management is poor; and links to international capital markets are weak. As a result, financial sectors in the region have not played the intermediation role which supports investment and growth.

In addition, the foundations for building a civil society are almost non-existent in many countries in the region. Labour, professional, and political organizations have had only limited freedom to implement their goals (16, p. 106). Also, women's participation in the labour market is limited in many countries. Full participation in the global economy is impossible in the absence of effective institutional arrangements. In the Middle East, institutions exist primarily to serve rulers and states. Most of the private business organizations are owned by well-established traditional families or a network of close friends. As a result, the concentration of stockholdings in few hands, the lack of separation between ownership and management control, and the lack of a competitive environment may contribute to absence of competitive innovation (16, p. 107).

The competitiveness of this region has been frustrated by political and organizational constraints. The countries in the region have generally adopted economic policies which have relied on regulations, high import tariffs, price controls, and large state enterprises. Such economic policies have discouraged savings and investments, and emphasized public expenditures and consumption. Also, business firms have not played any important role in affecting national economic policies (16, p. 108). However, on the other hand, the Middle East is home for more than 60% of proven oil reserves, natural gas, and other important resources like iron ore, zinc, sulfur, manganese, and copper. Since over 40% of the population is under 15 age, and since there has been an emphasis on education in recent years, the potential contributions to global competitiveness should be kept in mind.

According to World Economic Outlook 2010 of IMF, the MENA region started to be recovered as a result of the rebound in oil prices from their trough in 2009, which has boosted receipts for oil exporters in the region. In addition, a sizable and rapid fiscal policy response, especially in oil-exporting economies, has played a substantial role in supporting the non-oil sector in these economies.

3. Conclusions

Consequently, it can be argued that the MENA region have already moved into the global economy at least on an abstract level. They all have their stock markets, imported cars, cosmetics, and they are developing manufacturing capabilities that may withstand global competition in time. The use of Internet is widespread as is access to other forms of global communication. These are the potential beneficiaries of globalization sufficiently quick to find comparative advantage in the information age. Certain of the local capitalist and the high government officials can also find their way in the new world order. However, the region as a whole continues to suffer from a massive export of capital, continuing debt and dependency, and limited economic development with high population growth. The spearheads of globalization, such as IMF, pressurized regional states to enforce their neo-liberal agenda which has been splitting societies between new bourgeoisies who benefited, and the marginalized masses to radical Islam as a way of protest. The Euro-Mediterranean initiative,[3] designed to accelerate globalization in the region through imposing liberal order on each of the states in the region, made some breakthroughs. However, opening Middle East industries to European competition through maintaining the protection of Europe's agricultural markets from Middle Eastern exports only reflected the power imbalance between Europe and Middle East (17, p. 231).

A key medium-term objective might be to raise potential growth and create jobs for the region's rapidly growing population. The region needs to redirect trade towards today's growth engines, attract FDI from these economies, and exploit the potential for intraregional trade and FDI. This underlines the need for structural measures to enhance competitiveness. Improving the business environment, including the establishment of strong legal and regulatory frameworks, is essential. Building human capital through greater emphasis on education and training will be particularly important. And, as in all emerging market regions, increased financial sector stability and a track record of macroeconomic stability and policy might increase the prospects for self-sustaining growth.

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[3] The Euro-Mediterranean Partnership, also known as the Barcelona Process, was created in 1995 as a result of the Conference of Euro-Mediterranean Ministers of Foreign Affairs held in Barcelona under the Spanish presidency of the EU. After the Barcelona meeting in 1995, the EU and its Mediterranean Partner Countries engaged into an ambitious venture of increased economic, political and social cooperation through Euro-Mediterranean Association Agreements and financial cooperation. Ambitions in terms of economic cooperation were especially high, aiming at a Free Trade Area by 2010.

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Globalizacja a Bliski Wschód – wymiar ekonomiczny

Streszczenie: Pod koniec XX oraz na początku XXI wieku odnotowano rozpowszechnione i w równym stopniu kontrowersyjne zjawisko, które wywarło ogromny wpływ na społeczeństwa, nazywane globalizacją. Zjawisko to stało się tematem do dyskusji na temat bieżącej gospodarki światowej, światowej polityki, lokalnych problemów i reakcji na nie. Globalizacja zwiększyła kontakty między narodami, nasiliła gwałtowną ekspansję wzajemnej zależności; staliśmy się także świadkami eksplozji nowych aktorów w sprawach międzynarodowych. Istnieje wiele definicji, opinii i wymiarów globalizacji. Jednakże dla celów niniejszego studium podjęto próbę dokonania raczej analizy domeny gospodarczej niż wymiaru politycznego i kulturowego tego popularnego zjawiska, ze szczególnym odniesieniem do krajów bliskowschodnich. Globalizacja ekonomiczna i finansowa, a także ekspansja handlu światowego przyniosły krajom świata zasadnicze korzyści, ale także spowodowały nierówności. W świetle tego argumentu praca analizuje koncepcję globalizacji i procesów globalizacji, szczególnie koncentrując się na perspektywie ekonomicznej. Zajmuje się następnie skutkami globalizacji ekonomicznej w regionie Bliskiego Wschodu oraz prowadzi dyskusję nad głównymi przeszkodami na drodze do większej integracji z gospodarką światową.

Słowa kluczowe: globalizacja, Bliski Wschód, ekonomia

Lahorka Halmi, Ivana Varičak, Branko Wasserbauer*

Balanced scorecard: A strategic tool for corporate social responsibility

Key words: corporate social responsibility, balanced scorecard, strategy

Summary: Globalization process has created awareness of the need for sustainability, as well as the role of stakeholders. Organization's stakeholders have ever increasing expectations for organizations to act in a responsible and sustainable way. Increasing number of organizations are adopting the mission statements that relate to sustainable development and Corporate Social Responsibility. As one of the results of globalization, International Organization for Standardization has been creating and developing ISO standards, which are to be a guideline in managing areas of the most importance for the organization. One of those standards is ISO 26000 norm, a guideline for Corporate Social Responsibility. The 26000 norm defines the meaning of the term Corporate Social Responsibility and clarifies its link to sustainable development. Although the benefits of its implementation are being emphasized, Corporate Social Responsibility concept is still for many organizations almost impossible to capture and implement. As a management tool made of measurement system, balanced scorecard translates mission into measurable objectives. Since Corporate Social Responsibility is part of ever increasing numbers of mission statements, the aim of this paper was to research the potential of balanced scorecard in comprising the meaning and measuring of the corporate social responsibility concept by analyzing research and professional papers.

1. Introduction

The management challenge of all kinds of companies is to run successful business and to respect ecological and social values at the same time. It is now believed

* Lahorka Halmi, BSc—assistant, Karlovac University of Applied Sciences, 47000 Karlovac, Trg J.J. Strossmayera 9, Croatia; Ivana Varičak, MSc—senior lecturer, Karlovac University of Applied Sciences, 47000 Karlovac, Trg J.J. Strossmayera 9, Croatia, tel.: +385 47 843 541, e-mail: ivana.grgat@vuka.hr; Prof. Branko Wasserbauer, PhD—professor, Karlovac University of Applied Sciences, 47000 Karlovac, Trg J.J. Strossmayera 9, Croatia.

that there is no economic development if it is not environmentally and socially sustainable. Care for the environment and the community becomes a powerful source of competitive advantages. Companies that are actively involved in solving ecological, social and ethical problems are considered to be social responsible companies. Many factors and global events led to the emergence of corporate social responsibility (CSR for short) as a new business strategy and modern and important tool for accomplishing change. CSR is becoming universally accepted concept in the framework of sustainable development because of the increasing importance and strength of the business sector as well as its role in the global social development. According to the ISO 26000 norm, *Guidance on Social Responsibility*, Corporate Social Responsibility (CSR), or simply social responsibility, encompasses a vast variety of areas that in one way or another refer to social and environmental implications as a result of the decision-making (processes) in the organization (1). Although there seems to be no final agreement on the meaning of a widely used term CSR, the ISO 26000 norm seems to provide a draft of its meaning, where it is being defined as 'responsibility of an oganization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practiced in its relationships' (2). The most commonly used CSR activities are activities which deal with problems of the local community, employment policies and environment protection. Implementation of CSR definitely has a positive impact on business activities and long term sustainability of a company, so it is important that the management recognizes and understands the ultimate benefits of such engagement.

2. Sustainable development and corporate social responsibility (CRS)

Often-quoted definition of sustainable development is the one given by the Brundtland Commission, defining sustainable development as a 'development which meets the needs of the present without compromizing the ability of future generations to meet their own needs' (3). Sustainable development has three interdependent dimensions: economic, social, environmental. The sustainability concept is to embed these three dimensions finding a fine balance between seemingly contradictory conceptions—stability and continual development. This concept of sustainability is to provide stability for the future generations to come and their needs, while the continual development is to generate better conditions of life for the generations already living and those yet to come. The three dimensions of sustainability concept are grouping the existing challenges in the world into three subject matters, which when cascaded to lower levels are to find the way to solving the problems and difficulties the world today faces, such as hunger, poverty, inequality, underdevelopment, devastation of environment, and alike.

One of the aspects of sustainable development is corporate social responsibility (CSR), falling under the social dimension of the sustainable development. In 2001 The European Commission defined CRS in the following way: 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis' (4). According to the ISO 26000 norm, the essential characteristics of social responsibility is 'the willingness of an organization to incorporate social and environmental considerations in its decision-making' (2) as well as being accountable for the impacts the decisions made and activities carried out have on the society and the environment.

The businesses that apply the CSR seem to have advantages such as satisfied employees and customers, positive public relationships, cost reductions, and perhaps of the utmost interest to any organization, these seem to have more business opportunities and achieving long-term results as well as steady business activities. Along with market forces, there are other motives for business entities for integrating the CSR into their vision, mission, strategy and daily activities. These motives are of a competitive nature and some of them are as follows (5): economic considerations, ethical considerations, innovation and learning, employee motivation, risk management and reduction, access to capital or increased shareholder value, reputation and brand, market share, strengthened supplier relationships, cost savings.

Although the benefits of integrating CSR into the vision, mission, strategy and daily activities seem to have many long-term benefits, there are still obstacles the business entities are facing when integrating and implementing this new business and management concept. These obstacles refer to the following (6):

- the existing management system focused exclusively on the financial performance;
- social responsibility is directed to employees and their contribution to the financial performance;
- social responsibility is delegated to Human Resources departments which work more operationally on the administration of employees than strategically on the development of their human resources;
- social facts are 'soft' and are in consequence not as easy to handle and to measure as financial 'hard' facts;
- successful environment concepts such as eco-efficiency cannot be an appropriate template for the notion of CSR;
- sustainability requires also to look beyond the company borders including supply-chains or the society as a whole;
- introducing management systems for social aspects as an addition to quality, environmental and health and safety systems does not seem to be an appropriate solution to the problem.

Considering its vastness, these obstacles are natural results when trying to incorporate and implement the concept of CSR. The concept of CSR cannot be delegated to only one department of the organization (such as Human Resources) or to only one level of management (such as middle management). Because of its complexity, CSR should and must pervade through all management levels and organization's departments. This means that the concept of CSR must be integrated into the mission, vision, strategy, objectives and daily plans, budgets and activities of the organization involved. Willard identified stages or 'shades of green' the organizations experience when embracing the sustainability concept (7):

- stage 1: pre-compliance;
- stage 2: compliance;
- stage 3: beyond compliance;
- stage 4: integrated strategy;
- stage 5: purpose and passion.

Pre-compliance is a stage when the organization embracing the sustainability concept is entirely focused on profits, reducing costs wherever possible, actively resisting sustainability regulations. Compliance stage is marked by managing liabilities by obeying sustainability regulatory framework, yet the concept is treated as a cost. In the beyond compliance stage it becomes clear that the organization's cost reduce through the sustainable-based actions, such as minimizing waste, pollution, energy use and alike. In the integrated strategy stage, the organization becomes committed to the sustainability concept, integrating sustainability into the key business strategies. In the purpose and passion stage is present a commitment to improve the company, society and the environment 'because it's the right thing to do' (7), meaning these are the values on which the whole business is being build upon.

The key stage is stage 3, beyond compliance, where organization 'must develop a more comprehensive way to measure performance that includes sustainability' (7). Considering the measurement system it is formed of and as 'one of the more enduring business management ideas of the last 20 years' (7), the BSC could facilitate the sustainability performance measurement through the new concept of Sustainability Balanced Scorecard (SBSC). The reason for that is that the conventional BSC is already structured in a way that provides space for integrating sustainability measurements, such as employee culture score, number of new partnerships, kWh used per monetary unit of sale, waste reduction (7).

3. Balanced scorecard (BSC) as a tool for internal measurement and evaluation of CRS

Balanced Scorecard (BSC) is a management tool that translates organization's mission, vision and strategy into daily plans and activities. BSC is a framework that integrates measures derived from strategy (8) of the organization; it is 'a carefully selected set of measures derived from an organization's strategy' (9). Being comprised of key performance indicators (KPI), BSC is a strategic management system, measurement system and communication tool. The term *balanced* in the balanced scorecard indicates 'the balance provided between short- and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between external and internal performance perspectives' (8, p. 18).

The BSC concept is made of four perspectives: financial, customer, internal business process and learning and growth (8), forming a balance scorecard framework. Each of these perspectives is made of objectives, measures, targets and initiatives to set, that track the vision, mission and strategy.

The lead question in the learning and growth perspective is 'To achieve our vision, how will we sustain our ability to change and improve?' This perspective is focused on learning and growth of the organization's employees. There are three principal categories in this perspective (8):

- employee capabilities;
- information systems capabilities;
- motivation, empowerment, and alignment.

Elements to measure in this perspective are: involvement with decisions, recognition for doing a good job, access to sufficient information to do the job well, active encouragement to be creative and use initiative, support level from staff functions, overall satisfaction with company, employee retention, revenue per employee, value-added per employee (8). The measures in this perspective are enablers of the other three perspectives, making it the foundation on which the entire BSC concept is built (9).

The lead question in the internal process perspective is 'To satisfy our shareholders and customers, what business processes must we excel at?' The focus of this perspective are processes identified as critical to excel in for achieving the objectives of shareholders and customers. Measures in this perspective could be as follows: waste reduction, number of new partnerships, percentage of unused machine capacity, average production time in days, number of complaints (when improving the quality) (7).

The lead question in the customer perspective is 'To achieve our vision, how should we appear to our customers?' This perspective is focused on identifying relevant customer and market segments that contribute to the financial goals. Measures in this perspective are as follows: market share, customer retention, customer acquisition, customer satisfaction, customer profitability, customer loyalty (8).

The lead question in the financial perspective is 'To succeed financially, how should we appear to our shareholders?' The focus of this perspective is financial objectives, which makes it similar to the traditional management and accounting systems. The principal categories in this perspective are (8):

- revenue growth and mix;
- cost reduction/ productivity improvement;
- asset utilization/ investment strategy.

Some of the measures in this perspective are profitability, revenue growth, economic value added (EVA), sales, operating costs, EBITDA (7; 9). All objectives and measures in the above mentioned BSC perspectives should be linked to achieving one or more objectives identified in the financial perspective.

Since the CSR concept is rather new, for many organizations its application might seem unprofitable. The application of the CSR concept might require approval of the CFOs and/ or CEOs, which, when its cause-effect relationship is not clearly outlined, may not be approved. Epstein and Winser (10) list the benefits of successful implementation of the social (and environmental) strategy and values. These would include the following: increased employee satisfaction, lower operational and administrative costs, improved productivity, enhanced image and reputation, increased market opportunities through niche markets, better shareholders relationships (10). Taking into account the scope of the ISO 26000 norm as a result of new and indispensable sustainability trends in the business world, organizations are to embrace, integrate and implement principles of sustainability, which includes CSR principles into their missions, visions and strategies all down to the daily activities. BSC has the ability for integrating the three dimensions of sustainability concept into mainstream business activities (11). Nikolau and Tsalis (12, p. 12) define BSC as a proper tool for designing and achieving the objectives of corporate sustainability. As a management tool for successfully implementing corporate strategies (11), BSC would the organization's sustainability strategy and incorporated social (and environmental) performance measures communicate more clearly to the stakeholders, with CSR as a part of that strategy (10). An example of integrating and implementing CSR-based strategies into the organization is shown in Table 1.

Table 1

An example of how to integrate CSR into the balanced scorecard's four perspectives

BSC perspective	10 market forces (objective)	GRI measure: How success or failure is measured using the triple bottom line (a common framework for sustainability reporting)	Target: The level of performance or rate of improvement required
Financial	'Green' consumers	Energy consumption footprint (annualized lifetime energy requirements) of major products	Annual reduction in energy footprint for new products
Financial	Energy crunch	Direct energy use segmented by source	100% renewable energy
Financial	Financial	Increase/ decrease in retained earnings at end period	Percentage
Internal	Pollution and health	Standard injury, lost day and absentee rates and number of work-related fatalities	0 lost-time injuries & fatalities, or long-term illnesses

Internal	Climate change	Total greenhouse gas emissions	Annualized reduction
Internal	Governments and regulators	Incidents and fines for non--compliance with all laws and regulations	0 incidents or fines
People and knowledge	Civil society/ NGOs	Policies, guidelines and procedures to address needs of indigenous people	Number of indigenous employees
People and knowledge	Activist shareholders	Business units currently operating or planning operations in or around protected or sensitive areas	Number of employees trained in environmental management practices
Customer	Erosion of trust/ transparency	Policy to exclude all child labour	No child labour
Customer	Globalization backlash	Supplier performance related to environmental commitments	Use of 100% organic cotton or coffee

Source: Adapted from (5).

In the Table shown, the objectives, measures and targets are set in accordance with the concept of sustainability (13). The objectives in this example in the customer perspective are globalization backlash and transparency, where the measures are to focus on the supplier performance and their environmental commitments, and to exclude all possible child labour. The target of this perspective is no child labour included in any process of the product (or serviced) delivered and 100% usage of organic materials needed for the production. In the learning and growth (people and knowledge) perspective the objectives chosen are activist shareholders and civil society, where business units in or around are protected or sensitive areas are being measured, as well as the policies and procedures that address the needs of indigenous people. The target for this perspective is to have a certain number of indigenous employees and a number of people that are trained in environment management practices. In the internal processes (internal) perspective the objectives are the compliance to the regulations and government and to reduce the impact on the climate change.

These objectives are measured by the incidents and fines for not complying with the laws and regulations, and by the number of standard injuries, lost days and absentee rates, as well as greenhouse gas emissions. The targets for this perspective are 0 injuries and fatalities, long-term illnesses, and annualized reduction of greenhouse gas emissions. The objectives for the financial perspective are to reduce the energy usage and to create green consumers, which will be measured by direct energy use segmented by source and by energy consumption footprint of major product. The target of this perspective is annual reduction in energy and achieving 100% renewable energy.

4. Sustainability balanced scorecard

Sustainability balanced scorecard is a scorecard focused on solving social and environmental problems (14). As seen from the example above, the conventional four BSC perspectives do not cover all stakeholders' expectations precisely, yet the upgraded generations of BSC do not contain measurement system that would include the broad definition of sustainability. Using the BSC as a communication tool for sustainability strategy (CSR included) causes the organizations to have an individual approach to the definition of sustainability. This individual approach has caused various approaches (BSC perspectives and performance indicators) of the application of sustainable measures into the conventional BSC. According to Gminder and Bieker, depending on way the sustainability indicators are included, there are three possible approaches to the SBSC (16):

- 'Stand-alone SBSC plus Integration later' approach;
- 'Integrated SBSC' approach;
- 'SIGMA Sustainability Scorecard'.

'Stand-alone SBSC plus Integration later' approach suggests that organizations resort only to environmental and social actions on the condition that they could contribute to the financial performance. This makes SBSC a learning tool, a planning tool and a reporting tool. SBSC is a learning tool because it makes easier to capture and express the goals and objectives of the organization, a planning tool because it makes easier to determine the most important strategic environmental and social objectives of the organization and a reporting tool because it recognizes and defines external reporting indicators of sustainability.

'Integrated SBSC' approach is a traditional BSC including and balancing social and environmental aspects, which when linked by cause-effect-relationship, do not have to end up in the financial perspective. In this approach it is possible to apply partial integration, additional integration, complete integration and total integration. Each of these represent a different phase of integrating SBSC.

'SIGMA Sustainability Scorecard' approach suggests that additional BSC perspective is not needed. Instead, the financial and customer perspectives are revised to include 'ecological sustainability, human rights and economic performance' (6) and stakeholders respectively.

An example of SBSC based on strategy of an organization is shown in Figure 1.

Mission for this SBSC is 'building and servicing products that make our customers lives easier and reduce harm to the environment' (7). Vision for this SBSC is 'to lead our industry in sustainable innovation and customer value' (7). In this SBSC the sustainability measures are installed through all four perspectives/ layers of the conventional BSC framework. The strategy map is first linked to the objectives, which are linked to measures and targets, and then the initiatives are suggested. In this SBSC example, the sustainability measures are implemented through existing four

BSC perspectives in a way that sustainability objectives and measures were recognized and built in, such as waste reduction, customer values index, employee cultural score, kWh used per monetary unit of sale, and alike. This example suggests how the CSR could be integrated into this management tool of measurement (Table 1).

In the case of the CSR implementation (Table 1), the sustainability principles referring to CSR were included in the already existing four BSC perspectives. According to Gminder and Bieker's approaches (6), this example would be an 'Integratred SBSC' approach to the sustainability balanced scorecard. Although the CSR and sustainable development still seem vague and unprofitable to most organizations, because of the benefits derived from their integration and application and legal framework in which they exist and operate, the organizations ought to capture the idea of application of the same. Being defined as a communication tool (conventional BSC) with the addition of focusing on and measuring social and environmental dimensions, the SBSC provides a way for recognizing and measuring, and thus tracking the implementation of the sustainability- and CSR-based strategies. Because of its cause--effect linkage and measurement system, the SBSC is a tool that can clearly internally and externally communicate the degree to which the sustainability concept (CSR included) is being implemented.

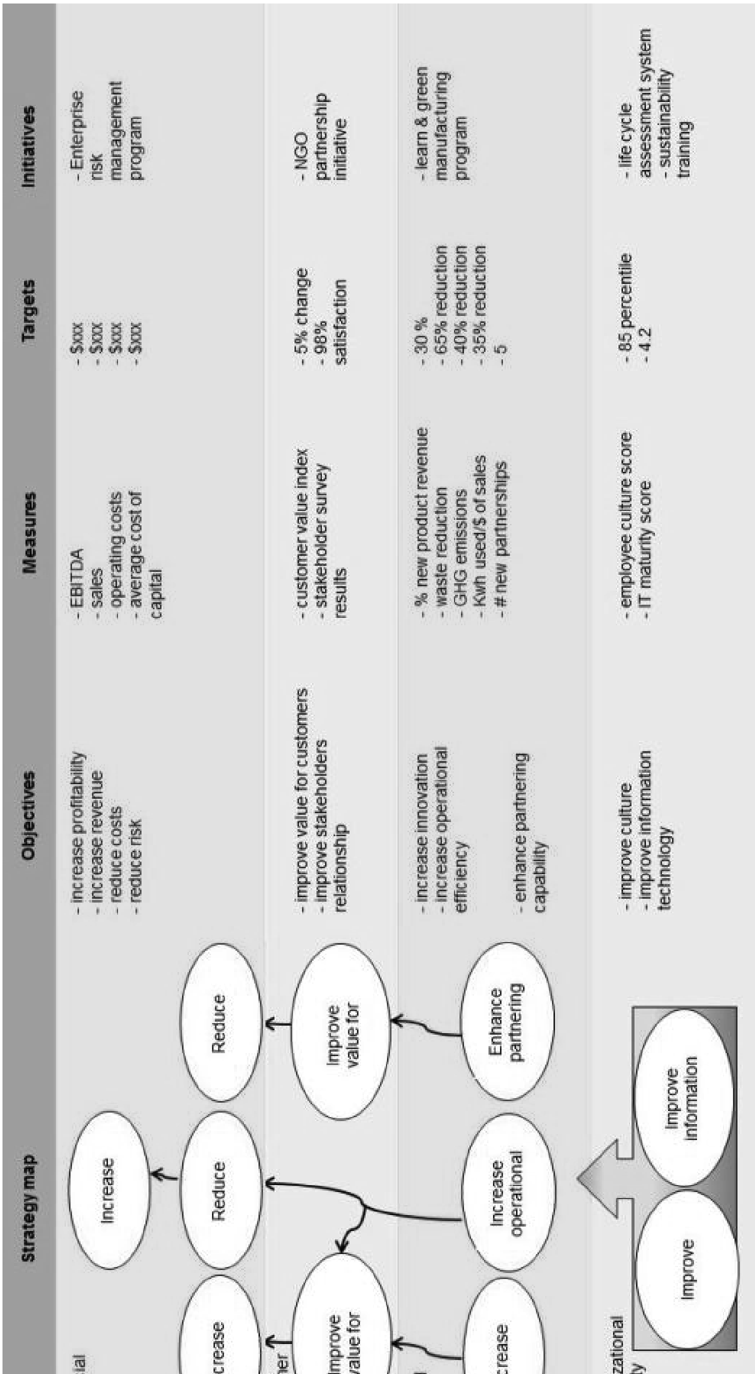

Figure 1. A complete strategy-based balanced scorecard

Source: Adapted from (7).

5. Conclusions

A well-organized SBSC can help organizations in implementing the sustainability concept and implementing it efficiently, including the CSR. The SBSC is a tool through which organizations can recognize and establish balanced relations between long-term environmental and social goals, and its short-term financial benefits. It can be assumed that the already recognized third BSC generation might evolve to a new, the fourth (S)BSC generation which would track the sustainability performance of the organization, thus encompassing environmental and social aspect of the organization's performance, of which CSR would be a part. Due to the SBSC concept being relatively new, there are researches and discussions in process as to what an SBSC should look like and what it should measure, because of which no common or agreed conclusion has been reached on this topic. Still, due to the measurement systems the conventional BSC is made of, it can be assumed that the concept of the SBSC will be the subject of further research and scientific discussions.

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Zrównoważona karta wyników – strategiczne narzędzie społecznej odpowiedzialności przedsiębiorstwa

Streszczenie: Proces globalizacji uświadomił potrzebę zrównoważonego rozwoju, a także rolę interesariuszy. Interesariusze organizacji wciąż mają wzrastające oczekiwania, że organizacje będą działały w sposób odpowiedzialny i zrównoważony. Rosnąca liczba organizacji wyznacza sobie misje, które odnoszą się do zrównoważonego rozwoju oraz do społecznej odpowiedzialności przedsiębiorstwa (ang. *corporate social responsibility* – CSR). Jako jeden z rezultatów globalizacji Międzynarodowa Organizacja Normalizacyjna tworzy i rozwija normy ISO, mające stanowić wytyczne w najważniejszych dla organizacji obszarach zarządzania. Jedną z tych norm jest norma ISO 26000, wytyczna dla społecznej odpowiedzialności przedsiębiorstw. Norma 26000 określa znaczenie terminu „społeczna odpowiedzialność przedsiębiorstwa” i objaśnia jej związek ze zrównoważonym rozwojem. Chociaż podkreśla się korzyści wynikające z wdrożenia normy, koncepcja społecznej odpowiedzialności przedsiębiorstw wciąż jeszcze jest dla wielu organizacji niemal niemożliwa do pojęcia i zastosowania. Jako narzędzie zarządzania opierające się na systemie pomiarowym zrównoważona karta wyników przekłada założenia misji na osiągalne cele. Ponieważ społeczna odpowiedzialność przedsiębiorstwa jest częścią wciąż rosnącej liczby wyznaczanych misji, celem niniejszej pracy było zbadanie potencjału zrównoważonej karty wyników w definiowaniu znaczenia oraz w pomiarze założeń odpowiedzialności społecznej poprzez analizę badań i literatury przedmiotu.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstwa, zrównoważona karta wyników, CSR

Leszek Kałkowski*

Innovativeness on the Polish real estate market

Key words: innovativeness in economy, real estate market, market servicing entities

Summary: The article presents the formation and the development of the contemporary real estate market in Poland as a clear example of innovation on a macro level. After years of forced stagnation, the Polish real estate market has become an independent branch of the national economy. Over half a century, 1957–2012, the turnover on this market increased from 105,000 transactions a year to 644,000 in 2012. The Polish real estate market is developing simultaneously in all 16 voivodeships, with the share from 3% to 14%. What prevails in the turnover, partly due to the lack of domestic capital, are transactions related to residential properties, in the years 1990–2012 constituting from 36% to 77% of the share. The formation of the domestic real estate market has entailed the creation of a modern network of entities related to this market—notaries (about 2,300), agents, appraisers, facility managers (about 50 thousand licensed entities in total). The innovation process is also observed in the area of land and mortgage registers whose over twenty-million resource, with the assistance of the European Union, has been IT-enabled. In the area of construction, a new form has arisen, the property developer one, which every year makes about one-fourth of the new housing resources available. Novelties also include the institution of lease which in the form of the private market, as well as the public one (Social Housing Associations) more and more broadly helps the Poles with the housing issue. Another innovation is so called reverse mortgage which consists in replacing the housing resource into the owners' pension.

1. Introduction

In a general sense, innovation is a change consisting in the introduction of something qualitatively new in a given area of social life, particularly in economy. It is a novelty enabling the growth of production and services, an increase in the efficiency of work or the level of investment. It should occur in all areas of human activity. Still existing gaps are filled with innovations, contributing to the multiplication of benefits and the improvement in the quality of life.

* Prof. Leszek Kałkowski, PhD—professor, Department of Real Estate and Insurance, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 536, e-mail: katnierubez@mwse.edu.pl.

In Poland, the formation and development of the contemporary real estate market may be regarded a clear example of innovation on a macro level. After a period of stagnation, a distinct political gap, as we can say, lasting almost half a century, at the beginning of 1990s dynamic development of previously vegetating real estate trading began: the trading of land, premises, buildings. It soon led to the formation of a new, independent branch of the national economy, which is illustrated with the data in Table 1.

Table 1

The Polish real estate market in the years 1957–2012

Year	Real estate transactions	
	Total (thou.)	Per 1,000 inhabitants
1957	105.0	2.5
1977	168.0	4.9
1997	693.9	17.9
2012	645.0	16.7

Source: (1).

The innovative development of the real estate market was marked in all provinces (year 2012: Table 2) which in the domestic turnover participated with the share from 2.9% to 14.1% (year 2012: Figure 1). In the whole period of the political transformation, regional structures were on a similar level. The development was marked more evenly with the relation to turnover per 1,000 inhabitants (Figure 2). The relation brought Poland closer to the sizes of the real estate markets in other developed European countries.

Table 2

The Polish real estate market in 2012 by voivodeship

No.	Voivodeship	The number of real estate transactions	
		TOTAL	Including: agriculture properties transactions
1.	Lower Silesian	54,467	6156
2.	Kuyavian-Pomeranian	31,953	6690
3.	Lublin	41,839	21,287
4.	Lubusz	18,437	3171
5.	Łódź	41,906	11,770
6.	Lesser Poland	57,375	12,030
7.	Masovian	91,016	19,926
8.	Opole	18,386	4706
9.	Subcarpathian	36,984	17,029
10.	Podlaskie	20,791	8704
11.	Pomeranian	39,902	4614
12.	Silesian	63,940	3719
13.	Świętokrzyskie	22,483	10,902
14.	Warmian-Masurian	25,368	5777
15.	Greater Poland	50,821	10,120

16. West Pomeranian	29,292	5188
Total for Poland	644,960	151,789
Including: real estate transactions	428,288	88,359
– residential	308,215	x
– others	31,714	x

S o u r c e: developed on the basis of (1, p. 8).

However, the scarcity of equities was marked in Poland with the specific structure of the concluded transactions by type. As it results from the data in Table 3, transactions related to residential properties prevail in Poland, the trading of land is moderate, and the share of non-residential properties (industrial ones, public utility ones, etc.) is insignificant.

Since 2003, the observation of the innovativeness of the domestic real estate market has been enriched with the information on the value of the performed market trading. The comparison of the dynamics of trading by the number of notary acts and the values arising from them is presented in Figure 3.

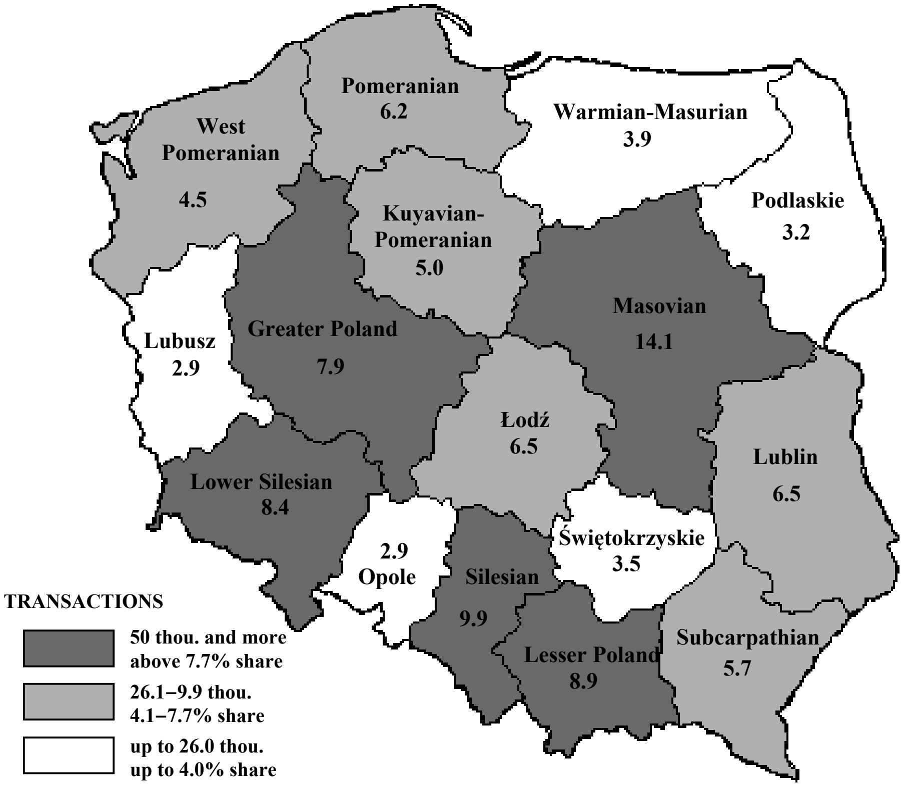

Figure 1. Intensity of real estate transactions in 2012 (% share in domestic market)

S o u r c e: (1, p. 13).

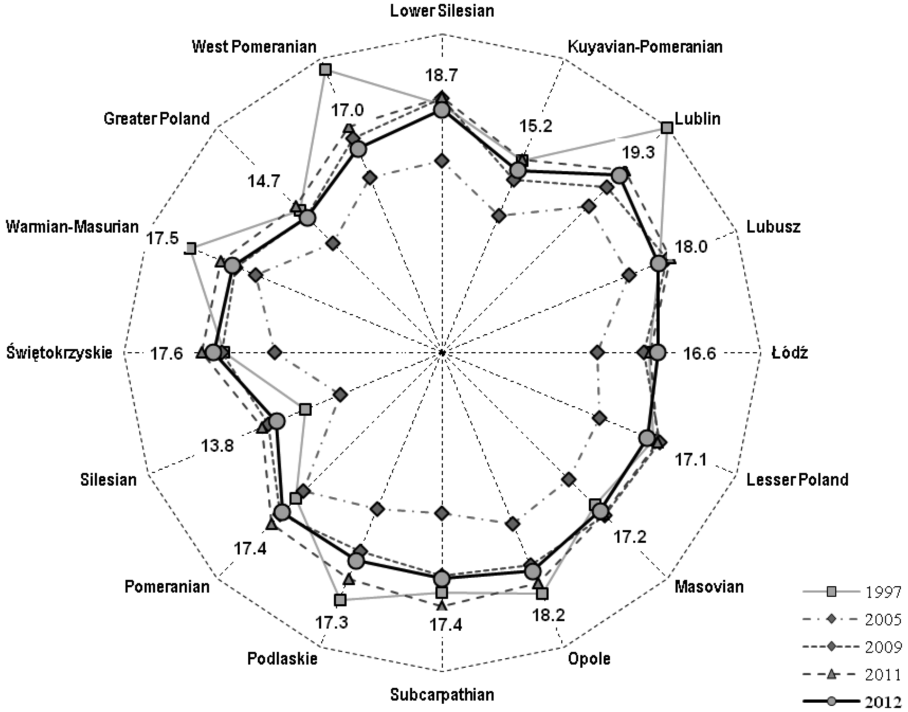

Figure 2. The number of real estate transactions per 1,000 inhabitants in the years: 1997, 2005, 2009, 2011 and 2012 (on average in Poland, respectively: 17.9; 15.6; 16.8; 17.6; 16.7)

Source: (1, p. 28).

Table 3

The structure of the real estate market in Poland by type

Region	Type of property	% share in total sales	
		1990–2005	2012
POLAND TOTAL	residential	43	72
	land	32	20
	others	25	8
Including: Lesser Poland Voivodeship	residential	36	77
	land	29	17
	others	35	6

Source: (1).

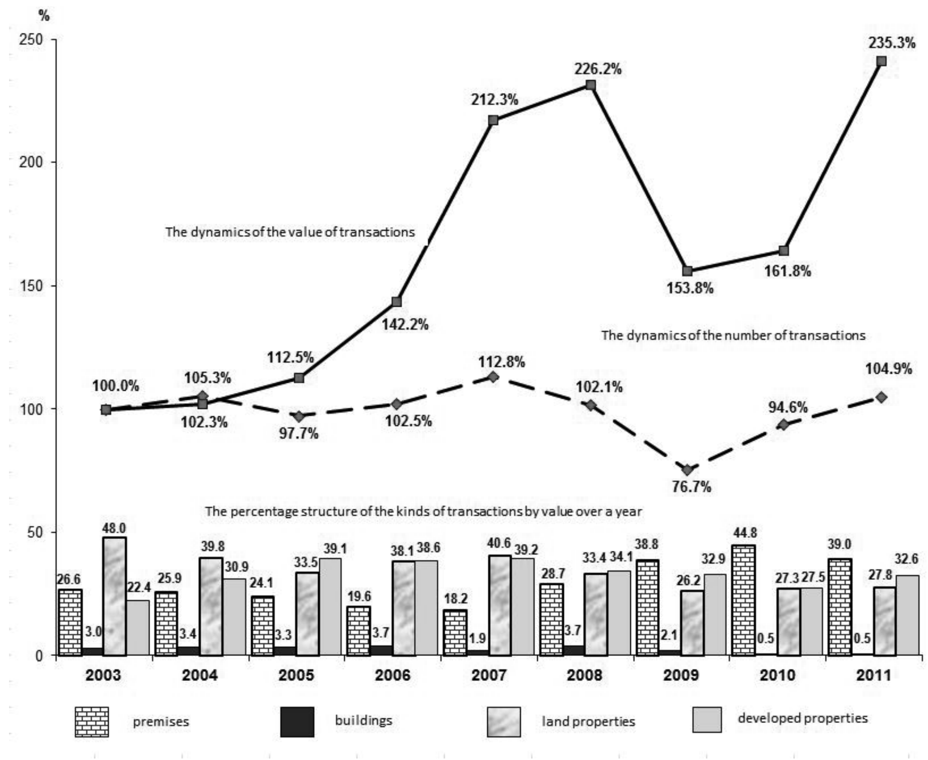

Figure 3. Transactions on the real estate market in Poland in the years 2003–2011

Source: (1, p. 24).

With a relatively stable number of concluded transactions, what has been visible since the beginning of the decade is the dynamic growth of the turnover caused by the movement of prices of flats and land. The level of the latter already comes closer to the level of land in the European countries.

2. Servicing the real estate market

Innovation in economy that the formation and development of the real estate market during 1990s became, entailed the creation or the modernization of the network of entities connected with the new market. Notaries adjusted to the new tendencies the fastest. Initially functioning in state notary offices, since 1992 they reformed themselves into system of private offices, now amounting to 2,300 notaries. Over the last 23 years of the political transformation they have drawn up over 14 million of notarial deeds concerning real estate.

During that period, 20 acts and over 30 ordinances were created, which regulated market relations in the area of real estate in a modern way, in compliance with the practice applied in the remaining countries of the European Union. The Real Property Management Act of 21st August 1997 (consolidated text, Journal of Laws 2010, no. 102, item 651 with later amendments) performs a leading role here. For the modern servicing of the arisen market the Act constituted three new professions: of an agent, an appraiser and a facility manager. They function in all the provinces in the form of a network of independent entities equipped with state-of-the-art offices and using active marketing of their services. The network of these entities has shaped proportionally to the scale of the regional real estate trading, constituting a new quality in our economy. The main relations of the currently functioning network of entities servicing the domestic real estate market are illustrated in Figures 4, 5 and 6.

The majority of them are associated in regional, sectoral associations of agents, appraisers or facility managers, which, since the beginning of their activity, have been connected with international European federations. It ensures constant exchange of experiences and the use of modern legal, economic or organizational solutions.

In recent years also the job of a debt collector has undergone modernization. From the hitherto prevailing status of a regional court worker, further to the decision of Minister of Justice, since 2005 debt collectors have received new areas of operation and seats of debt collection agencies; they have already been self-employed, too. Performing an important function of an executor of court decisions, debt collectors are necessary during emptying debtors' premises, which are performed to the amount of 7–8 thousand a year.

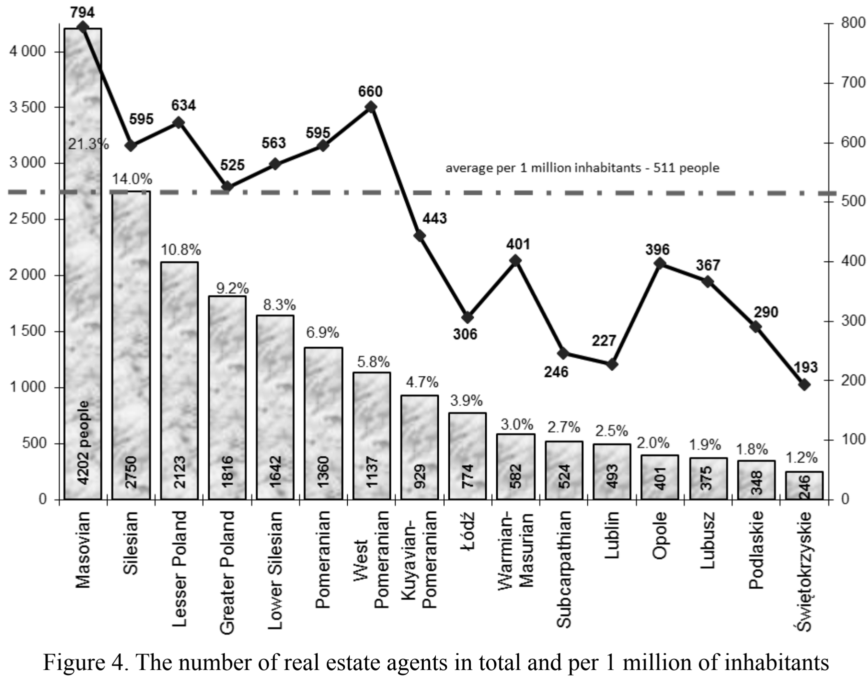

Figure 4. The number of real estate agents in total and per 1 million of inhabitants 19,702 people = 100.0%—as of 30 April 2013

S o u r c e: (1, p. 73).

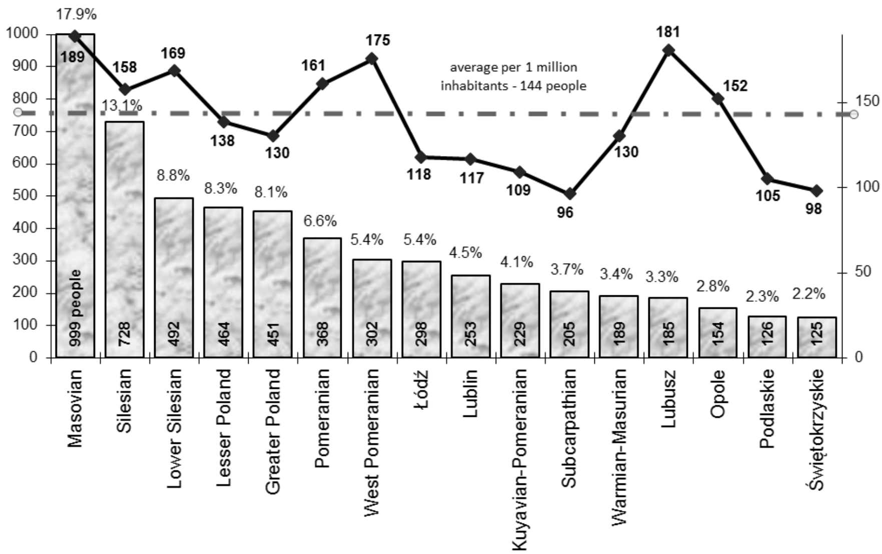

Figure 5. The number of real estate appraisers in total and per 1 million of inhabitants
5568 people = 100.0%—as of 30 April 2013

S o u r c e: (1, p. 72).

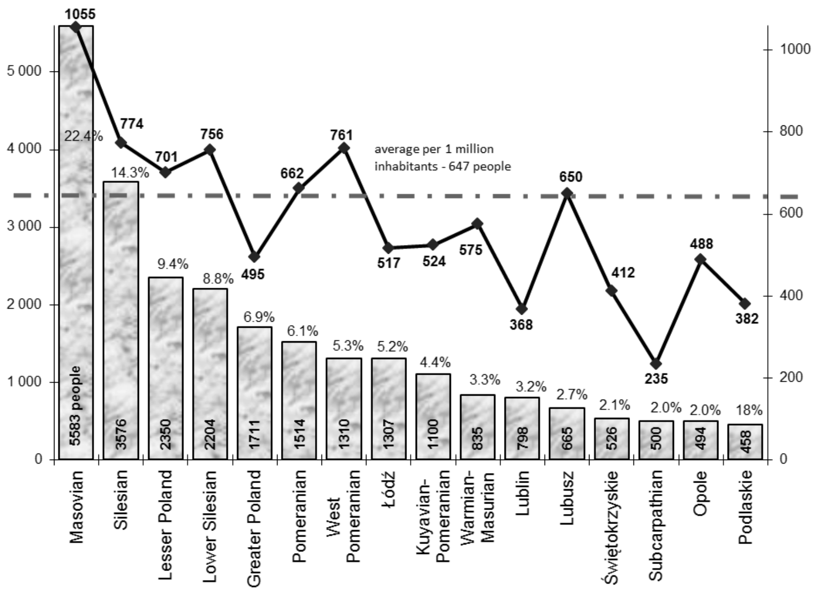

Figure 6. The number of facility managers in total and per 1 million of inhabitants
24,931 people = 100.0%—as of 30 April 2013

S o u r c e: (1, p. 74).

Innovativeness in real estate is distinctly represented in the area of land and mortgage registers. Their number amounts now to over 20 million items and every year in about 3.3% of the registers changes in the legal situation of real estate are recorded as a result of the concluded notarial transactions. The ordinance of 20th August 2003 (on the way of transferring the existing land and mortgage register to the structure of a land and mortgage register in the IT system, consolidated text Journal of Laws 2013, item 224) regulated the way of transferring the content of the existing, traditional registers to a new, electronic recording system. The process is practically almost completed, it has been performed owing to considerable help from the European Union, at the same time ensuring direct communication with the land and mortgage register system of the European countries. The process is the most representative and effective form of innovativeness on the Polish real estate market.

3. Accompanying innovations

In the field of construction we can observe a form of innovation similar to the one in the real estate area. In the transformation period, the existing order system was notably supplemented by the developer's activity. This new way of building 'for sale and lease' has dominated the Polish housing market, recently offering about 25% of the delivered housing resources. It is a new, innovative phenomenon on the domestic investments (mainly of the housing ones) market.

When analyzing the process of modernizing the Polish real estate market, we cannot forget about modern changes in the system of financing investments (mainly the housing ones). The contemporary real estate market is primarily based on a mortgage loan, much more developed and improved in comparison with the past. Without it, purchasing real estate in the Polish conditions would be practically impossible.

Moreover, an innovative form of crediting real estate has appeared, for now still not regulated legislatively—the so called reverse mortgage. It consists in getting a secure pension in return for waiving the ownership right to one's own housing property for the benefit of the lender. Among the citizens over 65, the form is gaining in some popularity, at present it is awaiting its legislative regulation and securing.

Tracking innovative ventures in the real estate area, we cannot ignore the spreading form of gaining a roof over one's head by lease. Although it is not a new form, its popularization, and granting an institutional character to it (see: Social Housing Associations), as well as the interests of banks in financing building for lease requires to see lease as an innovative form of helping in the housing issue.

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For just several years, innovative efforts in the real estate area have been supported by intellectual activity. It is ensured by the network of regional universities which since the beginning of the 21st century have launched the major: Real Estate.

Currently, it is taught by seven schools of economics and universities. This is where the new labour force for professions supporting the real estate market recruit from. In Poland, numerous post-graduate studies on real estate management function, not to mention courses and workshops. Problem conferences of agents, appraisers, facility managers and recently also advisors on the real estate markets take place cyclically.

They are assisted by numerous periodical, regional publications, and professional journalism. So far, about 670 books have appeared in Polish, raising legal subjects (130 books), principles of appraisal (100 books), real estate management (100 books), financial servicing of the market (180 books), and others. A lot of these publications popularize foreign experiences, contributing to the modernization of the Polish real estate thought.

4. Afterword

The intention of this study is to constitute a view on the problem how the innovative process is manifested on the Polish real estate market at the scale of the national economy branch. In fact, the real estate market in Poland practically did not exist after 1945, it developed as late as in 1990s. It has reached several dozen thousand economic entities, it employs about 240 thousand people and turns over the amount of 60 billion zlotys a year (2011). In this respect, it has become the fourth branch of the national economy, performing an important function of a distributor of flats, offices, production spaces and land in Poland. The market uses domestic innovative intellectual backup and, by means of numerous contacts, also the experiences of other countries. It keeps surprising with new organizational, legal and economic solutions.

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Innowacyjność na polskim rynku nieruchomości

S t r e s z c z e n i e: W artykule zaprezentowano powstanie i rozwój współczesnego rynku nieruchomości w Polsce jako czytelny przykład innowacji w makroskali. Polski rynek nieruchomości po latach przymusowej stagnacji stał się samodzielną gałęzią gospodarki narodowej. W ciągu półwiecza 1957–2012 obroty na tym rynku wzrosły od 105 tysięcy transakcji rocznie do 644 tysięcy w 2012 roku. Polski rynek nieruchomości rozwija się równocześnie we wszystkich 16 województwach, z udziałem od 3% do 14%. W obrotach tych przeważają – po części z braku rodzimego kapitału – transakcje nieruchomościami mieszkalnymi, stanowiące w latach 1990–2012 od 36% do 77% udziału. Powstanie krajowego rynku nieruchomości pociągnęło za sobą stworzenie nowoczesnej sieci podmiotów związanych z tym rynkiem – notariuszy (ok. 2300), pośredników, rzeczoznawców i zarządców nieruchomości (łącznie ok. 50 tys. licencjonowanych podmiotów). Proces innowacji jest odnotowywany także w dziedzinie ksiąg wieczystych, których ponaddwudziestomilionowy zasób – z pomocą Unii Europejskiej – został zinformatyzowany. W sferze budownictwa pojawiła się nowa forma – developerska, która udostępnia corocznie około 1/4 nowego zasobu mieszkaniowego. Do nowości zaliczyć należy również instytucję wynajmu, który w formie rynku prywatnego, a także publicznego (Towarzystwa Budownictwa Społecznego) coraz szerzej pomaga Polakom w kwestii mieszkaniowej. Innowacją jest też tak zwana hipoteka odwrócona, polegająca na zamianie zasobu mieszkaniowego na rentę dla właścicieli.

S ł o w a k l u c z o w e: innowacyjność w gospodarce, rynek nieruchomości, podmioty obsługi rynku

Vicky Katsoni, Dimitris Laloumis*

The influence of online reviews on customers and travel agencies

Key words: social media, online reviews, web 2.0, travel agencies

Summary: The past couple of years the tourism industry has undergone massive changes. Not only does it struggle with economic crisis, but it also had a bit of a crisis itself when online travel shops popped up. Along with these new websites came online reviews, where people could tell other people about their experiences and which are becoming more and more important in the vacation buying process, since tourists are more likely to consider buying a vacation when there are reviews available. Social media are a new form of online marketing, and recently became one of the biggest word of mouth advertisements online. In this article, the focus will be on the changes in tourism industry because of social media and online reviews, as the effect on both hotels and travel agencies from the immense changes in their industry is examined. The online reviews phenomenon has become a social convergence trend, where specialized travel websites and hotels alike increase their sociality by adopting applications which enable real-time sharing of contents among the visitors.

1. Introduction

The importance of Travel 2.0 features and tools, and specifically of social media environments, is growing fast and many tourism businesses are changing their approach to the manners of presenting themselves online (1; 2; 3). However, tourism operators have not yet fully understood the new technological world by and still many concerns, such as credibility of the information online, possibility to forge for particular interests by unscrupulous competitors, privacy, overload of useless infor-

* Vicky Katsoni, PhD—assistant professor, Department of Hospitality and Tourism Management, School of Business and Economics, TEI of Athens, Athens 122 10, Ag. Spyridonos & Milou 1, Aigaleo Campus, Greece, e-mail: katsoniv@gmail.gr; Dimitris Laloumis, PhD—associate professor, Department of Hospitality and Tourism Management, School of Business and Economics, TEI of Athens, Athens 122 10, Ag. Spyridonos & Milou 1, Aigaleo Campus, Greece, e-mail: laloumis@teiath.gr.

mation, in addition to the usual (in the technology arena) lack of resources or skill shortage are the most reported issues that are brought forward.

The influence of online reviews in the tourism industry grew immensely the last couple of years. Not only is it now possible to book your vacation online, without help of a travel agency, but you can also see what the experiences of other hotel guests were from all over the world. Some online review sites use hotel ratings, were the customer can give a mark from one to ten, which eventually shows a final mark for a specific hotel. A few years ago it was normal to go by a couple of travel agencies and tell the collaborator what sort of vacation you want. Then he/ she would find a perfect holiday spot for you. But due to the invention of the Internet, people do not have to leave their sofas to actually book a vacation. It was also common to go to the hotels or places were your friends or family had previously been, because they could honestly tell you everything about it, so word of mouth marketing. In this article the focus will be on changes in tourism industry because of social media and online reviews, as the authors examine the effect on travel agencies from immense changes in their industry.

2. Literature review

2.1. Internet and social media

The emergence of innovative Web-based technologies has led to a reconfiguration of the environment in which tourism business is conducted. These fundamental technological shifts have a profound impact on the perception, consumption and construction of tourism spaces, and their local development outcomes (4). Research has shown that at the end of 2013 the amount of active smartphones will be around 1.4 billion (5). The Web gives tourist firms and organizations the ability to reach highly motivated customers with information-rich messages at a negligible cost. Nevertheless, competitive advantage on the Internet will not be realized by applying existing marketing models but, rather, by developing innovative concepts. Integrated approaches that build on the advantages and capabilities of technology need to be translated into concrete innovative marketing actions.

One of the newest forms of online marketing, which became one of the biggest forms of online word of mouth, are the social media, for example Facebook, Twitter, YouTube, and online blogs. According to Haenlein & Kaplan (6), social media are depending ‘on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. They introduce substantial and pervasive changes to communication between organizations, communities and individuals.’ Over the years tourism industry has undergone huge changes. In the 1980s about 80 percent of all airline tickets were bought through travel agency, which were intermediaries between travel providers and customers (7). But the golden times changed in 2001 when a lot of airlines stopped providing commissions to travel agencies. And at the same time online travel agencies became more and more popular. Through these events the number of travel agencies dropped by 50 percent (7).

Nowadays, the only thing someone should have to book a vacation is access to a computer and money. Several websites are available where you can find yourself a nice hotel or complete vacation. There are a couple of options when buying a vacation or hotel stay online. The buyer can book a vacation at a travel agency online, because of the decrease in customers a lot of travel agencies are also operating online now. Secondly, the buyer can go to websites such as Expedia or Booking.com. And third, the buyer can go directly to the website of the hotel or airline company. Expedia is one of the largest Internet-based travel websites in the world. The website went online in August 2005, along with websites such as TripAdvisor and Hotels.com (8). With websites in 29 countries, in all parts of the world, Expedia gives its customers the option to book airline tickets, book hotels, rent cars, book cruises, book vacation packages and book many other attractions and events, to name a few of its activities.

But a lot of hoteliers are still sceptical against social media; they do not believe that they have such great influence on the customer's decision, or just think that keeping up with social media is too much work. The contrary is true; social media are becoming more important every day, not only in 'social life', but also in tourism business. For example, not responding to customers' needs and comments can be crucial to a business and affect it negatively (9).

According to Aggarwal (10), there are three steps hotels need to do to stay high on the online reputation ladder. Step one is Monitor, it is important to know what information of your hotel is out there. Step two is Listen & Learn, as when management is listening to what people have to say, the hoteliers can learn what their customers want. Step three is Manage & Engage, as it is necessary for hoteliers to always answer the reviews of customers (good or bad), as the fact that the customer has taken some afford to write about your hotel should be appreciated and time should be spent for response.

2.2. Online reviews and their effects on customers and travel agencies

Online reviews of hotels are usually one paragraph long, and contain experiences of previous hotel-guests. A good online review can be positive or negative and should always be written by an unbiased person. Unfortunately for the review searcher, a lot of reviews are useless because the person is biased. Therefore it is hard to find good reviews which can actually help you find your dream holiday. Not only are people more and more using online reviews to find a nice vacation but they are also more willing to write a review themselves. Some travelogues, online travel blogs, contain very good information about attractions in the area of the hotel, activities around and in the hotel, service in the hotel, etc.

According to Parasuraman (in 11), customers use similar criteria to evaluate service quality for all types of services. These criteria are summed up into 10 groups of 'service quality determinants:' Reliability; Responsiveness to the customer; Competence of the frontline staff; Accessibility of the service; Courtesy; Understandable communication of the service; Credibility; Security; Understanding and knowing the customer; The physical facilities and appearance of staff.

Evaluating services can only be done after actually using the service, which is different from tangible products. Because most of the services in a hotel are being experienced after checking-in, the customer should trust in the opinion of other previous hotel-guests. Sometimes the customer reads the reviews of people who are not in the same stage of their lives; as a result they could miss the vacation of their dreams, depending on the other one's opinion. Sometimes the tiniest of flaws are reason for people to write a bad review, causing customer drop. As Buckley et al. (12) comment: 'Today, only 7% of hotels are responding to reviews even though 71% of people say that seeing a management response is important. Because 71% of the people say that they want the management to care more about the online reviews, it is important for the hotel managements to show that they care'. Gaining a bad review can affect the hotel in a negative way. By actively reacting on reviews, the management shows that they want to commit to customers' needs and satisfy them.

Research has shown that the consideration of a hotel greatly increased when the customer was exposed to a review of the hotel. Striking is that positive reviews had positive effects but negative reviews did not have any effect on the customers buying decision (13). The reviews also had larger influences on not well known hotels than on well-known hotels. And reviews by experts had much bigger influence on the customers than the reviews of non-experts (13). According to the consideration set framework, consumers will consider hotels that they are aware of and towards which they have relatively positive attitudes (13). This means that people are more likely to come back to a hotel where they had a pleasant time/ stay. Or provided they have not been there, they like to go to a hotel they heard of in a positive way.

Consequently, the availability of reviews advantages the hotels immensely, while customers are more likely to book a room in a hotel where they read something about than in a hotel without any reviews available. Another factor that is very important for customers is familiarity with the hotel. People are more likely to visit places they had a great time again, or are searching for something similar. When tourists use franchized chains for example, they expect to have the same joy at any other hotel of the chain. So when people for example go to the Hilton Hotel in Amsterdam, and have a pleasant stay, they are more likely to look for other Hilton Hotels in other countries or cities. By this we can say that brands are a useful tool to gain more customers.

Research has also shown that for the less-known hotels it is even more important to receive reviews, this increases the consideration of booking a room in that particular hotel (13). It is also very important for the hotel staff to answer to the online reviews; in this way the customer will feel more satisfied than when there is no response from the hotel management. In overall, we can say that online reviews are of great influence on people's way of acting. But it does not really matter whether this review is positive or negative; the availability of the review is most of the time enough.

Since the number of reviews is increasing every day, it is useful for people to understand how to find good reviews, and not to be too dupable (14). In order to assist customers in gathering good reviews, a couple of review websites came up with the 'review rating'. TripAdvisor.com is an example of a travel website that assists customers in gathering travel information, posting reviews and opinions of travel-related content and engaging in interactive travel forums; with more than 32 million users and over 100 million reviews, TripAdvisor has become one of the largest travel websites used in the world (14).

So what TripAdvisor does well, is every review gets a rating, each customer reading this review is free to rate the review. The review will gain after the rating the title helpful or non-helpful. The review will only become helpful when over 75% of the opinions are positive. In this way the customer only sees the most helpful reviews, which saves him/ her the effort of searching good reviews by its own (14). Finding good hotel reviews becomes essential to tourists, thus some points that one should have in mind could be to: check out many sources; search for the hotel on search engines; check the Google reviews; check the local Chamber of Commerce site; understand that a bad review might just be a sour grape; use several sources rather than just one; check if the owner took the effort to respond to bad reviews; take into accountability that smaller hotels get fewer reviews than hotel chains. The other known website is Booking.com; this Dutch company is, according to themselves, world leader in online reservation of accommodation (15). Every day over 475,000 reservations are made at Booking.com, as they strive to be the cheapest and efficient way, for both businessmen and vacationers. Since there are so many websites the customer can search on, a lot of them are going to the travel agency again, because the travel agencies have access to all the websites and can see the cheapest vacation in a blink of an eye. A lot of people are still a bit afraid of booking their vacation online, while most of the time the amount of money they need to pay is quite high, and they are still afraid of losing their money and holiday.

Nevertheless, online travel communities and online reviews have changed the nature of communication: large numbers of people can communicate with each other as peers without restrictions of time and distance for travel-related purposes such as obtaining travel information, maintaining connections, finding travel companions, providing travel tips and suggestions, or simply having fun by telling each other interesting travel experiences and stories (16).

3. Conclusions

Web 2.0 brings a second generation of opportunities for communication and information sharing based on web-based communities and hosted services. For tourism, the benefits include enhanced information sharing between consumers and between business and consumers. The Internet, Dogac et al. (17) argues, enhances the level of communication between tourist operators and brings about greater levels of interoperability with internal and external applications, previously available to technologically advanced tourism stakeholders via proprietary systems. New online technologies within the tourism industry have significantly impacted on communications, transactions and relationships between various industry operators and with customer, as well as between regulators and operators (18; 19; 20; 21). This happens in particular with social media which seem to have rapidly attracted a considerable attention by Internet users of all ages. Tourism marketers can no longer ignore the role of online reviews in distributing travel-related information. The social media phenomenon has become a social convergence trend, where specialized travel websites and hotels alike increase their sociality by adopting applications which enable real-time sharing of contents among visitors. The new digital era requires a new approach by management incorporating a user-centric approach for sustainable management of tourism e-services and complying to tourists needs; new relationships based on trust and culture that values partnerships are essential.

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Wpływ komentarzy internetowych na klientów i biura podróży

Streszczenie: W ciągu ostatnich kilku lat branża turystyczna przeszła ogromne zmiany. Musiała zmagać się nie tylko z kryzysem ekonomicznym, ale też z ogromnymi wyzwaniami, jakie postawiły przed nią pojawiające się na rynku internetowe biura podróży. Klienci, zamiast korzystać z tradycyjnej formy zakupu wakacji, wiążącej się z koniecznością odwiedzenia biura podróży, mogą wykupić wakacje lub pobyt w hotelu w internecie, nie wychodząc z domu. Wraz z uruchomieniem w sieci globalnej stron internetowych pośredniczących w sprzedaży oferty turystycznej pojawiły się towarzyszące tym stronom komentarze internetowe – nowy sposób, w jaki korzystający z oferty mogą podzielić się z innymi swoimi doświadczeniami z pobytu w hotelach. Komentarze internetowe odgrywają coraz większą rolę w procesie kupowania wakacji. Klienci chętniej sięgają po oferty wakacyjne, jeśli dostępne są komentarze. Nową formą marketingu internetowego stają się media społecznościowe, które w ostatnim okresie stały się jedną z najistotniejszych form internetowego marketingu szeptanego. Niniejszy artykuł poświęcony jest zmianom, jakie dokonują się obecnie w branży turystycznej pod wpływem mediów społecznościowych oraz komentarzy internetowych. Autorzy artykułu badają wpływ tych zmian na hotele i biura podróży.

Słowa kluczowe: media społecznościowe, komentarze internetowe, web 2.0, biura podróży

Leszek Kozioł, Anna Karaś*

Innovativeness in tourist companies: Assessment attempt

Key words: innovations, innovative potential, tourist company, research results

Summary: The research described in the paper is aimed at presentation of the concept of the innovation process and formulation of a model of innovative potential in tourist companies, along with defining determinants of this potential. With this concept, innovativeness was assessed in the examined tourist companies from the SMB sector. The content included in the introduction allowed preliminary identification of the issues of how competitiveness and globalization stimulate innovativeness in tourism, what are the basic sources of innovativeness in tourist companies, how significant is the human factor, entrepreneurship and knowledge in the innovation process. The following part of the paper presents the discussion on the basic terms related to the innovation process and the innovative capacity of an organization, along with classifications of innovation used in tourism. The determinants of innovative potential are described, such as employee competencies, modernity of infrastructure, the level of cooperation in managing knowledge, method of work organization and protection of knowledge (innovation) originated inside the organization. The empirical part of the paper includes the results of the research on assessment of degree of innovativeness in tourist industry companies in the Małopolska region. It has been found out that it is mostly knowledge and skills of employees of tourist companies as well as cooperation between the entities in the given industry that determine the degrees of company innovativeness. The basic source of innovations in tourist companies thus comes from knowledge of employees and knowledge acquired from the outside, from other organizations.

1. Introduction

The numerous and extensive literature in the area of tourism quite often provides at the beginning the documents definitions, classifications of different types of tour-

* Prof. Leszek Kozioł, PhD—professor, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 535, e-mail: leszek.koziol@mwse.edu.pl; Anna Karaś, MSc—assistant, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 535, e-mail: anna.karas@mwse.edu.pl.

ism, determinants of its development, and systematization of travelling motifs. Presenting the share of tourism in generation of world GDP or emphasizing its importance in development of national economies is also discussed extensively, along with quoting various statistical data which characterize tourism in the past and, at the same time, forecasts are made as to the number of millions of persons who will leave for national or international journeys in the future.[1] Less care is taken about innovative processes or fast changes in tourism and its surroundings. Tourism has recently been revolutionized by new technologies, markets and destinations, newly established organizations and their organizational forms, changing consumer preferences, economic and political conditions, new forms of investing and acquiring capital, modern methods of learning in employees and development of organization. These processes, due to their variety and speed, as well as uncertainty and unpredictability, tend to be regarded by some researchers as the cause of crisis phenomena coming and developing in tourism. They believe that turbulence of the surroundings may soon push the industry into the stage of crisis (2, 3). These changes are thus worth attention, because they are related to and determine innovativeness of tourist companies, and they strongly affect their functioning and sometimes decide about their survival.

The process of innovation is the centre of research described in this paper. The following are some selected results of earlier research which allowed preliminary identification of the issues:

1. How competitiveness and globalization stimulate innovativeness in tourism?
2. What are the basic sources of innovativeness in tourist companies?
3. How significant is the human factor, entrepreneurship and knowledge in the innovation process?
4. Can IT technology and organizational factors be decisive for creation of innovations?

The content provided in the introduction constitutes the basis for further analyses, in particular the description of the concept of innovation process, identification and characteristics of the determinants of innovative potential in companies and formulation of the model of innovative capacity (innovativeness) in tourist companies.

Recognizing the determinants of innovative potential and assessment of their effectiveness as premises for construction of innovative potential and supporting company innovativeness have been assumed as the main objective of the research described in the paper. The presented objective of the research thus required a concept to be developed for the analysis addressing evaluation of innovative capacity of a company.

[1] Tourism as the strongest branch of the global economy generated USD 6.6 billion in 2012, or 9.3% of the world GDP. Despite worldwide economic slowdown, USD 760 milliard was invested in this sector in 2012. According to forecasts, tourism will develop by 2022 at the average annual rate of 4.4%, that is faster than the rest of economy. At present, about a milliard people travel every year, but this number will increase to 1.6 milliard in 2020 (1).

A wide approach has been adopted as regards the methods of research included in the paper, based on three main concepts:

- first, references were made to the rich and still growing literature in the field of tourism and innovations, in which the results of the analysis of theoretical research are presented;
- secondly, the results of the earlier empirical studies were also used;
- thirdly, own empirical studies were also an important element of the adopted approach, conducted in the selected tourist companies of the Małopolska region.

The issues of development of company innovativeness are perceived in four characteristic dimensions: innovative potential (innovative capacity), innovation invention, diffusion of innovation and taking value from innovation. The realms of changes and development are the correlates of individual dimensions, i.e. the areas which include specific references to the form of innovative capacity. The following are determinants of the realm of changes and development of innovative potential of companies.

This potential is in particular affected by:[2]

- managerial and employee competencies, especially experiential knowledge;
- modernity of the employed infrastructure, especially IT technology;
- the level of cooperation in managing knowledge, especially the level of relational activities with clients (customers, suppliers, etc.);
- the method of work organization and management;
- ensuring protection of knowledge originated inside a company.

The adopted methodology distinguishes innovative potential from innovative capacity. Innovative potential of a company defines a set of social and economic features shaped within the development of a given company and constituting the base for its innovative activities. In other words, these are resources, processes, structures, and factors integral to the company. These of them which are on the ongoing basis effectively used for creating innovations of commercial significance constitute innovations capacity (innovativeness) of the company. Ultimately, effectiveness of a company in the scope of developing innovations is determined by the said resources developed in the past (innovative potential) as well as by appropriate methods, skills and capacities of their current application.

[2] The given set of determinants of innovative potential was defined from among many variables of the surroundings and resources of the organization with the analyses of factors of effect. Those of them were taken into account whose significant cause and effect relations with innovativeness appeared in the past and will be apparent in the future. In the process of their identification, various sources of information were consulted. Those which referred to the surroundings included statistical data, special reports, research results from others and expert opinions. As regards the resources of the organization, opinions of the managerial staff and of specialists in the researched companies were used. The collected comments and statements constituted the basis for selection of determinants of innovative potential of the company.

The scope of the research was limited to microeconomical and microsocial scales with special attention paid to problems of company innovativeness, including their closer surroundings. Less space has been given to the issues of development of innovativeness on the regional, national or international (global) levels.

Innovations constitute a process as old as economic activity of man. However, only recently (at the beginning of the 20th century), it was found that the basic determinant of innovativeness is competitiveness of business entities. Acceleration of the process of globalization of economy enhances this competitiveness, shortens product life cycle, thus intensifying innovation processes. Competition of tourist companies is effected mostly in the realms of costs and prices, as well as quality of the provided services, which is why innovations in this area are specifically valuable for entities in the tourist market. Although every single innovation is related to costs and carries high risk, majority of companies accept the thesis that creating a new value by implementation of innovations is considerably less risky than its lack.

According to the authors who are involved in this issue, the sector of services, and the tourist industry in particular, is not capable of creating innovations without participation of external entities. Most often, companies and institutions from outside of the tourism sector are the source of innovations, with own research playing a secondary role, e.g. R&D (4). It is for this reason that external activities are definitely more important for development of innovations in tourism than internal research similar to that conducted in the industry (5, p. 24; 6, p. 21). Examples of this come in the form of application of new inventions in tourism: washing machines, fridges, nutrition technology, new IT technologies (e.g. applications enhancing booking services), establishing new organizations (e.g. low-cost airlines), development of new markets, especially in Asia, which has contributed to development of innovations in tourism and tourism itself.

The process of globalization of economy and the related phenomena of migration of people and ideas result in transmission and conversion as well as multiplication of novelties, e.g. in the scope of forms of rest and methods of spending free time, introduction of new culinary products or exotic cooking. This acceptance and implementation of new ideas, or more precisely concepts, ideas, processes, products or services, constitutes a significant determinant of innovativeness in tourism organizations (6, p. 5). One has to emphasize that even if product components do not meet the criterion of novelty, their new composition constitutes a novelty, especially when it creates a new value for the client. Moreover, a client in tourism may also be the creator, or even the co-producer of a tourist product, thus he/ she should take active part in the process of innovation invention. The skill of composing product components and combinations of products according to expectations of clients (*boundling*) and in cooperation with clients constitutes a major premise of innovativeness potential of a tourist company.

Human capital or, more precisely, labour potential of employees is the main generating factor in tourism, with majority of the provided services being strongly ‘saturated with work' whose productivity is low in many subsectors. Innovations in the scope of employment rationalization or work organization improvement are thus highly important from the point of view of reduction of unit costs of the product and competitiveness of tourist companies. This is why management over labour costs and quality of work in tourism is absolutely necessary, and organizational innovations in the area of HRM or work organization are of special importance.

Assessment of quality of human capital is quite a different issue, especially in reference to experiential knowledge of employees in the aspect of development of innovation in tourism. Authors who deal with this issue believe that the level of human capital in tourism is low, and creating and transferring knowledge within a company is slow and difficult (7, p. 25; 6, p. 25). The main problem of tourism organizations is to capture and systematize hidden knowledge and transfer of knowledge within the organization. This results in the necessity of enhancing skills and training employees, increasing rights (*empowerment*) of individuals and groups of employees or creating the so called knowledge communities. However, companies and employees readily participate in various organizational forms of alliances only when they achieve benefits, and when exchange of knowledge and information does not bring about advantages, they quickly give it up.

Companies which create innovations do their best to protect them against competitors. Protective activities in the tourist companies sector face, however, numerous difficulties. First, innovations are common work of clients, the result of learning from others, e.g. benchmarking, thus they intrinsically are commonly available and used. Secondly, they usually are not eligible for patent protection, and in case of product innovations they are easily imitated, or standardized. Certain, quite small, possibilities of protection for innovations are in legal instruments, such as copyright and similar solutions, trademarks, geographical markings, company secrets, introduction of information security policy in the company, and concluding long-term contracts with employees, which may also limit spreading of knowledge and information outside of the company. However, innovations in tourism (especially in products and marketing) may be easily noticed by competitors and copied or replaced with their equivalents produced with tools like reverse engineering (8, pp. 12–14; 9, pp. 28–30; 10, pp. 96–98).

The specific nature of the tourist industry makes the decisive majority of innovations highly susceptible to imitation or diffusion within the industry. Few of them are covered by patent protection, they are also difficult to protect with other legal instruments. The tourist companies sector has the prevailing approach to the innovation process which is called the 'free-rider effect' when they use innovations created by others both within the industry and outside of it without any expenditures being spent on their generation (11, p. 31). Thus, companies and organizations imitating and adapting new values from innovations are predominant in the tourist industry, and not the original innovators (12, pp. 782–783). This seems to feature the advantage of contributing to the development of the industry.

2. Essence and types of innovations

Innovativeness is differently understood and defined in its complexity. Innovation means any (by definition beneficial) change in different areas of activities of any organization, which brings about progress against the existing situation. Its nature is often that of evolutionary improving of the existing phenomena, positively assessed in the light of the criteria of a given organization.[3] In reference to the thesis of Schumpeter, C. M. Hall and A. M. Williams presented an interesting concept of innovation, understanding it as relational activity within the innovativeness system[4] if these relations occur between individuals, individuals and technology, companies and individuals, companies and other companies, research institutions or state institutions (6, p. 24).

Many titles in the literature give different classification types for innovations. Due to the limited frame of the paper, only two of them are presented, namely the general typology given in the Oslo Manual and the classification of innovation types in tourism by A. M. Hjalager. The Oslo Manual names and characterizes product, process, marketing and organizational innovations (see Table 1).

Table 1

Types of innovations

Type of innovation	Definition
Product innovation	Introduction of goods or services which are new or significantly improved in the scope of their features or applications. This includes major improvements in terms of technical specifications, components and materials, integrated software, easy operation or other functional features. The term 'product' is used for both products and services.
Process innovation	Implementation of a new or significantly improved methods of production or delivery. This category includes significant changes in the scope of technology, equipment and/ or software. This is innovativeness within the process.
Marketing innovation	Implementation of a new marketing method related to significant changes in the project/ design of the product or in the package, distribution, promotion or price strategy. The objective of marketing innovations is to better satisfy the needs of clients, opening new markets or new positioning of a product of the company in the market to increase sales.

[3] According to the Oslo Manual, innovativeness is defined as 'the entirety of scientific, technical, organizational, financial and commercial activities which indeed lead to or are intended to lead to implementation of innovations. Some of these activities are innovative in themselves, whereas other are novelties, but are necessary to implemented innovations' (13, p. 49).

[4] The system of innovativeness means systematization and placing of actors, i.e. companies and other organizations which participate in generation, diffusion and application of novelties (new knowledge), useful and bringing about economic benefits in the production process (6, p. 24).

Organizational innovation	Implementation of a new organizational method in the principles of operation adopted by the company, in the organization of a workplace or in relations with the surroundings. The objective of organizational innovations may be to achieve better results by way of reduction of administrative or transaction costs, increasing the level of satisfaction with work (thus: effectiveness in work), obtaining access to assets which are not the subject matter of trade exchange (like non-codified external knowledge) or reduction of delivery cost.

Source: Authors' own research on the basis of 13, pp. 50–54.

Taking into account the specific nature of tourist companies, A. M. Hjalager defines five types of innovation: product (services), process, management, marketing and institutional innovations (Figure 1).

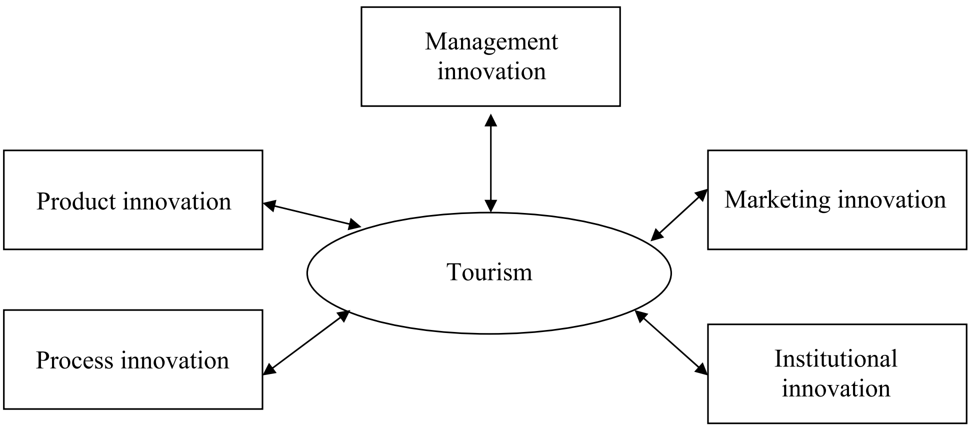

Figure 1. Types of innovations in tourism

Source: (14, p. 5).

According to this author, product (services) innovations include changes perceived by consumers as new, both in the meaning of unparallelled so far and innovative for individual companies, which may significantly affect the decision of purchasing a new product. Process innovations in case of tourist companies usually refer to functioning of backup facilities, whose main objective is increase in efficiency, effectiveness and capacity of individual operations.

Innovations in the realm of management refer to new forms of organizing internal cooperation, team management and delegation of tasks, development of career and developing an appropriate system of salaries. Development of methods of limitation of employee rotation, maintenance of flexibility and costs control are a major challenge for many tourist companies. Another type of innovations are marketing innovations. Examples of such innovations in tourism are, most of all, introduction and development of loyalty programmes. Institutional innovations refer to creating new organizational structures or legal forms which effectively change or improve company activities in individual areas of tourism. Specific networks of companies play a significant role in development of innovations, including those among small and medium-size companies. New institutions may, however, cause more changes and thus affect a wider circle of companies and consumers (e.g. banks and credit cards, electronic systems of ticket booking) (14, pp. 5–7).

The quoted definitions of innovations and classifications of types of innovations have allowed better understanding of this phenomenon and, to some extent, have contributed to constructing concepts of the innovation process and analyses of elements of this system.

3. Determinants of innovative capacity of a company

Research in the innovation process, especially in innovativeness of organization, requires an interdisciplinary and multidimensional approach to include cause and effect relations of various phenomena and processes affecting development of innovations. However, this requires a new look at these issues, expansion of the field of analysis with the issues of innovativeness understood as innovations capacity (innovative potential) as well as innovative activities, i.e. invention and diffusion of innovations. This attitude to innovations is more difficult in understanding this phenomenon, but allows better presentation and explanation of its essence. One should be aware that no company can create and implement innovations without appropriate knowledge resources in the form of inventions, designs, licenses, author's property rights, classified knowledge (know-how), recipes, etc. A thesis may be even proposed that the 'heart' of innovations is knowledge and learning of the organization and its employees or members.

In the adopted concept of the innovative process, innovative capacity (innovative potential) constitutes the first and basic element of the system which also includes innovation invention, diffusion of innovation and taking value from innovation (see Figure 2).

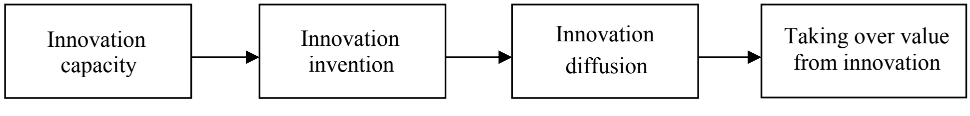

Figure 2. The concept of the innovation process model

Source: Authors' own research.

The presented model belongs to the class of supply models of the innovation process, although in this case, just like with the demand model, it is the market which is the factor of verification of suitability and value of innovations.

Innovative capacity of companies refers to possibilities of making by them significant modifications and improvements in the existing technologies and creating new ones. At present, it is perceived as the ground for creating value from innovations (15, pp. 278–289), or even as the driving force of economic growth (16). Innovativeness 'is thus the capacity of application of the act of creativity of new ideas, inventions, resulting in innovation' (17, p. 17). It essentially integrates determinants of innovativeness such as managerial and employee competencies (which are the basis for creation of knowledge in the organization), the infrastructure employed (e.g. technology used, IT resources, databases, software), organization of work (e.g. flexible forms of work, creating task teams, the organizational structure), the level of cooperation in managing knowledge (e.g. cooperation with clients or suppliers in the given industry) and a significant determinant of performance of the innovation process, that is ensuring protection of knowledge generated within the company (e.g. patent protection, licences). It manifests in four perspectives: the capacity for product innovations, the capacity for process innovations, the capacity for organizational and marketing innovations.

4. Results of empirical research[5]

The study covered 316 entities, including 12 tourist companies from the Małopolska region whose establishment and activities are related to travel tourism. The study was conducted with the survey method with a questionnaire. The questionnaire consisted of two parts. The first included questions related to the characteristics of the conducted activities, the second was related to assessment of potential of the organization and assessment of its surroundings. The research shows that the analyzed companies were in the SMB sector. Employment in these companies did not exceed 250 employees (Figure 3). Four of them employed from 11 to 50 employees, the same number of companies declared employment in the range of 101–250 employees, whereas 3 companies had 50 to 100 employees. Half of the studied companies (6) operate in the range of hotel services, 3 companies are involved in gastronomy, 2 in recreation, and only 1 company is focused on transport services (Figure 4).

[5] Research project: 'Innovative activities of companies in the Tarnów and Małopolska regions' executed by the team of researchers of the Department of Management, MSE in Tarnów.

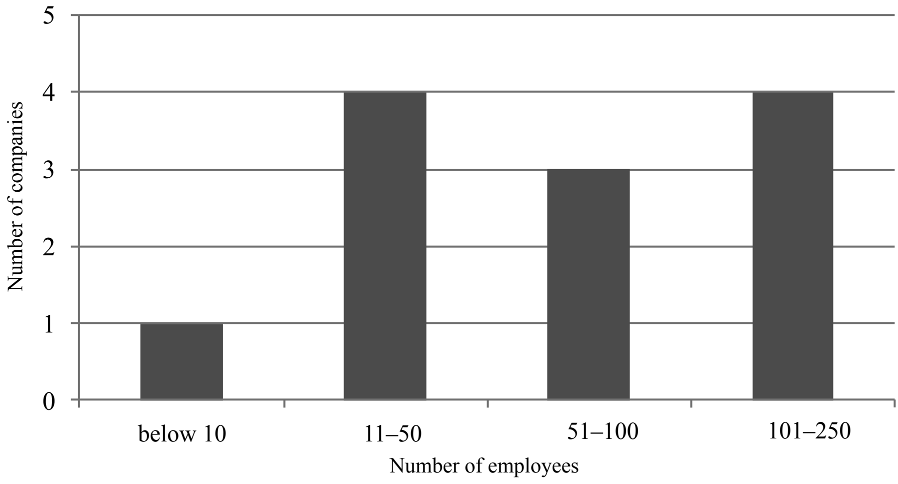

Figure 3. Employees in the years 2008–2010

S o u r c e: Authors' own research on the basis of the studies.

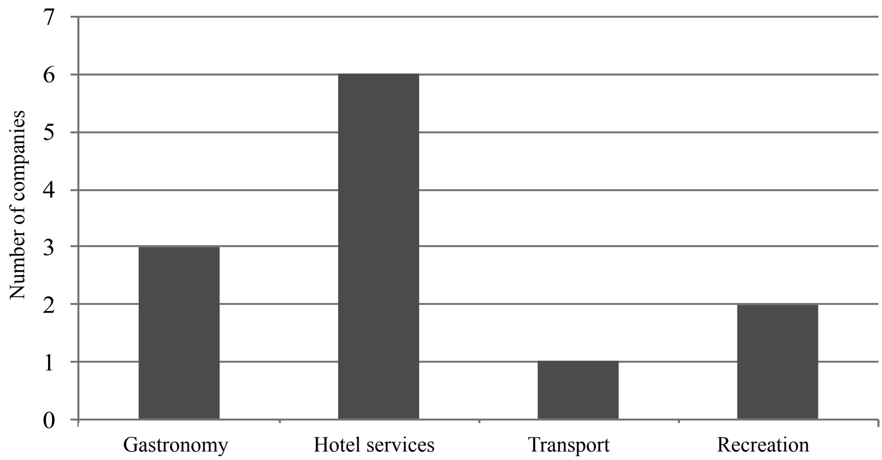

Figure 4. Activities conducted

S o u r c e: Authors' own research on the basis of the studies.

In the analysis of the reach of the conducted activities, the examined companies indicated international market, with 5 companies active. The same number was stated in regional market. Only 2 companies conduct their tourist activities throughout the country (Figure 5).

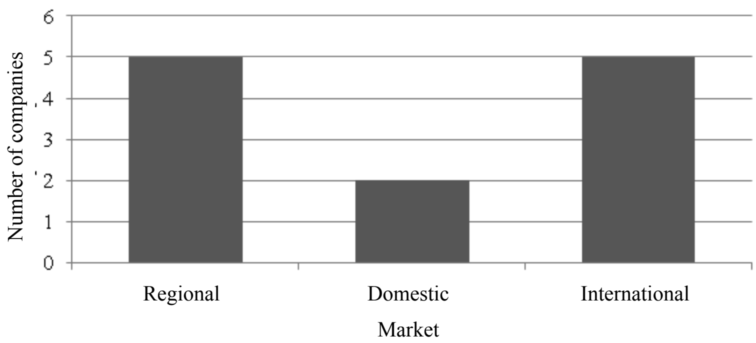

Figure 5. The reach of the conducted activities

S o u r c e: Authors' own research on the basis of the studies.

In line with the thesis of the paper stating that invention and diffusion of innovation depend on the innovative potential of the company, the following Figure presents the determinants of this potential adopted by the research team (the replies allowed determination of individual determinants of innovative potential in the companies). It has been assumed that the following should be selected from among the determinants of innovative potential: managerial and employee competencies for innovation (creation of knowledge in the organization), infrastructure used, organization of work, the level of cooperation in managing knowledge and protection of knowledge generated within the company.

In the category of competencies for innovation, special attention was paid to expenditures borne by the companies for training events, duration of training events and their types, the level of education of employees and competencies in foreign languages. The skill of using modern technologies is also an important factor from the point of view of creating innovations. In case of infrastructure of the given company, which constitutes an item of innovative potential, the research took into consideration the degree of its use, databases, the type and layout of the IT system, as well as methods of communication in the company. Another criterion adopted by the research team for assessment of work organization as determinants of innovative potential were contracts of employment used by the companies, awarding boni for innovativeness, existence of the R&D department, as well as internal relations between the posts in the organization, team solving of problems, the infrastructure in support of the decision-making process or the presence of innovativeness culture in the organization. The level of external cooperation in regard to innovations is related to cooperation of a given company with other entities (e.g. business partners, research and development units). The scope of cooperation, sources of knowledge and the number of business partners are important in this category. The last factor is protection of knowledge employed by the given company, which consists of legal form of the used protection measures, access to information, and types of databases. The stated detailed forms of the realm of changes and development of innovative capacity of a company constitute also assessment criteria for the stated areas.

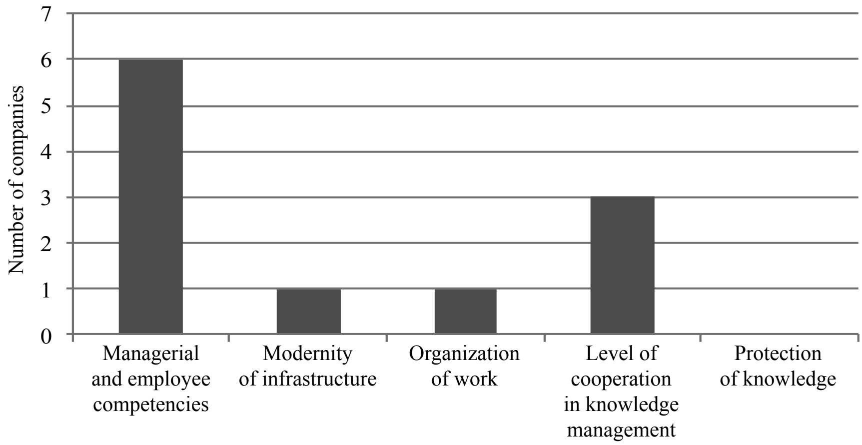

Figure 6. Criteria of company innovativeness

Source: Authors' own research on the basis of the studies.

The analysis of the collected data showed that all the examined companies declared having qualified employees. Half of them emphasized that this personnel also had innovative capacity (Figure 6). The second determinant affecting innovativeness is cooperation between the entities in the market. 3 companies declared this base for creating innovations by way of exchange of knowledge with cooperating parties. Having the appropriate modern infrastructure and organization of work (which also affects development of innovative potential) was declared by 2 tourist companies. None of them mentioned any activities aimed at protection of knowledge generated within the organization (innovative solutions), e.g. with patent protection or licences.

The analysis of the above data shows that it is mostly knowledge and skills of employees of tourist company as well as cooperation between the entities in the given industry which determines the degree of innovative potential of the given company. The question is thus whether the examined companies use their innovativeness and convert it into innovations? In an attempt to answer this question, companies were categorized in terms of their level of innovative potential, comparing it with the conducted innovative activities. The companies were respectively classified into those of low, average and high level of innovative capacity. If the company believes to meet the appropriate criteria in the scope of any one innovativeness determinant, its innovative capacity is low. If the given company uses 2 factors which affect its capacity to create innovations, the conclusion may be drawn that innovativeness of such a company is at the average level. If the companies indicated use of three or more factors from among those listed, they were classified as belonging to the third category, of high degree of innovative potential.

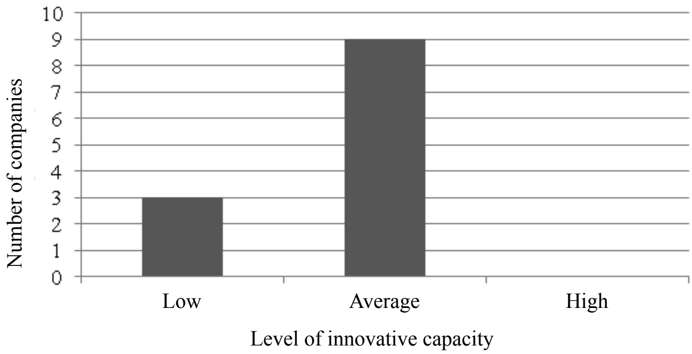

Figure 7. Level of innovative capacity in the years 2008–2010

S o u r c e: Authors' own research on the basis of the studies.

In case of the analyzed tourist companies, their innovative capacity is at the low (3 examined companies) and average (9 companies) level. Not a single of the analyzed companies was included in the third category. Despite this, these business introduced the total of 28 innovations during the period of 5 years (Figure 8). Of these, the companies with low level of innovative capacity implemented 5 innovative solutions, which were process, organizational and marketing innovations. The companies with the average level of innovative potential implemented 23 innovations: 2 product innovations, 7 process innovations, 8 organizational and 6 marketing innovations.

Tourist companies with the average level of innovative capacity implemented relatively a higher number of innovations than those of low innovation capacity. Moreover, they created product innovations valued most, while low innovative capacity companies did not provide innovations in this class.

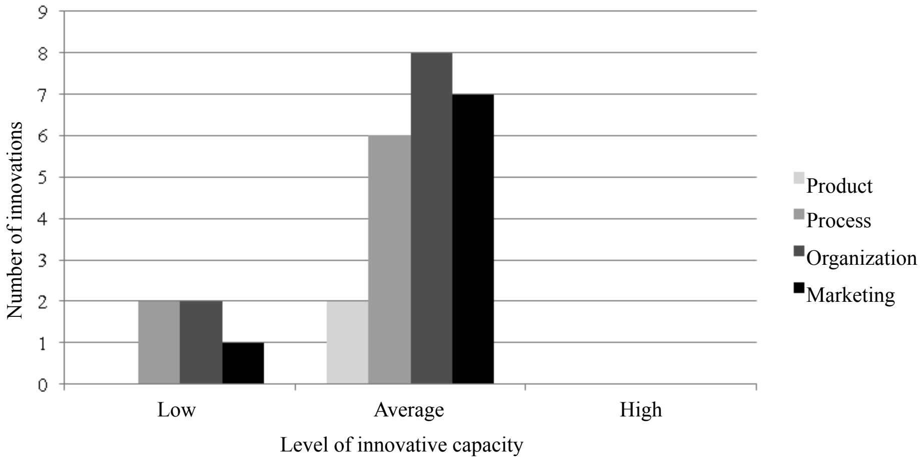

Figure 8. Number of innovations implemented according to the level of innovative capacity in companies in the years 2008–2010

Source: Authors' own research on the basis of the studies.

The presented data thus allow the statement that appropriate use of knowledge of employees, creating modern infrastructure and building relations and cooperation between market entities all constitute a significant factor necessary to create and implement innovations in tourist companies. Having and using at least one of the listed factors contributes to creating innovations in a company. Moreover, the research showed that companies of relatively low level of innovative capacity can create innovations.

5. Conclusions

Innovative activities of organizations is in essence a social phenomenon and not only (as it may seem) a technical process or an economic mechanism. Research on the innovation process thus requires interdisciplinary and multidimensional approach, to include cause and effect relations of various phenomena and processes affecting development of innovations. However, this requires expansion of the field of analysis with the issues of innovative potential and innovation capacity which form a premise for innovative activities, i.e. invention and diffusion of innovations.

The paper presents (in view of the said methodical and practical issues) a new concept of the innovation process. Isolation and definition of organizational capacity of an organization as a determinant of invention and diffusion of innovations is an important element of this model. This approach to innovativeness allows assessment of progress in all or selected areas of company innovativeness on the one hand, and also allows programming and planning of its dynamics and shape in accordance with the strategy of the organization.

The results of the analysis of theoretical and empirical research presented in the paper showed that survival and development of tourist companies depend largely on their innovativeness. The basic determinants for building or developing this innovativeness are:

- managerial and employee competencies, especially experiential knowledge and knowledge acquired from the outside;
- the level of cooperation in the scope of knowledge, i.e. building alliances of knowledge with clients and other interested;
- innovativeness of the IT infrastructure, that is development of IT and communication systems;
- organization of work and pro-innovative organizational culture.

While emphasizing immense significance of knowledge in the innovation process, it has been assumed that the stated determinants of innovativeness constitute crucial elements of the system of knowledge and knowledge management in a tourist company, a system which is mostly understood in the subjective, structural and instrumental aspects.

In reference to the ground of the Małopolska tourist companies in the research, one has to emphasize that they are not capable, and have no economic nor technical capacity to manage research and development activities. Under these circumstances, the basic source of innovations in these companies is knowledge acquired from the outside, from other companies or institutions (learning from others). This acceptance and implementation of new concepts, ideas, processes, and products constitutes a significant determinant of innovativeness in tourism organizations. Clients (tourists) form another source of knowledge and innovativeness, of no less significance. The point is thus not only in marketing research, i.e. identification of changing preferences and likes of clients, but including it, with the properly structured loyalty programme and system of motivation in active participation in the process of increasing innovative capacity, or even innovation invention.

The objective of any tourist company is to increase performance, which is regarded the most important expression of rational management. It is currently inseparably related to acceptance and implementation of innovations, whose basic premise is development of innovative capacity of the company with the said directions and methods of development of innovativeness.

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Innowacyjność przedsiębiorstw turystycznych – próba oceny

S t r e s z c z e n i e: Celem badań opisanych w artykule jest przedstawienie koncepcji procesu innowacji oraz sformułowanie modelu potencjału innowacyjnego przedsiębiorstw turystycznych wraz z podaniem determinant tego potencjału. Wykorzystując tę koncepcję, dokonano oceny innowacyjności badanych przedsiębiorstw turystycznych przynależących do sektora MŚP. Treści zawarte we wprowadzeniu pozwoliły na wstępną identyfikację kwestii: Jak konkurencyjność i globalizacja stymulują innowacyjność turystyki? Jakie są zasadnicze źródła innowacyjności przedsiębiorstw turystycznych? Jak znaczącą rolę odgrywają czynnik ludzki, przedsiębiorczość i wiedza w procesie innowacji? W dalszej części artykułu przedstawiono dyskusję wokół podstawowych pojęć związanych z procesem innowacji i zdolnością innowacyjną organizacji, podano klasyfikacje innowacji w turystyce. Scharakteryzowano determinanty potencjału innowacyjnego takie jak: kompetencje pracownicze, nowoczesność infrastruktury, poziom kooperacji w zarządzaniu wiedzą, sposób organizacji pracy i zabezpieczenie wiedzy (innowacji) powstałej wewnątrz organizacji. Empiryczny fragment pracy zawiera wyniki badań nad oceną stopnia innowacyjności przedsiębiorstw branży turystycznej regionu małopolskiego. Stwierdzono, że to przede wszystkim wiedza i umiejętności pracowników firm turystycznych oraz współpraca między podmiotami danej branży stanowią o stopniu innowacyjności przedsiębiorstwa. Zasadniczym źródłem innowacji przedsiębiorstw turystycznych jest więc wiedza pracowników oraz wiedza pozyskiwana z zewnątrz, od innych organizacji.

Słowa kluczowe: innowacje, potencjał innowacyjny, przedsiębiorstwo turystyczne, wyniki badań

Ryszard Mysior*

The outline of educational and vocational counselling diagnosis in schools of Tarnów County

Key words: Inner School Vocational Guidance System, school centre of professional advisory, school carrier counsellor, job orientation process

Summary: The amendment to the Education Act extended the mandatory tasks of school to the obligation of providing support in preparing students to enter the profession together with the area of future study. This article is an attempt of diagnosis of the school career counselling based on the research conducted in secondary schools and upper-secondary schools of Tarnów County. The purpose of the article, addressed mainly to the teachers, is to draw attention to the problems connected with the students school support (in the phase of career planning and further education) and effectiveness evaluation of the school career counselling in the context of students expectations. The first, theoretical part of the article presents an overview of formation of the decision making entity. In the second part of the paper, beginning with the sixth chapter, the results of research conducted in the last ten years in secondary and upper-secondary schools of Tarnów County are presented. The first secondary school studies confirmed the dramatic demand for advisory assistance, which was one of the essential prerequisites to create a network of school guidance centres at secondary schools. A recent study showed the progression of advisory activities. Also, the structure of support expected by the students has changed. Online students, unlike their older colleagues, do not expect help in planning but support in understanding their personality. At the end of the article, apart from the conclusions, a recommendation for widespread school career counselling is included.

1. Introduction

This article is addressed to teachers and school career counsellors. It comes from the belief that once they read the article they would look more broadly at their own

* Ryszard Mysior, PhD—assistant professor, Department of Education, Faculty of Social Studies, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 666 937 084, e-mail: r.mysior@gmail.com.

profession in the context of preparing students to choose the profession and the area of further education.

The intention of the study was to gather empirical data to evaluate the implementation of the statutory obligation to prepare students to choose the profession and the further education through secondary and upper-secondary schools located in the area of Tarnów County.

The study was conducted in the school year 2003/2004 and 2005/2006 (panel study) on a group of 616 students and in the school year 2012/2013 on a group of 220 first and final year students in the Tarnów County upper-secondary schools. The research sample was selected at the level of 10% by the systematic sampling at the interval of 10. Its representativeness reinforced the need to participate in the research a sample of students from each upper-secondary school in the number proportional to the total number of youth.

2. Development of the decision-making body

The shaping of professional career starts very early in life. Parents are the first group providing a child with specific patterns of attitudes towards each other. Mieczysław Łobocki writes that the most optimal conditions to fulfil the educative function has a complete family consisting of two parents and children joined by strong emotional bonds that complies with the universally recognized principles, norms, values and ideals. In all other types of families it is much harder to build appropriate models based on reliable and accurate self-assessment and on the real basis (1, p. 311).

Children and then young people anticipate their future education and career in their creative and innovative thinking. Outward signs of changes taking place in the child's personality are the first choices of their professional career. In the period of primary socialization the child plans to be a fireman, a policeman, a priest or he/ she plans to have other socially significant profession. However, this is a one-dimension image based on the attractive external attributes assigned to certain professions. In the pre-selection phase, children generally do not take into account their own suitability or the needs of the labour market, they do not take into consideration the practical possibilities of performing chosen profession. It is not, fortunately, the constant state. 'Few children, says Stanisław Szajek, keep for a long time their career wishes expressed too early under the influence of the family environment' (2, p. 51).

Young people replace the original infantile images, through their development and wider access to information, with more and more mature perception of the world. They enrich their knowledge and experience different contradictions of the reality surrounding them under the influence of social contacts. They also correct their earlier vision of life. As a result, the image appears as complicated, requiring continuous confrontation with the richness of the reality including the postmodern rhetoric of broader surroundings.

3. Post-modern fears, concerns and opportunities for youth

The early 21st-century man lives in the world in which law and order has been demolished. Future which could not be predicted made them feel lost and helpless. A modern man is accompanied by overwhelming anxiety about their future. Such state, as Zygmunt Bauman writes, has been recorded in the biography of each individual (3, pp. 43–44).

A sense of insecurity appears in many dimensions and the status of the work is among them definitely the most perceived. Young people, on the basis of the relationship of their parents or friends, know that the human rights of their current terms do not include the acquisition of rights to work even the best-performed one. Means of subsistence, social position, a sense of usefulness as well as their own dignity—all can be lost overnight and without notice. The second source of information are older colleagues. From them young people can learn, for example, about the mounting difficulties in obtaining work. These problems are associated with permanent imbalance in the labour market which is accompanied by high and persistent unemployment. Young people are subjected to the pressure of diverse information about the contraction of the labour market due to accumulation of unfavourable social and economic phenomena. Portals present unfavourable for young professionals rankings which show that the work in their dream profession is not and will not be possible soon.

Man, however, according to Józef Kozielecki, is neither entirely a puppet controlled by the external environment, nor a poor actor. He or she is rather a separate entity (a person who largely determines their fate) who usually deliberately and intentionally operates in an increasingly complex maze of modern times (4, p. 170).

Young people operate in a world that is becoming increasingly diverse and complex, contradictory and dynamic and constantly open. They expect changes and have got the illusory sense of authorship and control over reality. They take matters into their own hands. They replace a typical attitude of the modern era based on the imperative: ‘you have to be such and such’ with the rule assigned to the postmodern era: ‘You can be anyone’.

The presented here optimistic image of youth is not entirely clear. This same youth becomes helpless and lost in the process of making important decisions about their future life and career.

4. Orientation phase—an integral part of the education process

The success of achieving the stated goal is not born spontaneously. First draft and then plan require support on foundation of reliable information converted into a regular knowledge. The following in the direction of success occurs within the three major processes: orientation, decision-making and post-decision making (5, p. 89).

Józef Kozielecki recognizes decision-making process, similarly to Alicja Kargulowa, in the form of a three-phase model: a pre-decision making process, the process of decision-making and a strictly post-decision making process (6, p. 23). Each phase in the model action is planned in an orderly sequence and it follows the time. The first, orientation phase, in psychological terms is the stage associated with confronting by the individual incoming information with internalized information in the process of socialization. The same stage in terms of pedagogy and educational activities has generally aimed at making optimal decisions on the life and career choice made by the individual. In sociological terms, similar to the pedagogical, it is a process of educative orientation, extended on the groups, which takes into account social relations of choice.

Regardless of the adopted perspective, the essence of the orientation process is to prepare for the decision making which should be based at least on the relationship of two areas: the decision maker and knowledge of the career characteristics. Everyone agrees, says Bożena Wojtasik, that it is essential to get to know oneself, learn about different professions and adjust oneself to the certain profession (7, p. 68).

Vocational orientation is an integral part of the educational process designed to assist in the acceleration of the students' maturity in choosing the profession. It should accompany the individual at all stages of his/ her career choice, because in each of them there are difficulties (8, p. 30). This stage is seen as the most important, the most difficult and the longest in the process of decision making. The quantity and quality of information, knowledge and pre-professional experience collected during the process should provide a strong foundation for students' individual decisions on the following stages of education.

5. The school career counselling outline description

5.1. Career counselling as a normative task of school

The amendment to the Education Act of the 7th September 1991 increased the number of tasks assigned to the schools. The obligation to prepare students to choose the profession and the area of further education is one of them. Implemented regulations define tasks which change obviously along with the further steps preparing children and young people to the choice of profession.

Schools, which sometimes with difficulty deal with the implementation of the tasks related to teaching and education, are also required to create Inner School Vocational Guidance System. The activities related to the professional school counselling which can easily be deduced from the numerous reports were among the priority tasks of secondary and upper-secondary schools (9, p. 30).

5.2. The uncertainty of the decision about the selection of profession and school

First and the most important professional decision young people ending upper--secondary school have to make is often taken with uncertainty and lack of information. Parents and teachers, contrary to pragmatic advisory services, in many cases accept the decisions of the students' choosing the school 'they have a chance to finish' and 'postpone a career choice'.

Almost every third student who attends the last grade of secondary school is not prepared to make a binding decision on the selection of their future school (10, p. 138). Continuous complication of everyday life causes that the teachers, parents and students do not have full knowledge about the professions and all possible ways of getting them. This problem was accurately recognized by Stefan M. Kwiatkowski, who writes: 'Despite the undeniable progress in terms of the access to information, many students select the post-primary school without a specific self-knowledge about their own abilities and knowledge of employment opportunities at the local labour market' (11, p. 17).

Young people willingly use the suggestions, advice and guidance of their parents, older siblings and other family members. They do so especially at the stage of the early adolescence. More rarely it happens to upper-secondary students or students of secondary vocational schools, but in these cases a little more than one-third of graduates admitted the use of their family support. Apart from the informal support obtained from the family (this includes the third part to half of different groups of respondents families) students look for professional psychological and pedagogical help mostly in schools they attend. However, these expectations are rarely met because, as Magdalena Piorunek concludes in her research, traditionally called professional counselling is rarely present in the selection process carried out at the stage of adolescence. Small number of students registered their existence in such centres and that is why mostly sporadic information meetings do not help the decision-making situation of young people. Less than one in ten respondents mention them (12, p. 229).

5.3. Categorization of students and schools

For many secondary schools the basic student selection criteria are the results of studying and behaviour at previously attended school. They are quite clear and simple criteria that do not require the in-depth knowledge of interests and abilities of the students. The choices made by students and the survey on the graduates fate generally confirm the school predictions about their careers. Students reaching the highest educational results are traditionally categorized into the group which should continue their education in upper-secondary schools. The weaker students, with the average educational achievement, should follow their educational aspirations for technical training. The weakest students, having low educational results and additionally causing educative troubles, are predicted to training at basic vocational schools with a short path of career advancement. Selection of students according to the adopted criterion can cause many mistakes especially in relation to the group assessed as 'satisfactory—good grade'. It should be noted, however, that many teachers revise their approach towards plans and educational aspirations of students. Teachers see more factors and interdependencies that occur between them so the future of the students is projected with greater caution.

The second area of categorizing are upper-secondary schools. Interviews conducted with teachers recognize the tendency to prioritize the upper secondary school reality according to the criterion of the degree of difficulty and prestige. The basic premises are the most subjective experiences of educational and professional experiences, the prospect of their own workplace or the insufficient knowledge about the specificities of different types of schools.

Vocational training now gets a lower rank as well as less demanding educational cycle. Schools of technical type are also seen through the prism of 'domino effect'. The opening of the general education meant that places released in technical schools were occupied by the students who, in many cases, should continue their education in basic vocational schools. This phenomenon, indeed accepted by the upper-secondary schools, can be defined as a negative recruitment to technical schools.

Presented in brief changes perpetuate in educational and social consciousness the false impression that a technical school is easier to graduate from. Such an inadequate to the reality image transmitted in the counselling process may contribute to the development of students' unobtainable career plans and making wrong decisions.

6. Outline of school career counselling in the Tarnów County schools

6.1. Educational and career plans of students

Serious, but not the only, drawback in secondary counselling is the intensification of the professional orientation process conducted in the final year. A false belief that students in the final year of study, just before crossing upper-secondary educational threshold, construct their educational plans functions in school environment. My own research confirmed that in the third secondary school year, nearly two-thirds of the students have formed plans for their further study taking into consideration the type of school. A comparable proportion of rural students has stable plans for education in urban schools (10, p. 138). These are the students who can be described as determined to achieve vocational and educational objective.

Panel study conducted in the school year 2005/2006 confirmed that three-quarters of the students have a clearly defined strategy. Alternative choices (second place) in case of failure in the selection of the first chosen upper-secondary school are not random. It is usually a school of the same type but lower in the rankings and education environment. Only a small group of students changed the type of school, rarely it occurred among the students who planned their further education in upper-secondary schools. The other students, under the pressure of passing time and the approaching deadline for recruitment, found for themselves the right school. In many cases, this was done on the basis of unstructured information and under the strong influence of parents.

Teaching experience annually confirms that the students' choices are not definitive. Each student in the next stage of education can correct an inaccurate decision. In the school year 2003/2004 about 110 students corrected their choice (changing school, changing the type of school, changing profession), while in the school year 2012/2013 there were no more than 20 students who did the same. Most often it was the vertical change from technical or upper-secondary school to basic vocational school. Students generally blamed an overestimation of its intellectual capacity for this, too much learning, inadequate effort for the end result or the possibility 'to achieve the same' through the education in complementary types of schools.

6.2. The school career counselling forms of support

Carl R. Rogers writes that 'you need the courage, when you made the choice to take the first, tentative step towards the unknown' (13, p. 296).

The institutions supporting consultative process in schools are the District and Municipal Pedagogical and Psychological Councillors in Tarnów and the Centre for Education and Youth Employment called OHP in Tarnów which is assisted by counsellors from Mobile Centre of Vocational Information. In each school year, on average, every third student (31.1%) receives pedagogical, psychological and counselling support. The basic purpose of the action taken by the institutions is to enable young people to acquire the skills of active, flexible, professional development planning and the acquisition of knowledge together with the skills necessary to smooth transition from education to the labour market. These tasks have been realized by the advisors through conducting group classes, individual counselling and providing professional information. The basic method of operation is the advisory conversation conducted according to strictly defined phases and using certain techniques. Methods and techniques used by counsellors enable the students to learn through future professional positions in the context of the changing needs of the labour market.

The school counsellors, employed in the county schools, are the natural partners of the upper-secondary schools in the advisory process. The network of school counselling centres, set up in upper-secondary schools as an initiative of the Department of Education in Tarnów County, fulfils the expectations of students in secondary and upper-secondary schools. In the years 2003–2005 five school guidance centres were created as pilot project (SzOK). The equipment for such centres was purchased with funds from the Ministry of Economy and Labour grant. In subsequent years another four centres were created.

A special ally in the advisory activities is the offer of training and vocational courses offered to students of upper-secondary schools in the frames of the systemic project ‘The modernization of vocational education in Lesser Poland’ financed by the European Union under the European Social Fund (2010–2014). The main objective of the project was to upgrade teaching and systematic improvement of the quality and attractiveness of vocational education in Lesser Poland. The objectives are realized through the forms of support in order to obtain additional (‘hard’ and ‘soft’) skills, to acquire the pre-professional experience, the participation of pupils in get-to-know profession visits, additional practices and internships. Activities such as the organization of educational fairs in the formula of promoting different professions, the competition: ‘I have profession. I have fantasy’, or trips abroad in the framework of transnational component, fit perfectly in advisory activities.

Despite the activities taken to support the students of upper-secondary schools, they are in a more difficult counselling situation. In extreme cases, the counselling process is considered to be unnecessary and the employment of counsellors in schools as economically unjustified. Few people are aware of the fact that a large group of students put off the moment of career decision, choosing upper-secondary schools or vocational schools under the pressure of external factors. In upper-secondary schools properly maintained professional orientation is often underestimated. Teachers assume that students with the support of their family or relatives made a prudent choice. They forget also that the orientation process is an inherent component of the professional development of each individual and the goal of the school professional counselling is to support young people in making career decisions.

Final year students, under the pressure of administratively defined terms are forced to overcome barriers and declare the selection of future school or university. In many cases, the tactical choice is made towards gaining the objective. The selection decision is based on a small amount of information needed, taken without deepened reflection and in a hurry. This may be inaccurate and inadequate for general plans. In extreme cases, the choice may be made due to different superficial information, heard or under the influence of colleagues. Thus taken decisions carry a high risk. There are also diametrically different situations when the student has got all the necessary information, systematizes it skilfully and turns into the frames of his or her knowledge and yet does not have the courage to make the decision. Students look for support or acceptance even though the risk of failure is minimized.

7. Diagnosis of advisory support in choosing a secondary school and university

7.1. Progression of advisory activities

Conducted in the school year 2003/2004 research confirmed the dramatic lack of school support in terms of educational and vocational guidance. On a very low level did students assess school activities in such an important for them area as future career. Support from the school was rather incidental. There were no structured activities, and above all, lack of professional staff. School Information about schools and universities students acquired on their own. Almost half of the students (49.2%) thought that they were not sufficiently prepared to choose the future school.

The results of the survey carried out in autumn, in the school year 2005/2006 are consistent with those obtained by other researchers. Only 13.6% of students confirmed that they benefited from any counselling assistance related to career choice. In spring the percentage of young people has risen to 21.6% which means that every fifth student of the final year of secondary school received professional advice and counselling.

Another study in the school year 2012/2013 confirmed significant progress. One-third of the students (33.3%) confirmed getting help from a teacher or vocational counsellor. Also, the percentage of students (33.3%) who are not sufficiently prepared to make decisions about the choice of secondary school decreased.

The biggest deficit of information traditionally occurred in the field of vocational training both on the threshold of upper-secondary education and higher education. Parents help and peer environment seemed to be invaluable during that period. The problem was not lack of information but the fact that the students themselves showed limited skills or determination in searching for such information. The lack of complementary knowledge obviously was not a barrier in designing and making career plans as well as further education. Doubts frequently articulated by the students concerned fitting for the profession. Students expected to have their selection confirmed due to the psychophysical predispositions.

Progression in the advisory activities can be explained by several factors. Firstly, the schools and local authorities realized the seriousness of the problem. The student who made the incorrect choice and did not know how to integrate into the local labour market (due to the qualifications and low mobility) at one point became a client of the municipal social care. Secondly, commune and county policymakers noticed that the problem of unemployment starts at the stage of school. Generally, the first period of transition a barrier was not the fact that the vocational school programmes did not correlate with the realities of the local environment or education in traditional large-scale event but the low awareness of the changes. Mirosław J. Szymański writes: ‘The social consciousness transformations belong to those vertebrae issues that are equally as important and interesting as the economic reforms. Since no changes taking place in people’s mind were set, their attitudes and aspirations, it is impossible to imagine more effective changes in the economics and politics’ (15, p. 13).

7.2. Expectations of the students

Analyses of the data, regardless of the period of the study, systematically confirmed the students’ demand for professional advisory support. Systematic assistance while choosing the educational path is expected by two-thirds of rural students

(66.8%) and one-third of urban students (33.6%). Every fourth student (24,4%) in urban and rural secondary schools expects the ad hoc assistance. Half of the students clearly indicate that they are supported mainly by their family environment (parents and older siblings—49.6%) when it comes to choose the future profession. Despite the fact that parents with higher education are more efficient in terms of support in career planning and their children appreciate their influence over the career education, the analysis confirmed the bigger interest in using the vocational advisory than in children from families with lower education. They expect the first confirmation of chosen life path and career correctness in order to minimize the risk of failure.

In the rural, as in urban, environment the expected level of support for advisory is related mainly to the knowledge about one's own personality through learning about the strengths and weaknesses, the degree of correlation to choose an occupation and interests (autumn: 42.2%, spring: 35.3%) and to obtain information about the type and specificity of upper-secondary schools and universities (autumn: 42.2%, spring: 38.3%). An expectation to read the characteristics of different professions predominated among the students who declared vocational training on the upper-secondary and higher level. Students wanted to learn about the structure of school subjects and activities as well as required professional skills and psychomotor qualities necessary in selected occupations (autumn: 9.7%, spring: 13.6%). Pending attitude of a large group of students may indicate a reliable approach to planning their future. A change in the structure of the expectations of the students can also be noted. While a few years ago their older colleagues expected help in constructing professional plans, the present students expect help in understanding their own personality.

Preparing students for education programmes does not correlate with analysis of the local labour market. Only a small group (8.2%) require information about the local labour market and expressed the desire to understand the mechanisms regulating the demand and supply of labour.

A study conducted in the school year 2012/2013 confirmed earlier attitudes of secondary school students. Recognition of the local labour market on the verge of the upper-secondary school is, according to the students, an irrational action. A comment of one of them is representative for a large group of students: 'Once I have a profession I will always find the job.' The opinion expressed in such a way confirms a great optimism in causative power of education. In rural areas the belief in prestige and power of education is still functioning.

Of course, diametrically opposed position is represented by the students of the final year of upper-secondary schools who intend to start their first job. They express comprehensible concern about their future professional position. Analysis of the fate of graduates confirms that statistically only one in four or five graduates of an upper-secondary technical school finds job in line with their learned profession. Employment opportunities are increased if they have additional qualifications which, however, students do not obtain during the vocational training at school.

7.3. Sources of information

Traditionally, sources of information for students about the local labour market are parents (family) (29.2%), media: newspapers and the Internet (27.6%) and school peer environment (17%). Diversification of sources allows confronting the information and creates an image of the labour market which is the closest to reality.

The parents (family) provide their children with the information resulting from their professional experience. From the perspective of counselling support, many parents may be evaluated negatively because it is rather a process of discouragement. Emphasizing the negative traits can produce the image of the profession of limited social value which from the pedagogical and social point of view is a reprehensible action. A society, to last and develop, needs people performing different social and professional roles such as intellectuals, scientists, artists and managers but also locksmiths, bricklayers, bakers, butchers as well as non-qualified workers.

The school staff: teachers or school counsellors to a greater extent are listened to by upper-secondary school students than secondary school students and they are more credible for them. They are the source of information for every tenth student on average.

7.4. Persons influencing the choice of school

The students asked in the school year 2005/2006 about the people influencing the choice of school in autumn, pointed mostly their parents and family environment (49.3%), less numerous group noted that 'it was only my own choice' (31.2%) and least frequently they indicated their peers (12.3%). The study repeated in spring did not confirm the primacy of parents and family environment (28.6%). The increase was noted in a group of students independently choosing schools (40.2%), choosing under the peer influence (14.9%) and outside school (9.1%). Reducing the impact of parents and family environment on school choice correlates with the lack of parents' approval on school choice. Students, in the absence of approval from the parents, decided alone on the selection of the school. Most dispute between parents and their secondary school children concerned the choice of the upper-secondary school. Parents in rural areas more than in urban ones do not approve of the choice of general upper-secondary school. The tradition of learning at technical schools due to the vocational qualifications in rural areas is still ongoing. In case of 'Matura' school students, parents did not question the aspirations of studying, but they would not accept the chosen way to continue education at university.

Studies repeated (by interview method) in the school year 2012/2013 confirmed the changes. Young people are given greater autonomy in planning their future career and life.

Together with the weakening of parents influence on the school selection, the professional orientation process of acquiring information sources that influence the career plans and education has also changed. A smaller group of students in spring

(18.8%) than in autumn (23.9%) benefited from the knowledge and experience of parents while constructing their professional future plans. Also the value of their older colleagues experience decreased as a source of information (autumn: 27.6%, spring: 15.2%). On the other hand, the importance of objective sources of information such as trips to high schools, information and professional fairs, staff meetings with employers organized within the framework of vocational offer have increased. The position of the school has also been strengthened.

7.5. Self-assessment of knowledge as the basis for creating professional plans

In the context of the students' questions about self-assessment of knowledge as the basis for creation of educational and professional plans, obtained responses explain the lack of interest in some issues which are important from the perspective of counselling. Almost every fifth student (18.5%) highly regards their knowledge (based on the detailed information), and three-quarters of the students (73.7%) estimate their knowledge at the average level (ordered, but without detailed information). This entitles to conclude that students are honestly prepared to make a decision on the selection of profession and a field of study.

The audit question did not confirm the adequacy of such a high self-esteem students actual knowledge of the future school and profession. The students were not able to identify the future profession extent necessary qualifications, skills and aptitudes to. They used the general concepts, pointed out commonly known features. The deepened analysis confirmed the high level of intentionality in choosing a career related to its prestige (20.1%), economic position (27.9%) or the desire to achieve their dreams and interests (33.1%).

8. Conclusions

1) Young people during the socialization process increasingly internalize the postmodern culture. High self-esteem of their own knowledge facilitates the implementation of the post-modern principle that 'you can be anyone'.
2) In the last decade there has been a significant evolution of quantitative and qualitative guidance in decision-making process while making a career choice and direction of education in the Tarnów County schools. Systematic counselling assistance is expected by nearly two-thirds of the rural students and one-third of urban students. Every fourth student expects occasional vocational assistance.
3) Students do not expect support in the construction of educational and career plans, but the psychological and educational assistance in exploring their own interests and if they personally suit the specific professions.

4) Youth diversified the sources of information about occupations and the labour market. Emancipation processes occurring rapidly in the postmodern culture weakened the influence of parents (family) on the educational development and career plans of young people.
5) Self-assessment of students' knowledge as the basis for constructing their career and educational plans is inadequate to the realities of school and work. Preparing students to vocational education does not correlate with the recognition of the labour market and occupational characteristics.

Recommendation

Despite the clear progression of the school career counselling in the area of Tarnów County, deepened analysis shows that currently functioning point and spread forms of support demonstrate considerable inconsistency in the context of the expectations of students and do not provide the expected effectiveness. It is necessary to ensure the systematic and obligatory advisory support in schools, especially in secondary schools, based on uniform standards. Advisory system at school should take into account the cooperation with psycho-pedagogical counselling, OHP and other institutions providing advisory support and also with parents.

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Zarys diagnozy doradztwa edukacyjno-zawodowego w szkołach powiatu tarnowskiego

S t r e s z c z e n i e: Nowelizacja Ustawy o systemie oświaty poszerzyła obowiązkowe zadania szkoły o obowiązek udzielania wsparcia w zakresie przygotowania uczniów do wyboru zawodu i kierunku kształcenia. Artykuł jest próbą diagnozy szkolnego doradztwa zawodowego przeprowadzonej na podstawie badań w gimnazjach i w szkołach ponadgimnazjalnych powiatu tarnowskiego. Celem artykułu – kierowanego głównie do nauczycieli – jest zwrócenie uwagi na problemy związane z udzielaniem uczniom wsparcia przez szkoły (pojawiające się w fazie konstruowania planów zawodowych i edukacyjnych) oraz ocena skuteczności funkcjonowania szkolnego doradztwa zawodowego w kontekście oczekiwań uczniów. W pierwszej, teoretycznej części artykułu zaprezentowano w zarysie zagadnienie kształtowania się podmiotu decyzyjnego. W kolejnych przedstawiono wyniki badań prowadzonych w szkołach gimnazjalnych i ponadgimnazjalnych powiatu tarnowskiego w okresie ostatnich dziesięciu lat. Pierwsze badania gimnazjalistów potwierdziły zapotrzebowanie na pomoc doradczą, co stanowiło jedną z istotnych przesłanek do utworzenia sieci szkolnych ośrodków doradztwa zawodowego w szkołach ponadgimnazjalnych. Wyniki ostatnich badań wykazały progresję działań doradczych. Zmieniła się też struktura oczekiwanej pomocy ze strony uczniów. Obecni uczniowie – w przeciwieństwie do swoich starszych kolegów – nie oczekują pomocy w planowaniu, ale wsparcia w poznawaniu swojej osobowości. W zakończeniu artykułu – oprócz wniosków – zamieszczono rekomendację upowszechnienia szkolnego doradztwa zawodowego.

S ł o w a k l u c z o w e: Wewnątrzszkolny System Doradztwa Zawodowego, szkolny ośrodek doradztwa zawodowego, szkolny doradca zawodowy, proces orientacji zawodowej

Jean-Éric Pelet*

Effects of colours on the attitude towards an e-commerce website: A multicultural approach

Key words: colour in e-commerce, national culture, attitude towards the website, affective states, buying intent

Summary: The aim of this research consists of studying the effects of the colours on the formation of an attitude towards an e-commerce website according to the nationality of the user. Colours used at the website can be a major element in the design of the interface by introduction of easily identifiable areas within the website. On the basis of semi-directive interviews, informations about French and Tunisian Internet users were obtained to identify their perception of the interface of e-commerce websites. The topics referring to the national culture and to the affective states experienced by the consumer in the context of shopping on the Internet emerged. The findings reinforce the effects of the colour variable by consumers. They also show differences of perception according to the country of origin.

1. Introduction

This work focuses on the central question of the role of colours on e-commerce and their influence on shopping behaviour. We also outline our objectives. Subsequently, the concepts of colour and culture will be discussed, as well as works on affective states in the context of shopping over the Internet. In order to know what are the differences of perceptions between Tunisian and French consumers, depending on the colour of e-commerce websites they visit, results of an exploratory study conducted jointly in France and in Tunisia will be discussed. This presentation will conclude by stating the limitations of this preliminary work before reaching a conclusion. We also briefly mention the laboratory experiment currently underway.

* Jean-Éric Pelet, PhD—assistant professor, KMCMS™, IEMN-IAE, Nantes University, Chemin de la Censive du Tertre, BP 52231, 44322 Nantes Cedex 3, France, tel.: +33 06 30 53 69 76, e-mail: je.pelet@gmail.com.

2. Cultural aspects

Culture seems to have a significant impact in the use of information systems especially with the popularization of some of its uses such as e-commerce. However, websites have different navigation systems and different colour codes. These websites do not appear systematically designed to match the national culture of the user that they target. This variety of interfaces first raises the question of the effectiveness of these e-commerce websites based on Internet cultures. It also asks questions about intentions that this variety suggests to users, according to their national cultures.

So the question we ask is: 'What are the effects of colours of an e-commerce website on the shopping intention, taking into account the presumed mediator effect of the national culture and emotional states of consumers?' Answers to this question will contribute to our knowledge about the culture of consumers when shopping online.

3. Effect of colour on e-commerce

Talking about colour refers to the physiological sensation received through the eye of the vision of a colourful element. This sensation is linked to three dimensions: the nature of the object, the ambient light, the perception of the eye of the stimulus and what it communicates to the brain. Generally, colour is defined by three components: the tint or hue, saturation, brightness.

On a website, colour takes part of what is called the interface. The latter consists of processes including colours, animation, audio, text, animations, photographs, textures, graphics and advertisements, which are used to attract the attention of the user. The interface on a website is the graphic design, composed of two colours: foreground colour and background colour. They allow to reveal the contrast, which corresponds to a marked contrast between a foreground and a background colour. The perception of the ambiance of an e-commerce website is therefore almost entirely based on its visual aspect that is to say, the graphic, since 80 percent of the information processed by the brain of the learner comes from view (1).

By appealing to colours, we clarify the conceptual framework of this paper on the concept of atmosphere. The atmosphere of an Internet website corresponds to its shopping environment. It represents all components of the website involving the visual and auditory ability to stimulate the senses of the user. It helps to understand his/ her emotional, cognitive, psychological, physiological and behavioural changes by the modification of one of these components (2).

However, studies on a single variable of the atmosphere of an e-commerce website remain rare. They do not include the effects of each of them accurately. Furthermore, few studies in marketing seem interested in comparing the use consumers make according to their culture in the context of electronic commerce.

4. National culture and perception of colour on the web

Culture can be defined as 'a collective mental programme and a set of interactive aggregates of common characteristics that influence the collective response towards the environment'. Its study can be done at several levels:

- a national reference to the country of affiliation of the individual;
- a level of membership in a regional, ethnic or religious group;
- an organizational level studying the culture of a company;
- a level linked to the membership, occupation and education levels of a social class.

During this research, we use the term *culture* to describe the national culture of a country. This choice permits to exclude differences between cultural groups within a nation such as those taking as support the region or social class, with reference to the presentation that has been made. The interest in studying national culture is justified by the increasing worldwide cultural heterogeneity, particularly due to the development of both international trade and the Internet. To reflect the diversity of cultures, we follow an intercultural perspective to integrate both the similarities and differences between countries (3; 4), which better underscores the complexity of culture and therefore leads to a better understanding of consumer behaviour.

Research in the field of study on the Internet confirms the influence of national culture on the behaviour of Internet users. Singh and Baack (5) show that e-commerce websites are not culturally neutral: they convey the cultural orientations of a country. Fassotte et al. (6) arrive at similar results by finding that cultural differences determine the attitudes of consumers in relation to their websites use. Violino (7) indicates that these cultural differences incorporate the obstacles that firms involved in e-commerce websites face, especially at the international level. These differences become increasingly important to take into account during the design phase of the e-commerce website.

Blake and Neuendorf (8) found that the Americans, Canadians, Austrians, Iranians and Taiwanese differ in their preferences of elements and characteristics to include in this type of website. Despite these cultural characteristics observed between countries, some companies which have developed e-commerce websites have apparently failed to grasp the importance of the national culture of the user (9). The companies which seem to have understood the role played by culture are Japanese firms. They change both the information content of their website and the elements of design based on the target market (10). This idea is supported by Fassotte et al. (6) who believe that an e-commerce website reflecting the characteristics of a culture is preferred by its users when making their purchases.

These studies confirm the impact of culture on the behaviour of Internet users and consumers. They draw attention to the importance of design elements of a website. Among these, the choice of colours which compose it. This variable is significant as it is strongly influenced by culture. Indeed, colours convey different codes depending on the cultural contexts (11). In this regard, examples abound. White symbol of happy events in the West, represents the colour of mourning in China. The latter is associated with yellow in Mexico and purple in Brazil. Green is the colour of freshness and good health in the United States. However, this colour is associated with disease in countries where natural forests still exist. In Muslim countries, it is related to Islam and to the Prophet (4).

Thus, the study of the effects of colours of an e-commerce website according to the culture seems based on psychological aspects. Colours have a power on affective states and emotions can condition the perception of interface on users. Secondly, culture can modify the internal states experienced by users, resulting in differential behaviour.

In addition, on a physiological level, muscular tension, relaxation or muscle tone functions vary according to different colours (12). Warm colours like reds and oranges are stimulating, while cool colours like blue and green are relaxing. Now we know that colour perception varies across cultures, which can cause varying behavioural responses according to this variable.

The creation of an e-commerce website used by audiences of diverse cultural origins raises the question of its ownership, its ease to be understood and used. If it is difficult to read for content or navigation mode, because of cultural differences between the web designer responsible for the choice of colours and the consumer, the content of e-commerce website can quickly appear unattractive. If the website is not perceived as user friendly because the cultures of the web designer and consumer are different, and thereby, graphical choices in terms of colours differ between them, there might be some loss of visitors, if they dislike the graphic chart for example.

5. Affective states seem important too on the Internet

In addition to cultural considerations that may affect the navigation of consumers on an e-commerce website, we believe that affective states are also important. Recent studies show the increasing interest that takes into account the affective states experienced during a shopping on the Internet (2; 13).

As part of this work, we chose to limit the affective states to emotions and moods. These states indeed relate to the most illustrative ones (14). An emotion associated with a colour can be perceived as positive or negative depending on the experience of the individual with this colour (15). Moreover, during their experiment conducted in a traditional framework, Valdez and Mehrabian (16) show that the green colour (green-yellow, blue-green and green) induce the largest reactions to stimulate the participants. These results are part of a study addressing the correlation between colour components, hue, brightness and saturation, and dimensions of emotion (pleasure, arousal, dominance). Regarding moods, Ziems and Christman (17) show that they affect the perception of exciting colours. Similarly, different colours evoke different moods. This could explain the association of mood with colours: red with excitement, as a stimulant, yellow with gaiety, as a neutral response, and blue with peace, as a relaxant (18). Examples cited above demonstrate the importance to study the role of affective states in the context of e-commerce websites. Information obtained from studying affective states can enable managers of companies to segment their markets more effectively while managing supply and communication on the basis of proven results.

From the foregoing, we have formulated the following hypotheses:

H1: The components of 'hue', 'brightness' and 'saturation' of colours of an e-commerce website positively affect the national culture of the consumer.

H2: The national culture of the consumer shopping experience on the Internet positively influences buying intentions.

H3: The components 'hue', 'brightness' and 'saturation' of colours of an e-commerce website positively influence the affective states of consumers.

H4: Affective states experienced by a consumer while shopping positively influence his/ her Internet buying intentions.

6. Hypothesis, conceptual model and methodology

The assumptions that we propose to measure in the confirmatory analysis are identified on the following conceptual model of research (Figure 1).

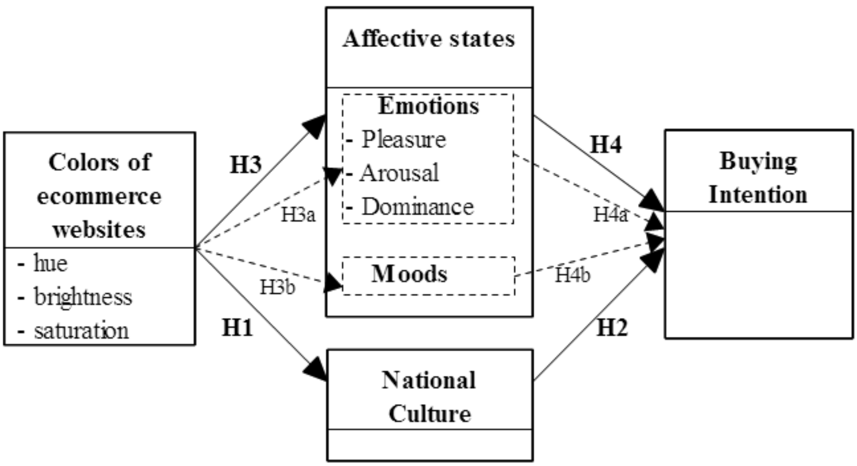

Figure 1. Conceptual model of research

S o u r c e: Author's own study.

In order to test the presented conceptual model, two exploratory qualitative analyses have emerged as necessary prior to the experimentation. The first study relates to cultural aspects and the second to the consumer's experience on e-commerce websites. The first study was conducted to identify cultural variables involved with the intention to purchase online, especially in the absence of a unifying research framework. The second aims to collect information about Tunisian and French Internet consumers, and their perception of the interface of an e-commerce website. This is a particularly recent research area. In regards to the criterion of saturation of data being retained (19, p. 114), we interviewed for the first study 12 French and Tunisian people individually to identify cultural variables that influence consumer behaviour. Based on this selection criterion, we asked for the second study 24 individuals, in order to gather information on Tunisian and French users, and their perception of the interface of an e-commerce website when shopping on the Internet.

The average duration of interviews ranged from 10 to 45 minutes. These interviews were transcribed and a content analysis has been conducted. We thus obtained a transcript of 72 pages for culture and 96 pages describing the experience of the subjects when using the Internet. Other atmospheric variables than colour such as typography, animation, images or quality of the photos have been raised during this phase of exploration. However, interviews have mostly found that colour was the most cited element of websites atmosphere, in Tunisia as well as in France.

The colour is cited by all respondents as the main means of identification within the website interface. Colour helps to organize information. Colours are seen as aid to navigate the site. They sometimes cause discomfort if they seem too violent regardless of the culture of the respondent. The colourful appearance can cause a sensation of pleasure with the pleasant side it provides, when it is chosen with care. On the other hand, the fatigue which corresponds to a decline of the cognitive performance exists, for users who spend some time on an e-commerce website. Three main reasons seem to be the cause:

- firstly, the difficult readability of the page, due to the layout that is the interface design;
- then, some areas may be difficult to locate for example. This causes delay in its progression which then induces a state of fatigue;
- finally, the systematic registration on websites to be able to continue exploring the information is not very popular among respondents.

The conclusion that can be arrived at is that colour can be a major element in the design of the interface by the introduction of easily identifiable areas within the website. The successful use of contrasts reinforces this aspect, especially when reading the information provided on the site.

7. Results

The results we found depend on the respondent's national culture. This guides our future research in order to:

- strengthen the interest to extend this exploratory analysis with a confirmatory one;

– show the importance of considering affective states experienced when surfing e-commerce websites;
– show that the buying intention may be affected by the national culture of a respondent.

8. Limitations and future possibilities of research

We recognize that this study is not without limitations. Firstly, in regards to the main variable that we want to measure: buying intention, there are differences between the two cultures. Electronic commerce is not as developed in Tunisia as it is in France. The Tunisian respondents do not surely have the same experience with Internet purchases as the French ones do.

Furthermore, the independent variable of our research on the perception of colour is primarily known to vary according to culture. In other words, a Tunisian living in a sunny climate much of the year, in a country where ocher and yellow colours, that is to say hot colours prevail, will distinguish and respond to colours differently than a French, more accustomed to the monotony or to uncertain climatic conditions, causing often colder coloured landscapes. Their answers, given the time spent in each country since their birth, may vary during the interviews we conducted, depending on such considerations.

For these reasons, we will try to provide each respondent, Tunisian and French, with the same experimental conditions so they can answer to the questions issued from psychometric scales that we wish to test during the confirmatory analysis.

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Wpływ kolorów na stosunek do handlowej strony internetowej. Podejście wielokulturowe

Streszczenie: Kolory wykorzystywane w projektowaniu stron internetowych mogą stanowić istotny element ich użyteczności, wyznaczając łatwe do identyfikacji obszary tematyczne portalu. Celem przedstawionych w artykule badań jest analiza wpływu kolorów na kształtowanie się stosunku klienta do handlowej strony internetowej w zależności od jego narodowości. Wykorzystując technikę wywiadu częściowo ustrukturyzowanego, uzyskano informacje o sposobie postrzegania stron internetowych prowadzących e-handel przez francuskich i tunezyjskich użytkowników internetu. Dostrzeżono problem uwarunkowań kulturowych oraz stanów emocjonalnych doświadczanych przez konsumentów w odniesieniu do zakupów internetowych. Wyniki badań potwierdzają wpływ koloru na konsumentów; pokazują także różnice w odbiorze strony w zależności od kraju pochodzenia użytkownika.

Słowa kluczowe: kolor w e-handlu, kultura narodowa, stosunek do strony internetowej, emocje, planowanie zakupu

Leszek Rudnicki*

Financial management in households

Key words: management, funds, financial decisions, settlement of liabilities, savings, investments

Summary: The main objective of a household is to meet its members' needs and aspirations. In order to achieve it, the household has to pursue the appropriate financial policy. As a result of budgetary restrictions, consumers face the necessity to consider numerous financial issues and take proper decisions.

The subject of the article is the finance of households. It discusses the financial decision making process in households and fund management in a household. It shows the conditions of accumulating savings and retaining them, pays attention to their diverse character, presents the goals of saving in Polish households. Moreover, the article discusses the conditions of converting savings into investment and the risk related to it. It also shows the size and the structure of financial assets of Polish households.

1. Introductory remarks

The main objective of a household is to meet its members' needs and aspirations. In order to achieve it, the household has to pursue the appropriate financial policy. A condition of fulfilling needs and aspirations is the possession of proper income and its skilful management. As a result of budgetary restrictions, consumers face the necessity to consider numerous financial issues and take decisions regarding expenses, savings, borrowing and investing.

The financial aspect is present in the whole activity of a household—in buying, borrowing and keeping goods. It also performs a significant role when taking decisions concerning the method of paying for a purchase—whether to buy for cash or

* Prof. Leszek Rudnicki, PhD—professor, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 527, e-mail: leszek.rudnicki@mwse.edu.pl.

buy on credit. For these reasons, financial behaviours of households have become a subject of interest of broader and broader group of various economic institutions, first of all banks and insurance companies. Recognizing and understanding these behaviours by banks and insurance companies is a condition of attracting consumers with good creditworthiness.

Not only financial institutions but also state authorities are interested in financial behaviours of households. For the latter, the knowledge about financial behaviours of households is important when organizing assistance for consumers who have found themselves in the situation of a problematic debt. Paying attention to cash management, saving and borrowing is also important from the point of view of the consumer protection. One of the objectives of the state policy towards a consumer is the protection of households with low income, particularly against misleading information concerning credit opportunities and all kinds of financial mistakes that may arise from them.

2. Making financial decisions

In every household, various financial decisions are made. The decisions concern: managing funds, financing purchases, accumulating savings and multiplying wealth. Decisions regarding these issues may be made individually or collectively, jointly by all members of the household. However, the latter may be made in a various personal arrangement, e.g. the husband and the wife, parents with children, all members of the household (1, p. 32).

An important factor shaping financial behaviours of consumers is *the role of a husband and a wife in making decisions in the family*. Depending on what role the husband and the wife perform in decision making, we can indicate five types of managing finance by married couples (2, pp. 446–447):

- with the *dominating role of the husband*, the finance is managed by the husband and he provides the wife with money for everyday domestic shopping;
- with *joint management with a bigger share of the husband*, financial issues are dealt with by both spouses. They have a joint current account and a savings account. The husband pays bills, watches over the repayment of the mortgage loan and performs most of the financial transactions. This type of financial management occurs mainly in households with higher income;
- with *independent management*, the husband and the wife manage their own financial issues and they have their own current and savings accounts. Only in case of important purchases they communicate with each other. This type of financial management occurs mainly in households with high income, e.g. when both spouses have income;
- with *joint management with a bigger share of the wife*, both spouses deal with financial issues. Financial transactions are conducted by the wife. This type of management occurs mainly in households with average income;

– with the *dominating role of the wife*, all financial issues are managed by the wife and she gives her husband some pocket money to cover his expenses. This type of management occurs mainly in households with low income.

In reality, the presented types of managing finance are more complex and to a great extent depend on who earns money, who does shopping and who pays bills.

It should be noted that as a rule the main breadwinner has bigger influence on financial management than other members of the household. The possessed knowledge on finance also plays an important role. The one who is an accountant by profession often deals with the finance of the household, too.

3. Managing funds

Consumers meet the majority of their needs by means of products they come into possession by purchasing them. 'Doing shopping has both an instrumental and a hedonistic character, doing everyday shopping and shopping for pleasure, respectively. The hedonistic function may have both the individual and the social dimension. The man gains new experience and meets other people. Shopping may bring pleasure and for many consumers it is a form of relaxation. This is proven by crowds of buyers appearing in shops on Sunday' (2, p. 438).

Not every purchase is felt by consumers as a pleasure. Only the purchase of elective goods or a periodical purchase of, for example, clothes, jewellery, personal computers or cars, can be a pleasure. On the other hand, everyday shopping for needed things is considered necessary and important but not giving pleasure.

In numerous households, one person is responsible for shopping, paying bills and other tasks related to financial management. The role of a purchaser in a one-person household is usually performed by the consumer himself/ herself. In multi-member households, the role of the purchaser is divided among a few people or is performed by a person particularly predisposed to it. Most often it is the husband or the wife.

The roles of the husband and the wife in initiating a purchase, gathering information about the product and taking final decisions about the purchase, as well as with reference to individual elements of the purchase, are varied. The husband more often takes decisions about the purchase than the wife does when he has a higher level of education and professional status than his wife, when the wife does not work professionally, when there are a lot of children in the family and in the early stages of the marriage life, when children are young. Moreover, the husband more often makes decisions about the purchase of expensive goods, often having prestigious significance. On the other hand, the wife makes decisions about the purchase of products related to the furnishing of the flat and running the household.

Behaviours of households on the market are very diverse. They may be rational or irrational.

A household behaving rationally plans shopping. It confronts its expenses with its income and takes balanced decisions on how to spend it. A rationally behaving consumer is the one who goes to a shop with the shopping list and buys in accordance with it. A consumer who does not control the content of his or her basket or trolley with the previously prepared list of necessary products buys much more than the one who controls it. It is also worth noting that the shopping list lets omit numerous traps set by merchandisers for consumers to persuade them to buy—exposing of goods in the shop adequately and arranging them on shelves, the lightening of the shop, fragrances, selected music, the structure of prices (PLN 99.99), etc.

Irrational behaviours stand for shopping without a plan. When doing shopping, consumers behaving in such a way are guided by what they see on the shelves. They walk along the aisles and realize that they need oranges, cherries in chocolate, cocoa or coffee. This method of doing shopping makes them buy more than they were going to, often of unnecessary things. Consumers behaving in such a way are easier to be persuaded to buy more than what is necessary (3, pp. 189–199).

A lot of consumers often buy products they did not intend to buy before entering the shop. It is buying on impulse, often as a result of sudden, uncontrollable impulse. It is an irrational behaviour. However, it should be noted that buying on impulse occurs with various intensity and not always it is an unplanned purchase although the purchased product is not on the shopping list.

The behaviours of households on the market influence the condition of their finance. A household buying products can save its money or spend more than it earns. By analyzing expenses a rational consumer can prevent excessive and unnecessary slimming of his or her wallet. There are a lot of possibilities of rationalizing expenses and lowering their values through it. Thus, for example, it is worth buying groceries in super- or hypermarkets where they are cheaper than in traditional grocery stores. Savings that can be made monthly by buying in big markets are considerable. Big savings can be also made by buying products on the street markets or on the marketplaces where they can be bought at a lower price than in a store.

4. Settlement of liabilities

Households pay for the purchased goods in different ways—in cash, by payment card, by cheque. Some prefer to pay in cash, others by payment card. Households also make payments by transfer. In particular, it concerns regular payments, such as: the rent, utilities or insurance premiums. Consumers make those payments in the bank in person. They may also be made by transfer as a standing order or direct debit.

A modern form are more and more frequent electronic banking transactions made from home by means of a computer.

Consumers settle a lot of payments in cash.[1] It is a traditional method of paying bills and a form of direct payment. It means settlement of the amount due directly at the counter or at the cash desk.

As a rule, consumers pay small amounts in cash. A consumer usually pays for products of low price, fulfilling the basic needs, being the object of everyday shopping.

Paying in cash has its advantages and disadvantages. Consumers carrying cash with them incur the risk of having it stolen. By paying in cash consumers 'rationalize' their expenses, reducing them to the sum they have on them. Some consumers use it to control expenses, carrying only a limited amount of money, which does not let them spend more. It is an expression of self-control.

One of the methods of payment is paying by cheque. This way of paying is more comfortable for a consumer than paying in cash, particularly in case of unexpected expenses. By a cheque we understand a written order of definite paying out of some monetary amount, given to the bank by the owner of the bank account (Cheque Law Act, Journal of Laws of 1936, no. 37, item 283 with later amendments). Cheques have both pros and cons. For the consumer, an unquestionable advantage of a cheque is the easiness of performing non-cash operations, and his responsibility is limited in case of the theft of the cheque. Its disadvantage is the easiness with which a cheque can be forged.

As legal tender, cheques have found broad application mainly in the English-speaking countries. In Poland they did not enjoy particular popularity.

A lot of consumers make payments by payments cards. They can be considered an equivalent of cash. Their advantages make them enjoy more and more popularity, enabling to make payments and use cash.

A payment card is a card 'identifying the issuer and the authorized owner, entitling to pay out cash or make payment' (The Banking Law Act of 29 August 1997, consolidated text Journal of Laws 2012, item 1376, Art. 4, section 4). It enables to withdraw cash from a cash machine or make non-cash payments for goods and services.

The owner of a payment card does not have to carry cash because by means of it he can settle various liabilities. One can pay with it practically in all sale and service establishments: in a shop, at a chemist's, in a petrol station, on the motorway or in household appliances repair services.

Payment cards in Poland are a relatively new tool. The first payment cards appeared in our country by the end of 1960s. The development of payment cards in Poland took place in 1990s. However, significant growth could be observed only after 1994 (see Figure 1). The dynamic development of the payment card market contributed to the fact that cards have become in Poland the most frequently used form of non-cash monetary settlements applied in retail payments (4, p. 6).

[1] Cash consists of paper banknotes and metal coins.

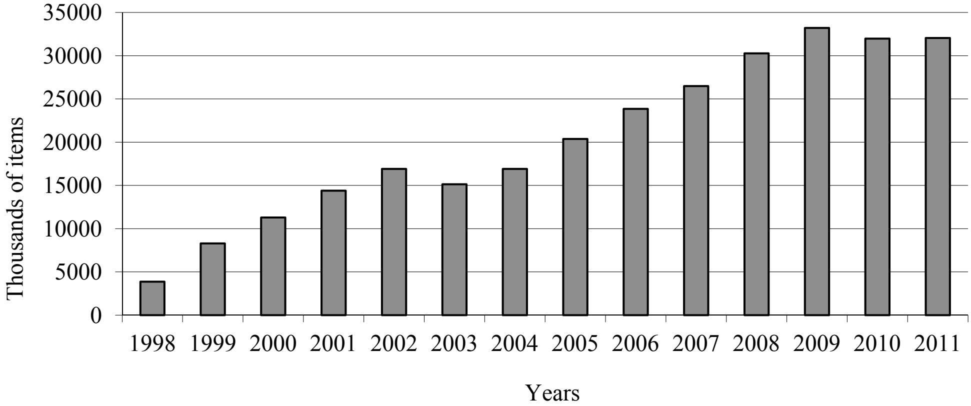

Figure 1. The number of the issued payment cards in the years 1998–2011

S o u r c e: Author's own study on the basis of the materials of the National Bank of Poland (http://www.nbp.pl).

Payment cards have become in Poland almost a common form of payment without which it is difficult to imagine the majority of transactions. At present, banks offer varied payment cards to customers. Depending on the adopted criterion of division, we can classify them differently. One of more often used criterions of the payment card division is the way of settling transactions. When using this criterion, we can distinguish the following cards: credit, debit, charge, prepaid (also called the electronic purses) cards (5, p. 21; 6, p. 22; 7, p. 21).

5. Savings

Apart from settling current fixed liabilities, managing finance in households also includes creating and retaining savings.

A possibility to save appears only when the funds of a household are big enough that after fulfilling the basic needs, the financial surplus is left. The skill of managing money in such a way that the income is always bigger than the expenses is a source of achieving wealth and prosperity in life. Such managing money is a source of savings.

To achieve success and happiness, financial security is necessary. The appropriate level of savings can ensure it. In order to achieve it, first of all one should (8, p. 145):

- define the aims we want to achieve;
- change the way of thinking from the consumption to the pro-saving one;
- define the optimum level of income and expenses;
- change buying mechanisms and habits, not to buy on impulse;

– limit buying on credit for the benefit of buying financed from the interest-bearing savings;
– earn on savings, investing them reasonably.

Saving is understood as a consumer's refraining from ongoing consumption for the benefit of its increase in the future (9, p. 14). In other words, saving is keeping a given part of one's income for the future.

Saving may be of a voluntary or a compulsory character. Voluntary saving means conscious, free from external pressures resignation of a consumer from spending some of his or her income on the ongoing consumption purposes. On the other hand, compulsory saving is saving in which a consumer, forced by law, resigns from spending some of his or her income on consumption. Compulsory saving includes, for example, paying pension contributions and life insurance premiums. The latter often occurs on the basis of employee collective agreements.

Voluntary saving includes all kinds of savings about which a household decides freely whether to save money or not. An example of accumulating savings and their free disposal is a savings account in a bank.

Voluntary saving includes: residual saving, precautionary saving and special purpose saving.

Residual saving, also called unintended saving, occurs when the expenses of a household (by the end of the month) do not exceed its current income.

Precautionary saving is the accumulation of funds for the occurrence of unexpected events. Creating and retaining this kind of savings requires discipline from the household so that they were not spent on consumption.

Special purpose saving is putting aside money for planned transactions, e.g. the purchase of durable goods, a foreign trip, a holiday or an overhaul of the flat.

The aims of saving of the Polish households are shown in Table 1. What results from the data presented in the Table is that the Poles primarily save for unexpected fortuitous events, this aim was shown by about 70% households in the years 2000–2011. The second reason in the hierarchy of importance was the financial securing of the old age period. Significant aims of saving in households were in that period as follows: treatment, reserves for consumer spending, as well as the renovation of the flat or the house. The hierarchy of the aims of saving of the Polish households presented in Table 1 clearly shows the prevalence of precautionary motives.

Table 1

The aims of saving in the Polish households in the years 2000–2011 (in %)

The aims of saving	2000	2003	2005	2007	2009	2011	Average 2000–2011
Reserve for fortuitous situations	75.6	72.1	70.6	65.8	61.1	61.5	67.6
For the old age	–	43.6	44.9	39.9	36.1	36.5	40.0
Medical treatment	44.7	39.6	42.1	34.5	29.2	25.0	35.1

The aims of saving	2000	2003	2005	2007	2009	2011	Average 2000–2011
Reserve for consumer spending	40.2	34.8	31.0	35.1	30.5	33.2	34.0
Renovation of the house, the flat	37.6	39.1	35.8	32.8	28.4	25.0	32.7
For children's future	35.0	31.2	30.9	28.7	25.0	23.2	28.7
Relaxation	30.6	29.3	31.3	29.5	26.4	23.5	28.3
Purchase of durable goods	34.5	27.9	29.6	29.5	25.6	22.7	28.1
For other purposes	20.4	18.4	19.3	17.8	17.0	14.0	17.7
For fixed payments	20.2	20.8	18.5	15.5	14.1	12.0	16.5
Without any purpose	11.3	9.9	12.2	8.7	11.4	10.1	10.5
Purchase of a flat, house	11.8	12.1	10.5	8.7	8.7	6.4	9.5

Source: 10, p. 41.

Voluntary saving is conditioned by the expectations concerning income and the economic prospect. Households whose income increased in the previous year and which expect its increase in the following year do not save much. On the other hand, households whose income stays on the same level or decreased in the previous year, and they do not expect its increase in the following period, save a lot. In other words, when households have positive expectations concerning their income, they save little. If, on the other hand, they have negative expectations, they save a lot.

Expectations concerning income influence both the way of saving and the quantity of the saved amounts. Positive expectations of households concerning income make them save less, and borrow more. In case of negative expectations, households save more and borrow less.

Negative expectations of households with regard to income usually contribute to their striving for accumulating precautionary savings for the event of unexpected events, and ensuring financial stability in the future. As a rule, they are also afraid of doing big shopping, especially on credit.

Saving is influenced not only by expectations concerning income but also the interest rate of the deposit and inflation. The latter give consumers an answer to the question about the sense of saving. A positive answer inclines to save. However, when the interest rate is low and the inflation is high, saving is not reasonable.

Inflation is basically a phenomenon constantly accompanying economy. For example, in Poland in the years 2001–2012 it shaped from 0.7 to 4.3%. In 2012, inflation in Poland was 3.7% (11, p. 23). This is the value by which the value of our money dropped during that year.

Therefore, a household wishing to secure its money against the loss of its value looks for tools which will enable to at least considerably reduce this phenomenon, if not eliminate it. One of such instruments are deposits, on the condition that they bear appropriate interest. Thus, for example, in case of the inflation of 3.5%, the safety of savings is guaranteed by the interest rate of the deposit above 4.33% annually (12, p. 91). Such an interest rate on savings, however, does not ensure obtaining profit on the capital. Therefore, they do not incline households to save.

It should be noted, that the proneness of the Polish households to save is low. It is proven both by the data from the National Bank of Poland and the findings of the research conducted in Poland by various research institutions. They inform that in the years 1995–2012, as many as 70–80% of the Poles declared having no savings at all. The research also proves that the scarce group of the saving Poles is distinctly dominated by people who had the lowest savings, that is at the level of income from the last 3 months. The percentage of people with savings at this level among the total number of the saving people fluctuated in the years 1995–2012 from 63–73% (10, pp. 27–29).

6. Investment

Saving consists in putting aside money for a purpose. If a household has saved much enough to cover necessary later expenses, it considers a possibility to invest their money. Investing is disposing savings for future benefits.

When investing, a household makes a decision about depositing funds in various kinds of ventures expressing in (8, p. 178):
– winning tangible assets by means of a purchase (real estate, companies, etc.);
– generating tangible assets by oneself (building a house);
– purchasing or creating new non-usable assets (works of art, precious metals, precious ores);
– purchasing securities (e.g. shares, government bonds, treasury bonds).

Thus, we can distinguish tangible and financial investment. In case of tangible investment, the object of the investment is of material character and a household, as an investor, expects that the value of the object of the investment will increase in time. In case of financial investment, the object of the investment is of immaterial character. Tangible investment are the flows of goods as a result of the exchange of funds into material goods in order to achieve additional income in the following periods. Financial investment is a transfer of funds (the flow of capital).

When investing, a household takes a risk to achieve bigger profitability than in case of savings. The risk consists in losing a part of the entirety of the invested funds. The risk a household takes by investing is bigger or smaller. It depends on the kind of an investment project. The most risky are, among others, shares, investment funds, forward transactions and certificates of deposit. Less risky are bonds, deposits, real estate and precious metals.

To diminish risk, households should not invest all the possessed money in one financial instrument but the forms of investing capital should be diversified into shares, investment funds, bonds, deposits, and similar financial instruments.

Table 2

The value of financial assets of households in Poland in the years 2001–2010
as of the end of the year in billions PLN

Specification	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	335.2	365.9	400.4	434.7	509.2	624.0	738.9	738.1	854.4	966.1
Bank deposits	219.4	213.0	209.8	207.4	218.4	232.1	267.5	336.6	387.9	425.9
Funds accumulated in OFE (Open-End Pension Fund)	19.5	31.5	44.8	62.6	86.1	114.2	139.7	138.0	178.6	221.3
Investment funds	10.1	20.5	30.4	34.4	58.0	92.4	109.4	50.9	62.4	75.5
Unit-linked insurance plan and premiums	20.8	25.6	30.0	35.2	41.8	51.8	62.8	67.9	68.4	74.1
Shares listed at the Stock Exchange	9.7	8.0	11.2	18.7	26.0	44.9	61.3	28.0	41.9	51.1
Treasury securities	16.1	20.5	19.2	20.4	16.8	12.5	10.3	13.3	12.8	10.1
Non-treasury securities	–	–	–	–	–	–	3.7	3.0	2.6	1.9
Deposits in SKOK (Loan and Savings Cooperative Society)	1.7	2.2	3.2	3.9	5.1	5.6	6.7	8.9	11.1	13.0
Cash in circulation (without bank counters)	38.2	42.1	49.2	50.9	57.0	67.4	76.8	90.8	89.7	92.7

Source: 10, p. 34.

The value of financial assets of households in Poland is presented in Table 2. What results from the data presented in this Table is that the total savings of the Polish households increased in the years 2001–2010 almost three times. The data show that households basically accumulate funds on bank deposits or in cash. The savings are mainly a reserve for unexpected fortuitous events and the security for the old age.

In the strategy of households referring to savings, the option of investing funds in safe financial products, namely bank products, prevails—in the form of a personal account, a fixed-term deposit and a savings account. However, investing in real estate, investment funds, investment deposits is not very popular, with the relatively frequent keeping cash at home (13).

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Zarządzanie finansami w gospodarstwach domowych

S t r e s z c z e n i e: Głównym celem gospodarstwa domowego jest zaspokojenie potrzeb i aspiracji jego członków. Aby to osiągnąć, musi ono prowadzić odpowiednią politykę w zakresie finansów. Wskutek ograniczeń budżetowych konsumenci stają przed koniecznością rozpatrywania wielu spraw finansowych i podejmowania odpowiednich decyzji.

Przedmiotem artykułu są finanse gospodarstw domowych. Omówiono w nim proces podejmowania decyzji finansowych w gospodarstwie domowym oraz zarządzanie środkami finansowymi w gospodarstwie. Ukazano warunki gromadzenia oszczędności i ich utrzymania, zwrócono uwagę na różny ich charakter, przedstawiono cele oszczędzania polskich gospodarstw domowych. W artykule omówiono także warunki przekształcania się oszczędności w inwestycje oraz ryzyko z tym związane. Ukazano też wielkość i strukturę aktywów finansowych polskich gospodarstw domowych.

S ł o w a k l u c z o w e: zarządzanie, środki finansowe, decyzje finansowe, regulowanie zobowiązań, oszczędności, inwestycje

KORNELIJA SEVEROVIĆ, LAHORKA HALMI*

Balanced scorecard: A contemporary management tool for performance management

Key words: balanced scorecard, performance management, methods of management

Summary: Changes are part of any kind of development, economic development included. The increased transfer of information and technology development lead to swift and inherent changes in today's economy. These changes became a guideline and even an asset in the past few decades. As the amount and intensity of the information increased, the information provided by conventional financial statements was not enough for management to respond properly and promptly, and remain a leader in the market through cost reduction and created added value. For this purpose, the aim of researches conducted in 1980s and 1990s was to discover and establish a tool that would balance between the stability that every organization is striving for, and the swift and intensive changes that are integral part of any environment of any organization. Through extensive research, the concept of measuring the scorecard in a balanced way was developed during that time. The balanced scorecard as a concept was to link the gap between the past and conventional financial statements, and the future, meaning the mission and vision of the organization. Over the years, the balanced scorecard has evolved and proved to be an enduring business management idea since its conception. The aim of this paper is to present the meaning, role and development stages of the balanced scorecard method, which enables management to have a share in the inevitable changes of the business environment. Methods used in this paper are methods of analysis and synthesis, and methods of induction and deduction.

1. Introduction

The speed of information transfer increased while these technological advancements had impact on the development of economy. Although the history of economy

* Kornelija Severović, PhD—lecturer, Karlovac University of Applied Sciences, 47000 Karlovac, Trg J.J. Strossmayera 9, Croatia; Lahorka Halmi, BSc—assistant, Karlovac University of Applied Sciences, 47000 Karlovac, Trg J.J. Strossmayera 9, Croatia, tel.: +385 47 843 540, e-mail: lahorka.halmi@vuka.hr.

could be traced to the prehistory era, the turning point in human history was the invention of the printing press in the 15th century. In the pre-industrial revolution era (13th to 19th century) (1) dominated crafts guilds; the products were produced by individuals for individuals, being adjusted to the needs of the local population. The Industrial Revolution changed the way the goods were produced; this era caused the craftsmen to leave their jobs and work in factory. During the 18th and 19th century technological capability outran population growth and natural resource scarcity, thus estimating that by the last quarter of the 19th century an average inhabitant of then leading economies (Great Britain, Belgium, Canada) had about three times the material wealth and standard of living of the typical inhabitant of a pre-industrial economy (2). Researches done by Frederic W. Taylor, and their application during that era caused greater efficiency in the factory productivity (2). Although the first half of the 20th century was marked by the World War I and World War II, it was also marked by acceleration of total factor productivity growth in the U.S. manufacturing (3); the total productivity being defined as the rate of transformation of total input into total output (4; 5) (a crucial measure of efficiency). The history of the 20th century was economic, because 'the economy was the dominant arena of events and change, where economic changes were the driving force behind the changes in other areas of life in a way that had rarely been seen before' (2). This century was also marked by the wealth that exceeded any estimations or predictions (2). This change in economy was of such proportions that making and using the necessities and conveniences of daily life became the driving force, having an effect on production, distribution and consumption (2). The goods produced in the 19th century nowadays are being produced significantly faster due to the technological capabilities that expand the range of goods and services. Just a simple example of this is the use of the tablet and new Windows 8 Application for Cabin Crew in the Emirates Airlines (6), which provides instant information transfer relating to various customer questions (weather, food and alike) as well as better communication and coordination of the employees of this organization, with a motive of providing excellent service and thus making a profit.

Transfer of information is connected to the means and technology used to transfer it. In 1876 with the telephone as a new means of communication, the information spread much faster than up to that point in human history. Most of latter-days inventions such as fax machine, computer and Internet are nowadays widely used by individuals, not only in their offices, but also in their homes. Information becomes an asset which value is not decreased, but increased by its use.

The increased transfer of information and technology development lead to swift and inherent changes in today's economy. Changes are part of any kind of development, economic development included. These changes became a guideline and even an asset in the past few decades. As the amount and intensity of the information increased, the information provided by conventional financial statements was not enough for management to respond properly and promptly, and remain a leader in the market through cost reduction and created added value. Key elements of contemporary business environment are human resource, information and customer relationship, which all create added value. This being a guideline, managers are finding new ways to monitor and manage these key elements, with the balanced scorecard being one of them.

2. Management and balanced scorecard

The saying 'If you cannot measure it, you cannot achieve it' is a thought guiding managers in their tasks. This saying is based in the quote by Kelvin (7), who said: 'I often say that when you can measure what you are speaking about and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind. If you cannot measure it, you cannot improve it.' Considering the pace at which the business environment has changed and the major drives for those changes—information and technology—managers were required to adjust their actions and plans accordingly. This has lead to new needs for managing the organizations, thus making Kelvin's quote a reality. These needs are oriented towards the future, whereas the conventional financial statements are oriented towards the past showing the results of past actions and decisions made. In 1990s a new concept—balanced scorecard (BSC)—was introduced, a tool that was to complement (8) conventional financial statements and meet the needs of ever changing organizations. Being defined as a tool (9), BSC is recognized as an enduring management tool (10).

The importance of the balanced scorecard has been increasing within the business and scientific areas. Various authors have different approaches to explanation and application of the balanced scorecard; yet, all of them agree that the BSC is a framework for multiple measures through which precise measurement is achieved and they are in accordance with the business environment, which is susceptible to various and numerous changes, with the purpose of achieving strategic goals. Authors (11) see BSC as a frame within which financial measures are supplemented with the operative measures, such as satisfaction of customers, processes, and other. The subjects of the measurement change with the structure of the organizational assets. Over the time, greater emphasis has been placed in the financial statement on the organization's intangible assets, which requires new set of measures. Norreklit emphasizes that the BSC is more than *ad hoc* collection of financial and non-financial measures; instead the BSC is a set of linked outcome measures and performance drivers, making it a strategic control system (12). Balanced scorecard fills the gap between the development of a strategy and its realization by supporting and linking the following critical management processes: clarifying and translating vision and strategy; communicating and linking strategic objectives and measures; planning, setting and aligning strategic initiatives; enhancing strategic feedback and learning (13). Epstein and Wisner (14) claim that BSC development and implementation is beneficial because it creates concise set of measures that link vision and strategy to objectives, metrics and performance of an organization. According to the authors (15), the purpose of a BSC is to form a hierarchic system of strategic objectives into the four perspectives, which is derived from the organization's strategy and is aligned with the financial measures (16).

Up to today, BSC has been implemented in many areas and kinds of organizations, such as health (17)—hospitals (18; 19), higher education (20)—universities (21; 22), public institutions—clinical laboratories (23), libraries (24), public services (25), air forces (26), and even sports (27). The reason for this diverse application of BSC can be found in its trait, which makes it possible to align tangible objectives with an organization's vision (28), making it a tool for easier accepting the decisions of management (29). Since BSC is considered as an instrument of strategy implementation (30) and is made of measurement system, these measures are easily adapted to any kind of organization in any area. This could be another reason for the wide-spread use of the BSC methodology.

3. Balanced scorecard—framework and history

The concept of the balanced scorecard was introduced by Robert Kaplan and David Norton in 1992, after extensive research on the topic of measuring performance in the organization. Through their research, Kaplan and Norton organized the measuring of organization's performance into four perspectives which are: financial, customer, internal business process and learning and growth (16), forming a BSC framework. Each of the perspectives has objectives, measures, targets and initiatives to set, through which the vision, mission and strategy will be tracked and fulfilled.

The question to be answered in the learning and growth perspective is 'To achieve our vision, how will we sustain our ability to change and improve?' This question suggests that this perspective is focused on learning and growth of the organization's employees. The question asked in the internal process perspective is the following one: 'To satisfy our shareholders and customers, what business processes must we excel at?' The measures in this perspective measure processes identified as critical to excel in for achieving the objectives of shareholders and customers. The question in the customer perspective is: 'To achieve our vision, how should we appear to our customers?' The focus of this perspective is identifying relevant customer and market segments that contribute to the financial goals. The financial perspective is to answer the following question: 'To succeed financially, how should we appear to our shareholders?' Financial objectives are the focus of this perspective, making it similar to the traditional management and accounting systems. The principal categories in this perspective are revenue growth and mix, cost reduction/ productivity improvement, and asset utilization/ investment strategy (31).

Since its inception, BSC has evolved through several stages known as the BSC generations. The first BSC created in 1992 was focused on measurement and reporting. The idea of the BSC was to enhance the information generated by financial statement which were (and still are) focused on the past, showing the effects of decisions already made. The first BSC generation was about focusing on leading and lagging indicators within the four perspectives of the BSC framework.

In the second generation the BSC is focused on the objectives. Here were the perspectives formed in the first BSC generation organized into layers that were connected through objectives in each layer (or perspective) by linkages flow (32, pp. 601–603). Objectives linked in cause-effect chains formed a strategy map and the initiatives (projects) were carried out to achieve the objectives set.

The third BSC generation links objectives in their respective layers (initially known as perspectives) across departments, which is known as cascading. Cascading is a process of developing BSC at each and every level of the organization (9). The focus of this BSC generation is on change, which includes engaging people and teamwork, instead of being focused only on the measurement. There is a tighter alignment of organization's strategy with its operations and executions carried out on a daily basis. This is the BSC generation when strategy management systems softwares were developed.

4. Conslusions

The swift changes caused by the information transfer through the technology development are to be handled with care and wisdom if the management of an organization desires to become or remain the leadership position in the market. Due to the intensity of the information circulating, the management need to find a fine balance between the relevant and irrelevant, as well as between past data and future desires. This calls for an implementation of measurement systems, such as balanced scorecard. The pace of information transfers requires the organization to measure its actions and to monitor them closely. Due to its possibility of adaptation to any organization and to any level within the organization, balanced scorecard seems to be an appropriate tool for measuring and monitoring the actions in order to improve them, in order to gain or remain in a leadership position in the market.

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Zrównoważona karta wyników – współczesne narzędzie zarządzania wynikami przedsiębiorstwa

S t r e s z c z e n i e: Zmiany są częścią każdego rozwoju, w tym rozwoju gospodarczego. Zwiększony przesył informacji oraz rozwój technologii prowadzą do błyskawicznych i nieodłącznych zmian w dzisiejszej gospodarce. W ciągu kilku ostatnich dziesięcioleci zmiany te stały się koniecznością, a co więcej – wartością. Ponieważ ilość i intensywność informacji wzrosły, informacje dostarczane w konwencjonalnych sprawozdaniach finansowych nie były wystarczające, aby kadra zarządzająca reagowała prawidłowo i szybko i pozostawała liderem na rynku poprzez redukcję kosztów i stworzoną wartość dodaną. Dlatego celem badań prowadzonych w latach osiemdziesiątych i dziewięćdziesiątych XX wieku było odkrycie i ustanowienie narzędzia, które wprowadziłoby równowagę pomiędzy stabilnością, do jakiej dąży każda organizacja, a szybkimi i intensywnymi zmianami będącymi integralną częścią środowiska dowolnej organizacji. Poprzez obszerne badania koncepcja pomiaru zrównoważonej karty wyników rozwinęła się w tym czasie w sposób zrównoważony. Zrównoważona karta wyników miała wypełnić lukę pomiędzy przeszłością i konwencjonalnymi sprawozdaniami finansowymi a przyszłością, oznaczającą misję i wizję organizacji. Przez lata zrównoważona karta rozwoju ewoluowała i od początku okazała się trwałą ideą zarządzania biznesem. Celem niniejszej pracy jest prezentacja znaczenia, roli i stadiów rozwoju metody zrównoważonej karty wyników, która umożliwia kadrze zarządzającej uczestnictwo w nieuchronnych zmianach środowiska biznesu. Metody zastosowane w niniejszej pracy to analiza i synteza, a także indukcja i dedukcja.

S ł o w a k l u c z o w e: zrównoważona karta wyników, zarządzanie przedsiębiorstwem, metody zarządzania

ADAM STABRYŁA*

A procedure for evaluating development potential in the area of production capacity

Key words: development potential, measures of development potential, quality analysis, categorization

Summary: Development potential understood in a general sense is a criterion for assessing a given system (companies, institutions or the national economy), measuring the possible achievement of projects at a high level of effectiveness and the ability to increase wealth and stimulate growth in various areas of activity (reflecting the value of strategic potential).

The paper presents the characteristics of a company's development potential and its measurement at the level of a multi-criteria analysis. This formula is presented in the context of qualitative research which is referred to different assessment criteria.

Because of the diversity of primary criteria and sub-criteria, development potential estimations are based on aggregate qualification. It results from the fact that development potential can be considered from the perspective of partial components or as an aggregate. The author proposes IPX_i as a measure for estimating development potential. It refers to a company's production capacity which can be estimated at different qualitative levels: considerable potential, satisfactory potential and the lack of potential.

1. Introduction

The objective of the paper is to present the concept of diagnostic analysis focused on evaluation of development capacity of a company.[1] The production potential constitutes the reference for this estimate, which may be qualified, on the basis of the

* Prof. Adam Stabryła, PhD—professor, Management Process Department, Faculty of Management, Cracow University od Economics, 31-510 Kraków, ul. Rakowicka 27, tel.: +48 12 293 53 77, e-mail: stabryla@uek.krakow.pl; Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9.

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evaluation procedure, in the following quality levels: significant development capacity, sufficient development capacity, no development capacity.

The basic theses of the presented concept are as follows:[2]

1. Development capacity is the main criterion for assessment of the actual condition of an organization and functioning of a business, as well as related to projections of possibilities of dynamization of company's business activities in a short-term or long-term planning horizon.
2. Development capacity may be viewed in partial forms (corresponding with the basic and auxiliary assessment criteria) and in the aggregated (synthetic) formula.
3. Aggregated value of development capacity in the proposed procedure is expressed with the index of development capacity IPX_i.
4. Selection of assessment criteria in the evaluation procedure is determined by the specific nature of the examined organization, that is a company, an institution, a social and economic system, or a region (1; 2; 3).

The issue of company development is perceived in the most general view in five characteristic dimensions: economic, organizational, personal, in terms of informational as well as technical and production aspects. These dimensions may be considered in their strict meanings, but we will often assign some extended scope or context to them. The examples come in the form of these dimensions: economic and social, organizational and legal or production and logistics. All these dimensions and their modifications and combinations constitute reference platforms for management systems and processes which shape operational activities and business development.

The realms of changes and development are the correlates of individual dimensions, these being the areas which include specific references for the form of development capacity. For example, in the realm of changes and economic development, financial development capacity is the characteristic class, manifesting in specific forms of, among others, return on assets, creditworthiness, processes productivity, excess costs indexes. Similarly, in the realm of changes and personal and technical development, the intellectual capital class is presented in which development capacity may be represented by such features as: author's property rights, related rights, licences, concessions, rights to inventions, know-how (specialized knowledge in a field of industry, science, organization), successful development works.

The above comments indicate variety, difference and multitude of forms of development capacity of a business, which produces a problem of the need of aggregation of individual (partial) forms of development capacity of a business. This need results from the necessity of applying the principle of systematic approach in diagnostic (as well as design) studies. The essence of aggregation may be expressed as follows: a method which consists in syntheses of heterogeneous, partial forms of development capacity into one unity. Aggregation allows the possibility

[2] This paper explores the issues of quality research in reference to development process: Stabryła (4; 5).

of conducting a comprehensive assessment of a business, as well as strategic alliances, international commercial integration, organizational and financial restructuring, outsourcing and other.

2. The term of development capacity of a business

Generally understood *development capacity* is a criterion of assessment of the given system, which is the measure of possibility of execution of enterprises at the level of high effectiveness and it expresses the skills of multiplying assets and creating progress in various areas of activities (which corresponds with the value of strategic potential). The term *system* used in the above definition is broadly interpreted and may mean a company, national economy, political and economic block.

Development capacity is marked and classified for the given value dimension, e.g. economic and financial, market, competitive, innovative. These dimensions determine particular forms of development capacity.

In reference to the above interpretation, development capacity may be analyzed in partial (detailed) forms and in the aggregated form. The following are some examples of partial forms: organization of activities, competitive capacity, intensity of international exchange, productivity of labour costs, creativity, external innovative capital, self-financing capacity.[3]

Aggregative development capacity is a synthetic criterion of assessment of the value of manufacturing potential of the given system, which merges partial (detailed) forms of development capacity into one formula. Production potential is the condition and dynamics of the entirety of material and intellectual resources, practical skills (expertize) and efficiency of activity, that is all the factors which determine functioning of a business. One has to remember that production potential is in a narrow meaning referred only to the operational realm.

3. Dimensions of company development

As it is stated in the preliminary comments, company development is determined by the following basic dimensions: economic, organizational, personal, informational and technical, and production. Detailed by the corresponding realms of changes and development, these form one base within which different variations of development capacity are formulated.

Economic dimension is defined mostly by effectiveness of management over production factors of a business and by management over investment projects and market enterprises. This dimension, just like organizational dimension, very clearly per-

[3] Partial (detailed) forms are complex or simple assessment criteria for development capacity.

meates and merges with other dimensions, because economic effectiveness is the primary directive of market economy. Moreover, economic criteria are universal conversion factors for various and often hardly comparable forms of efficiency of activity which are used in assessment of a business and its subsystems.

The realm of changes and economic development is mostly made up of production potential, financial policy, market and marketing, company restructuring. The basic research tool in this area is strategic analysis and economic analysis. It is usually expanded with methods in the fields of organization and management. This applies to such areas as current assets management, work systems, economic programming and planning, motivational systems, supervision and control procedures. This combination is useful not only in diagnostic research, but, in particular, in design work.

Organizational dimension refers to the structure of the management system, production processes and administrative work, behaviour patterns of human teams and adaptation processes, information resources, material production factors and other. Each type of resources, structures, processes or factors then becomes the realm of changes and organizational development, while transformations related to them consist in:

– modifying or creating new company objectives (which corresponds with innovativeness);
– perfecting organizational structure;
– allocating work and specialization;
– selecting production factors;
– coordinating activities in the scope of company functioning;
– preparing conditions for economic cooperation;
– adapting to the rules of competitive market game;
– concentrating business activities.

Personal factor is another dimension of changes and company development. It is found in two areas: the first is the community of company employees, the second is the personal composition of particular organizational units, as well as a single employee. As these areas obviously overlap, they may be regarded as the unity of a system of human resources.

Human resources constitute *the realm of changes and personal development*, and their transformations are determined by:

– employee mobility;
– work performance and production capacity;
– work atmosphere;
– professional qualifications of employees and the system of occupational and managerial careers, potential of knowledge;
– quality of work;
– labour costs and administration costs;
– human capital.

The realm of changes and personal development defined as above is a broad field of management in which take place both employment policy and work organization as well as problems of motivation and development of human behaviours in a company. This area is of strategic significance under any conditions because it always decides about innovativeness and economic growth. Personnel development is the area of management which is best related to broadly understood organizational development.

Information factor is another dimension. *The realm of changes and information development* is determined by the function of preparation of managerial information and communication function. Managerial information is focused on identification, diagnostic and decision-making tasks due to the need of satisfying information needs of the management. The communication function is responsible for communication. The process of communication is determined by the following partial functions: recording and storing of information, hierarchization, processing and transferring information.

The discussed realm includes also the field formed with software and technical equipment. Usability of the system of managerial information is the measure of effectiveness of the whole realm, which means its importance for the management and for other management institutions.

The technical and production factor is the last one of the emphasized dimensions. This realm is mostly determined by:

– research and development (R&D);
– quality of goods (services);
– operational activities.

Research and development is the term which mostly refers to scientific research work (applied studies) and technical preparation of production. R&D is the first stage of life of the product which determines its functionality and modernity. In a broader meaning, R&D is interpreted as a complex of actions in all fields of company activities (and not only in the field of engineering work) aimed at achieving profits and winning a strong competitive position in the market.

Quality of goods (services) means their technical and usability level. Exhibiting ‘quality management in a company’ is defined by the following functions: quality control, change management and coordination of all organizational units which affect quality, quality information system management, marketing and product development, quality control.

Operational activities in production apply to the operational system. They include both the basic and auxiliary and logistic processes. They constitute the most expanded area of company activities, in which the effects of the adopted management strategy are ultimately reflected.

The above functions combined create the realm of changes and technical and production development. It includes the area of scientific and technical progress and quality development of the product. It focuses innovative processes which consist in introducing original design and technical and organizational solutions to production. The basic feature of innovation is creating novelties on the one hand and its practical application on the other hand. Technical and production development refers also to diversifying products and their modernization.

This realm is strongly intertwined with others, especially when development defined in the context of economy based on know-how is taken into consideration.

4. Examples of forms of development capacity of a company

The following is a review list of standard forms of development capacity of a company and the summary of forms of development capacity of a company in the knowledge potential class.[4] (Note that forms of development capacity are equivalent to assessment criteria.)

A. Standard forms of development capacity of a company

1) company competitiveness (competitive capacity);
2) competitive position of a company;
3) index of assessment of key competencies of a company;
4) assessment of market conditions;
5) financial interpretation of development capacity of a company (creditworthiness and other);
6) organizational effectiveness (synergy effect, coefficient of organizational effectiveness);
7) leadership capacity;
8) creativity (innovativeness);
9) productivity of human capital;
10) learning capacity (adaptation skills);
11) the level of flexibility of an organization;
12) balancing capacity;
13) the level of technology modernity;
14) quality and modernity of products.

B. Summary of forms of development capacity of a company. Class: potential of knowledge

1) group solving of problems;
2) barriers in sharing knowledge;
3) frequency of database updating;
4) sharing knowledge with cooperating parties;

[4] Knowledge potential is the set of human substantial competencies (education potential and creative skills) and practical skills (experience) and effectiveness of operation.

5) usability of IT systems;
6) degree of information system advancement;
7) tools supporting knowledge management;
8) knowledge of information technologies;
9) research and development activities;
10) registered and delivered patents and trademarks;
11) cooperation in the scope of development;
12) expenditures for training events;
13) degree of computer equipment support for workstations;
14) internal communication;
15) development of employee potential;
16) appropriateness of IT system use;
17) sharing knowledge with clients;
18) training duration.

5. Stages of research proceedings

The proposed research proceedings for evaluation of development capacity of a company includes the following stages:

I. Determining the scope of research.
II. Formulating assessment criteria for development capacity.
III. Determining weights of assessment criteria for development capacity.
IV. Measuring the quality level of development capacity:
   1) conducting aggregated check assessment;
   2) calculating index of development capacity IPX_i;
   3) categorization of IPX_i index.

Characteristics of the stages is presented below.

Stage I. Determining the scope of research

The adopted scope of research is the production potential of a company, represented in the actual condition of its organization and functioning.[5] The production potential constitutes the basic reference for assessing development capacity, and its scope may be considered as partial or full. Partial scope corresponds with various type classes, such as human potential, financial potential, technological potential, logistic potential. The selected classes shall be regarded as parts which, taken together, create the full production potential of a company. Thus, any type class may be the subject of analysis (viewed separately) or the full potential.

[5] Production potential represents the main field of company operations, although other areas may also be named, like the area of social responsibility, the area of political and capital relations and impact, the ethical and cultural area.

Production potential viewed partially or fully may also be considered and determined from the point of valuating view, with the already achieved results taken into account, but also those which may be achieved in the future (6; 7). Such results are, among others, economic, social, ergonomic, operational (material and technical), intellectual and research (conceptual), managerial (planning, decision-making, organizational, control and other) results.

Production potential may be made hierarchical as follows:

– as strategic potential;
– as elementary potential;
– as degraded potential (secondary).

It means that production potential (full or its type classes) may represent a different level of quality, not necessarily assessed positively. Strategic potential indicates that the company has significant resources and skills and features full effectiveness of operation.[6] Elementary potential reflects satisfactory condition of resources, skills and efficiency of operation. Degraded potential (secondary) indicates unsatisfactory condition of specific factors. Measuring and hierarchization of production potential are effected with the IPX_i index of development capacity.

Stage II. Formulating assessment criteria for development capacity

At this stage, assessment criteria are selected which are diagnostic measures. In comprehensive analysis, structure of assessment criteria should be varied, but individual criteria should also be complementary. The basic problems of this stage are determining type and number of criteria because these are the issues which determine comprehensive nature and accuracy of diagnostic analysis.

The following Table 1 presents a proposal for development capacity assessment criteria. There are seven basic assessment criteria with sub-criteria assigned. The latter perform the role of calculation (interpretation) keys which make the measurement more precise. The given assessment criteria may be expressed in absolute or relative values, as well as in a nominative way (with names). For the need of their aggregation, employing a standardization procedure will be required (e.g. scoring).

[6] Strategic potential thus means the level of creative potential which is considered satisfactory from the point of view of the capacity of increasing the value of the company and dynamizing its specific functions.

Table 1

Assessment criteria for development capacity

Description
(1) Organization of activities: – cohesiveness of the organizational structure; – required employment level; – degree of integration; – functionality of procedures; – level of feasibility; – failure rate. *(2) Competitive capacity:* – relative share in the market; – price competitiveness; – distribution; – quality. *(3) Financial development capacity:* – ROI; – ROE; – long-term debt to equity; – debt ratio. *(4) Globalization:* – significant territorial range of production, trade, logistic and other operations (worldwide, continental, regional); – market community (common access to the market); – universal technology (transnational specialization of production); – legal, organizational, monetary, fiscal uniformity. *(5) Level of business activities:* – product development and sales dynamics; – concluding international (export) transactions; – joint enterprises and direct investments; – transfer of capital and scientific and technical thought; – funds obtained from the EU and NCBiR (National Centre for Research and Development). *(6) Knowledge potential:* – competencies, advances in science and technology (innovations, R&D) in particular company subsystems; – technologies; – databases and knowledge bases; – copyright law and invention law; – communication. *(7) Level of technology readiness:* There are nine (I to IX) levels of technology readiness (8).

S o u r c e: Author's own research.

Stage III. Determining weights of assessment criteria for development capacity

Selection of preferential premises is the basis for determination of weights. These are points of reference (planes, dimensions, reasons) according to which validity of assessment criteria is determined, hierarching them by assignment of ranks or points. Ranks and points are used to make criteria relative or sequenced (in the sense of a majority, minority or equivalence relationship).

Preference premises are selected in correspondence with the scope and substantial meaning of the conducted research. Various determinants are taken as preference premises which are tangible or intangible values. These may be, for example, economic, organizational, technical, social premises, as well as situations or circumstances according to which weight (significance, meaning) is viewed of assessment criteria.

It has to be noticed that with the specific set of criteria taken as relevant (meaningful) criteria, their weights may be determined based on specific arguments. The latter thus constitute preference premises used to justify the weights adopted for relevant criteria.

After selection of preference premises, weights of assessment criteria are determined. Weights express significance, meaning, importance of a factor (these are measures used in a special way, because they are referred to assessment criteria). Preference premises perform the role of a touchstone according to which justification is offered why a specific weight is assigned to the given assessment criterion.[7]

The following scale is the example of weight values:
- 5–6 points: strictly necessary (dominant) criteria;
- 3–4 points: required (basic) criteria;
- 1–2 points: useful (good) criteria.

Stage IV. Measuring the quality level of development capacity

This stage includes three substages:
1) conducting aggregated check assessment;
2) calculating index of development capacity IPX_i;
3) categorization of IPX_i index.

■ **Conducting aggregated check assessment**

Checking assessment is to indicate the degree in which the given system (company, institution) executes the assumed objectives and meets specific requirements (functions). Interpretation of the results and their trends is the basic issue in finding the proper check assessment.

The formula for check assessment is expressed with the ratio of the actual condition of the S system (company, institution) to the M master (master condition). The check assessment defined in this way is at the same time the tool for standardization of assessment criteria, with which aggregated assessment is possible (9).

[7] To make weights objective, they may be determined as average of the weights awarded by experts (e.g. applying poll or questionnaire research).

Scoring aggregation standardization has been applied in the procedure of evaluating development capacity. It has been assumed that the template scoring for each assessment criterion is 5 points. It is the maximum value which is a reference point for the actual condition of the examined system. Scoring is at the same time the conversion factor for nominated quantity values, indexes and nominative assessments. The scoring chart for checking assessment is presented in Table 2.

Table 2

The scoring chart for checking assessment

Description		
Positive qualification (assessment degrees)		**Scoring (positive scale)**
I.	Very good condition (distinguished)	5
II.	Good condition	3 to 4
III.	Satisfactory condition (acceptable)	1 to 2
Negative qualification (A) (assessment degrees)		**Zero scoring**
	Ineffectiveness	0
Negative qualification (B) (assessment degrees)		**Scoring (negative scale)**
I.	Limited possibilities condition	–1 to –2
II.	Critical condition	–3 to –6

Source: Author's own research.

If the values of assessment criteria are quality nature, scoring based on conventionally interpreted relationship of similarities between the actual condition of the S system and the M master may also be used (Table 3).

Table 3

Quality relationships of similarities and their calculation into points (scoring standardization)

Qualification of quality relationships of similarities between the actual situation of the S system and the M master	Scoring
	Positive scale and zero
S is identical with M (or almost identical)	5
S is moderately / clearly similar to M	3 to 4
S is sufficiently similar to M	1 to 2
S is completely different from M	0
	Negative scale
S is antisymmetric to M	–1 to –2
S is highly antisymmetric to M	–3 to –6

Source: Author's own research.

■ Calculating index of development capacity IPX_i

This index has the following form:

$$IPX_i = \sum_{j=1}^{n} w_j \cdot q_{ij} , \qquad (1)$$

Where:
w_j—weight of j basic assessment criterion,
q_{ij}—check assessment expressed in points, referred to i company, due to j basic assessment criterion,
$i = 1, \ldots, m$—diagnosed companies,
$j = 1, \ldots, n$—basic assessment criteria.

The IPX_i index is calculated for the actual condition of the S system as well as for the M template. Check assessment q_{ij} is the simple arithmetic average from the sum of points assigned to particular subcriteria which are appropriate for the given basic assessment criterion.

■ Categorization of IPX_i index

Categorization is a research procedure which is aimed at determining the level of quality development of the examined system. The calculated score of the IPX_i index is the basis of categorization. Table 4 presents the example of categorization for development capacity.

Table 4

Categorization of development capacity (on the basis of the IPX_i index)

Basic and detailed categories	Main features
A. Master category (over 80%)[1]	
Class A.1. Exceptional (96–100%)	– Level of significant development capacity;
Class A.2. High usability (90–95%)	– Strategic potential;
Class A.3. Good + (85–89%)	– Continuous improving and innovativeness.
Class A.4. Good (81–84%)	
B. Category of varied possibilities (50–80%)	– Level of sufficient development capacity;
Class B.1. Satisfactory + (65–80%)	– Elementary potential;
Class B.2. Satisfactory (50–64%)	– Financial and operational restructuring.
C. Unsatisfactory category (less than 50%)	– Level of development incapacity;
Class C.1. Labile condition (40–49%)	– Degraded potential (secondary);
Class C.2. Critical condition (less than 40%)	– Risk of bankruptcy;
	– Repair restructuring.
[1] Percentage values refer to the maximum value of the IPX_i index—M. The IPX_i index—S (referring to the actual condition) is included into one of the ranges as appropriate.	

Source: Author's own research.

6. Conclusions

Research in and evaluation of development capacity is a special area of diagnostic analysis of company activities. It is a field in research proceedings which is aimed at assessment of progress in all or selected realms of company activities on the one hand, and at programming changes and development on the other hand.

The basic conclusions from the presented methodological concept are as follows:

1. Analyses of the aggregated development capacity are superior in significance to sectional analyses, in particular those which are only limited to assessment of economic and financial condition.
2. A system of assessment criteria developed with introduction of subcriteria in the evaluation (as well as attributes of efficient activities) facilitates development of causal analysis referring to factors which cause deterioration in development capacity.
3. Evaluation of development capacity constitutes a special variation of rating which may be prepared for internal needs and for comparative needs in the given sector.
4. In reference to item 3, assessment of development capacity should be useful in determining competitive and strategic positions of individual companies within the given sector.
5. The procedure of evaluation of development capacity of a company may be applied (after some modifications) to public sector institutions as well as to larger systems.

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Procedura ewaluacji zdolności rozwojowej w zakresie potencjału wytwórczego przedsiębiorstwa

S t r e s z c z e n i e: Ogólnie rozumiana zdolność rozwojowa to kryterium oceny danego systemu (przedsiębiorstwa, instytucji, gospodarki narodowej), będące miarą możliwości realizacji przedsięwzięć na poziomie wysokiej efektywności oraz wyrażające umiejętności pomnażania majątku i kreowanie postępu w różnych dziedzinach działalności.

Podstawowy problem przedstawiony w artykule to charakterystyka zdolności rozwojowej przedsiębiorstwa oraz sposób jej pomiaru w ujęciu wielokryterialnym. Formuła ta została osadzona w kontekście badań jakościowych, odniesionych do rodzajowo odmiennych kryteriów oceny.

Różnorodność kryteriów podstawowych i subkryteriów, które stosuje się w procedurze ewaluacji, sprawia, iż oszacowanie wartości zdolności rozwojowej przebiega na zasadzie kwalifikacji agregatowej. Takie podejście wynika z tego, iż zdolność rozwojowa może być rozpatrywana w postaciach cząstkowych (szczegółowych), jak również w formie agregatowej. Proponowaną formułą oszacowania zdolności rozwojowej jest indeks IPX_i. Jego odniesienie stanowi potencjał wytwórczy przedsiębiorstwa.

S ł o w a k l u c z o w e: zdolność rozwojowa, wymiary zdolności rozwojowej, badania jakościowe, kategoryzacja

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Jolanta Stanienda*

The meaning of the civil society in the formation of the region's development

Key words: structure of the region, civil society, determinants of the region's development

Summary: The article deals with the matter of determinant of the region's development, particularly of the civil society and its meaning in the region. The ideas of the region and its development are presented and the value of factors connected with human capital and institutional circumstances of development prevail over the material ones. The aim of the article is to show the region by means of the innovative model of economic and social structure, using the equilateral triangle whose sides are marked: the market economy, the civil society and the democratic state. The location of mentioned elements of the structure in the equilateral triangle presents their equivalent position towards each other as well as the conciliation of different rationalities attributed to the market (allocation rationality), to the state (distributional rationality) and to the society (rationality of solidarity). These elements are not separated from each other because of ontological differences but due to functional ones. That is why we can observe the phenomenon of 'perychoresis' (interpenetration), which is a mutual penetration of three subjects of the socially-economic structure.

The following hypothesis has been formulated: the quality of the civil society, as an element of the region's structure next to the market and the state, has an essential influence on the development of the region through its economic and social activity.

1. Introduction

The economy is going through essential changes in the social-economic structure of regions. This results from the fact that the space becomes one of the basic elements of analyses of the economic development. Regions growing as the new entities both

* Jolanta Stanienda, PhD—assistant professor, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 527, e-mail: jolanta.stanienda@mwse.edu.pl.

in national and international sections begin to subject to mechanisms and phenomenon characteristic for the present economy (1, p. 18).

Processes taking place in regions depend on entities of the region's structure, their aims, functions they have and above all on the relations between them. These entities are: the market, the state and the society. Such triple European model is distant from the classical one which has always seized the society and the politics as the dichotomous opposition: the unit versus the society, the unit versus the government. These entities infiltrate mutually, but do not lose their own identity and they do not change either. Thanks to such infiltration it is possible to obtain the effect of synergy. Obviously, the key role is played by rules regulating the infiltration of the market, the state and the society.

Regions are a special area of the formation of communities and relations between people in processes of the creation of common good, including the economic activity. Social activity is a crucial part of the region, based on the local community resources and is qualified as a social capital. Thus it is necessary to build socially responsible territory through the creation of wide and permanent networks of cooperation between the public, the market and the civil section.

2. The region and its development

The notion 'region' possesses many definitions. With the name of the region one qualifies both huge surfaces as well as small ones. Such depiction causes that both in practice and literature we meet various definitions of region and its classifications. The word 'region' derives from the Latin *region*—direction, line, province, and circle.

The key meaning in a research concerning regions is to define the notion of the economic region, which is the area separated on the basis of economic criteria, functionally connected with all national economy and possessing the definite economic profile (3, p. 278). August Lösch is considered to be the first to introduce this notion, indicating the differences between the economic and administrative region. The economic region, according to him, has an objective character, because it is created as a result of social and economic processes that take place there. All processes happening are related and interact; whereas the administrative region is subjective creation and processes that occur in this region do not have to be connected (2, p. 11).

Present regional studies appeal to new ideas of the region, according to which each region is an individual and unique phenomenon (4, p. 32). Smart specialization of regions based on the knowledge, the technological development and innovations distinguishes the regions that develop the most quickly, the ones characterized by the most effective utilization of accessible internal and external resources due to high innovation, close cooperation of regional institutions, their wide participation in the creation and the realization of development strategies, the fully developed network of external contacts, easy access to the information and most modern techniques of their transformation and using the best world experiences (5, p. 52).

An attempt at defining the region allows to state this notion is constantly evolving, embracing the wider and wider spheres of the human activity and the social environment. Consequently regional analyses go over the traditional objective aspect (treating region as a surrounding), taking into account the treats of regional community and relations between them (the subjective depiction) (6, p. 53). The region realizes important assignments of public administration, often even prior than the ones of the state, it is the base of democracy, making it possible for inhabitants to influence on articulation and settlement of local, regional, nationwide or even international matters, at the same time leaving the possibility to participate in deciding about public matters (7, p. 41).

Undertaking the problems of the region one ought to introduce determinants influencing his development. A review of the main present ideas of the regional development shows that the number of factors affecting development of regions is extending. Moreover, it is noticeable that the value of factors connected with human capital and institutional circumstances of development prevail over the material ones. Such factors have a unique meaning for the concepts of the regional development: M. Porter, A. Scott and M. Storper who underline the meaning of social and cultural (beyond economic) phenomena as factors of the region's development. This immaterial supply of macro surrounding was noticed also by James Coleman, Robert Putnam and Francis Fukuyama seeking dependences between the degree of economic development of regions, and what is qualified as the capital or social 'potential', as the network of social bonds which bring possibilities of cooperation on different grounds of the activity (8). In 1980s J. Coleman stated that social relations come into being when entities try to use their own individual resources and can be treated as the capital of a given community. Thanks to this capital we can better solve social problems and regulate rules of the local community's activity, as well as efficiently develop the economic enterprise (9).

Another form of social supply is introduced by R. Putnam who determines networks of civil engagement. Neighbours' associations, unprofessional choruses or cooperatives could be such examples. They are characterized by voluntary engagement in common good, liberation of the social activity, inclination to cooperate and building the mutual trust. Networks of the civil engagement make social communication easier and develop tendency to settlement. Similarly the idea of social capital is presented by F. Fukuyama calling it 'moral net' of the society—shared and practiced by mostly such values as: honesty, loyalty and solidarity (9).

The social capital has an essential meaning in the development of region. It contributes to the decrease of uncertainty in the social and economic life. It replaces individual outlays necessary to diminish the uncertainty in the activity and economic cooperation. The social capital enlarges economic activity which is often limited by the lack of financial capital, modifies directions and improves the investment efficiency.

The most important function of the social capital is the co-ordination of individual and group activities in economy. Andrzej Matysiak, on the other hand, brings functions of the social capital to 'the invisible hand of the market', directing human activities. Obviously a leading motive of people's action is their own advantage, however, the social capital prevents from negative results of this motive, i.e. conflicts and, consequently, the social instability. It happens so because the social capital points frames of own advantage, qualifying attributes of individual and global activities, providing advantages for everyone (10, p. 63).

3. The market, the state and the society as subjects of the region's structure

Every region has a definite structure which consists of elements and relations between them. One of the subjects of this region's structure is the market, being the most important category in economy learning. It is the field on which producers and consumers can express their own will of economic activity, pointing the quantity, the quality, operating cost and, finally, the price. It appears that the market is like a firm tie between participants of the market, which become realistic through prices, making an influence on economic decisions of all economic subjects and also causing the definite reaction of consumers and producers (11, p. 37).

The most important function of the market, apart from the possibilities to form the prices of goods, is the settlement of balance between the rate of output and consumption. The market establishes the surface to exchange information about other participants of the market and about appearing products (12, p. 54). The market plays very important role in functioning of social and economic life, due to the fact that this is the only stimuli of the development and without it we cannot satisfy the needs of society (13, p. 38).

The present theory of economy, explaining market processes, is rooted in the tradition of the classical economy and is based on the foundation of rational elections made by economic entities. It states that the man, being the subject of many socio-economical systems, works in them as the farming man (Latin *homo economicus*). Therefore, the basic idea of activity of homo economicus, as well as a foundation of his decisions and activities is the will to make rational choices (14, p. 33).

The immemorial question concerning the role of state in the economy is to qualify a range of the State's interventionism which should efficiently protect markets before deformations and prevent them from the lack of balance of the economy, especially crises. The changes taking place in relations between state and the market influence not only the rules of the game, within which the state and the outside market function. They begin the game open on new social initiatives, on more active role of citizens, but also, on the new, based on values social imperatives (15, p. 14).

Consequently, we notice that except from the market and the state, the society—citizens along with their potential—is an entity of the region's structure. In the area of soft sciences and humanistic there appears qualification of the civil society engaged into social matters. Its essence is that the society obtains definite rights thanks to which it can organize and coordinate its own activities through the appointment of definite organizations, free from state supervision. They can significantly put an impact on the direction or change of state's social policy. The range of the civil society is not determinable, depends on the degree of liberties and range of rights admitted by governments of each state to its citizens (16, p. 16). John Keane defines the civil society as concentrations of institutions, whose members participate first of all in a complex of non-state activities—economic and cultural production, households life and voluntary associations—and who in this way preserve and transform their own identity by exercising all sorts of pressures or controls upon state institutions (17, p. 5).

Summing up, we should state that the structure of region has three entities: the market, the state and the civil society. One of the first economists who introduced the triple structure model of social system in the form of the equilateral triangle, and not the straight opposition of units and the government was Kenneth Boulding. He distinguished three great happening and affecting each other subsystems: market, government and society (Figure 1; 18, p. 60).

Tops of the equilateral triangle presented in Figure 1 determine functional measurements of markets, government and society, and they are adequately: exchange, compulsion and love. The presenting of model of economic and social structure by means of the equilateral triangle which sides mark: the market economy, the civil society and the democratic state, assumes that this structure has a coordinate position in relation to remaining elements and has to help in conciliation of different rationalities credited—to the market (allocation rationality), to the state (distributional rationality) and to the society (rationality of solidarity) (18, p. 59). Mentioned elements of the economic and social system are not separated from each other for ontologic differences, but functional. That is why, the phenomenon of 'perychoresis' occurs, which is the mutual interpenetration of working entities in social life. The thing is that, all three elements of social and economic reality are to cooperate as the necessary, integral, multidimensional conditions of man's development. Results of this activity and cooperation of people depend not only on interaction of involved units, but also of the institutions, so far skipped in economic analyses, preferring mainly praxeological analysis of costs and advantages. The market and the state deliver private and public goods whereas the society produces relational goods which considerably differ from private and public (Table 1).

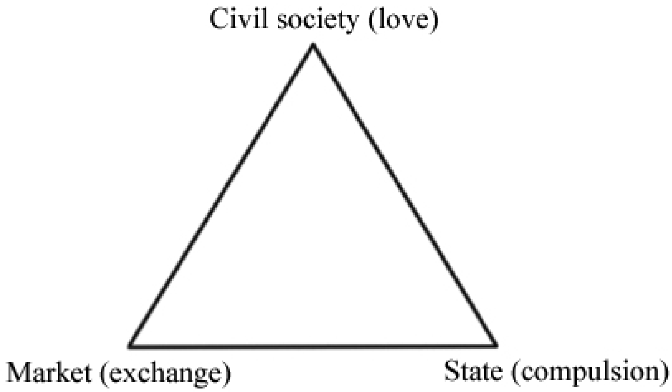

Figure 1. Model of social-economic structure with the use of equilateral triangle

S o u r c e: Author's own study on the basis of (18, p. 60).

T a b l e 1

The characterization of economic goods

Specification	Private goods	Relational goods	Public goods
Rivarly in the consumption	Yes	No (antirivarly)	No (no rivalry)
Exclusion from the consumption	Yes	Yes/ No	No
The consumption in isolation	Yes	No	Yes
Responsibility of production from consumption	Yes	No	Yes

S o u r c e: Author's own study on the basis of (18, p. 69).

Relational goods are produced personally and their production cannot be commissioned to anybody. Examples of such goods are: friendship, social acceptance, solidarity, emotional support, sense of belonging, thus, goods which are named communio. Relational goods are anti-rivalry in the consumption, because their nature is to share with others. Exclusion from the consumption is possible, but depends on relation with partners (this is the only feature which they share with private goods—Table 1). The participation in their consumption produces actually positive externality towards partners. Such goods like these cannot be consumed in isolation, and their production cannot be separated in time and space from consumption. Relational goods are not replaceable; they possess the value, but they do not have the market price. They realize all conditions to be the common good. The common good is not a simple sum of particular goods of every entity in the dimension of social organism.

Belonging to all and to every individual, the good is and stays common, because it is indivisible and can be attained, increased and protected only together, also owing to the future (19, p. 164).

4. The civil society in the region

Regions are a special area of communities' formation and relations between people in processes of the creation of common good, also in the form of economic activity. Social activity is crucial in the acting of the region, based on resources of local community which is qualified as a social capital.[1] It is gathered by means of inter-human relations, not sporadic ones, but the relations in the network of continuous connections which are used to the realization of common aims and make it easier to achieve success. Therefore, there is a necessity to build the socially responsible territory, through the creation of wide and permanent networks of cooperation between public, market and civil sectors.

To make the civil society play the essential role, it must possess internal powers, own complex structure in the network of mutual—and not controlled by the state and his aggregate—connections between people and social groups (20, p. 5). The sector of civil activities in Poland is just being built. Organizations learn the leadership of promotion and lobbing actions, learn the cooperation with the public section and the business (21, p. 19).

The measurement of the civil society is not easy. A basic reason of this difficulty is the plurality of definitions, which expresses certain elusiveness of the notion being examined. It is difficult to measure confidence or truthfulness. We can, however, examine these factors indirectly, by means of elements expressing their existence (22, p. 76).

Since the 2000 year, every two years the team under the management of professor Janusz Czapiński makes the social diagnosis in Poland taking into consideration different areas, such as: living conditions of households, individual quality of life, condition of civil society, use of informative and communication technology, social exclusion. The last report appeared in June, 2013. The simplest measure of the condition of the civil society is the membership in voluntary groups or a number of such groups, electoral attendance and reading of periodicals. These factors are to show the attitude of citizens distinguishing the occurrence of high or low civil society. The high rate means that a great number of citizens will be associated in any groups for different common and individual aims, will take active participation in public life

[1] In literature there are many definitions of social capital, which are created due to the needs of specific research or theoretical considerations. In encyclopedia of sociology, social capital is described as inter-human relations that can be used by an individual or a group as means of realizing common aims. Pierre Bourdieu, James Coleman, Robert Putnam and Francis Fukuyama are considered to be creators of theoretical basis and the development of the concept of social capital.

through the participation in elections. In addition, the World Bank diagnoses the level of social capital by means of the membership measurement in local associations and networks. Additionally taken into consideration is the trust to government institutions and to the unknown, etc.

According to the research conducted on the Polish society, it appears that 15% of citizens were a member of organizations, associations, parties, committees, councils, religious groups, unions: 11.6% belonged to one association, 2.2% to two, 1% to two or more, yet, 85.2% did not belong to any organization. According to the report, only 32.2% of Poles who belonged to a certain organization played there definite functions. It seems that only 4.8% of respondents fulfilled some functions by choice, however, remaining over 95% was devoid of experience and skills to be chosen and to participate in running an organization. These rates show the low degree of the civil society development in Poland, little experience and social competences, which citizens can gather taking part in various activities in organizations, participation in social initiatives, in public meetings or voluntary work.

Large meaning in defining experience and civil skills has the social status which is measured by a level of education. Results from the report show that educated citizens are better organized, can express their own business and better use possibilities created by democracy on the local level.

The criterion showing the quality of civil society is the level of interest and the manner of using public goods. 50% of respondents declared that using common goods concerns them little or nothing. Poles are not interested in the fact that somebody does not pay for public transport or avoids paying taxes. The indifference towards these forms of violation of common goods considerably grew smaller since 2007, but is still on high level. The permission to receive unjustly the unemployment benefit is expressed by 42% of respondents who do not care about it. Similarly, the fact of unjust pension or wheedling indemnities from the insurance companies.

The participation of society in elections is the most common civil experience, and in particular taking part in municipal elections being a form of engagement into the matters of own local and regional. From the presented report, it appears that in 2010 68.3% of Poles took part in municipal elections (so showed the respondents answers), despite the real electoral attendance, given by PKW, was only 47.3%. The participation in elections is connected with a social status measured by level of education, and thus 73.3% of people taking part in elections had the higher education with the degree of at least a doctor, 80.5% the higher education with the degree of MSc, 69.8% of respondents possessed the secondary education of general education, 67.4% of principle professional, 25.6% are citizens after the elementary school and 44.6% did not possess the education (basic not finished).

In many studies it is stressed that a requisite element in building and consolidating of the civil society is the trust. The trust based on social ties, social values, norms in a word—on the social capital (23, p. 36). Only 19% of Poles express an opinion that most people can be trusted and it is the percentage three times smaller than in

Denmark, Norway, and Finland. Only 13% of Poles believe in good intentions of other people. The level of trust rises only after reaching or exceeding the threshold of secondary education (greater interest in public matters, more developed network of social contacts, lifestyle, organizational skills connected with the acquaintance of procedures and regulations). Taking into consideration the level of citizens' trust towards financial institutions 46% of examined have the moderate confidence to the Polish National Bank, 28% of respondents do not trust commercial banks, 34% of the questioned do not trust life insurance companies, and on the other hand, 35% have no opinion. Surprisingly, the results also show the limited confidence to Open Retirement Funds—19% of the respondents and 38% of the examined about the entire mistrust. 40% of Polish citizens have no confidence to the Institution of Social Services.

The low development of civil society in Poland results from the situation in which it was to work and create itself in the 1970s against the state. Therefore, it was deprived of the first, motor part, indispensable to form democracy and open society. It happened so not because of negligence, but necessity. The civil society created to fight regime is not able to build and make just from itself.

The well working state must have the consciousness that its most important resource is the society and culture connected with it as well as the cooperation between citizens, because the approach of citizens to common goods is an important element influencing the economic development of the country. Surely, all activities consolidating the development of initiatives of the civil society must begin from the stimulation of local communities' activity. The activation of local communities is extremely essential, because all activities intensifying the development of social initiatives in the region must begin from this. They rely, first of all, on the conviction of citizens that they determine the main power of their own local community's development.

5. Conclusions

If an aim of the region's development is the economic and social development then a big challenge for the realization of this aim is the creation of proper accounts between entities of the region's structure (market, state, civil society). It is possible provided these relations are characterized by interpenetration (not separation), which is qualified as social 'perychoresis' (interpenetration). It assumes that although entities infiltrate, they do not lose their own identity nor change. We can state that they are functionally changeable, whereas the society is superior. The civil society influences greatly formation of the region and its development, what is noticeable in the form of:

- initiations of social companies and including them into the network of cooperation on the thing of local community' s development;
- the creation of local economies based on the engagement of all community and the usage of resources;

– the stimulation of balanced local development on the basis of local resources, potential of place and people, i.e. local competitive superiorities, such as e.g. natural values, tourist and cultural heritage;
– the stimulation of enterprising attitudes, mobilization and development of competences connected with functioning on the competitive labour market.

The meaning of regional factors of development in the form of the civil society is underlined by the European Committee through programmes based on the potential of local activity, and also OECD which states that local organizations and people stimulate themselves to production and intensification of local communities, thanks to the maximum exploitation of resources. This is the region where the development based on the engagement of local organizations and people is possible and also assures the realization of local needs. The participation of local partners is indispensable also to the initiation of strategies projected from the central level, because it adapts them to the regional situation, and contributes additional ideas and proposals of the activity. The regional development becomes a common aim which unites all organizations and inhabitants. Besides it is possible to be reached only thanks to the engagement of as large group of regional partners as possible (24, p. 23).

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Znaczenie społeczeństwa obywatelskiego w kształtowaniu rozwoju regionu

Streszczenie: W artykule podjęto tematykę determinant rozwoju regionu, a w szczególności społeczeństwa obywatelskiego i jego znaczenia w regionie. Zaprezentowano nowe koncepcje regionu i jego rozwoju, które przesuwają punkt ciężkości z materialnych czynników na czynniki związane z kapitałem ludzkim oraz z instytucjonalnymi warunkami rozwoju. Celem artykułu jest przedstawienie regionu za pomocą nowatorskiego modelu struktury gospodarczo-społecznej przy wykorzystaniu trójkąta równobocznego, którego boki wyznaczają: gospodarka rynkowa, społeczeństwo obywatelskie i państwo demokratyczne. Umieszczenie wymienionych elementów struktury w trójkącie równobocznym świadczy o ich równorzędnej pozycji względem siebie oraz o godzeniu odmiennych racjonalności przypisywanych rynkowi (racjonalność alokacyjna), państwu (racjonalność dystrybucyjna) i społeczeństwu (racjonalność solidarności). Elementy te nie są bowiem od siebie oddzielone ze względu na różnice ontologiczne, lecz funkcjonalne. Zachodzi więc tak zwane zjawisko perychorezy, czyli wzajemnego przenikania się trzech podmiotów struktury gospodarczo-społecznej.

Sformułowano następującą hipotezę: jakość (skuteczność) społeczeństwa obywatelskiego będącego elementem struktury regionu obok rynku i państwa ma istotny wpływ na rozwój regionu przez jego aktywność gospodarczą i społeczną.

Słowa kluczowe: struktura regionu, społeczeństwo obywatelskie, determinanty rozwoju regionu

Anna Wojtowicz, Radosław Pyrek*

Relationships with customers as a determinant of the innovation process in the enterprise

Key words: process innovation, ability to innovate, innovation, customer relations, CRM

Summary: The purpose of this article is to show the relationship between the use, by the company, of specific method of acquiring knowledge from the outside, the formation of mutually beneficial relationships with customers (relationship marketing), and their realization of the innovation process.

The idea of relationship marketing and Customer Relationship Management system (CRM) is to build long-term relationships with the environment, in particular with customers, in order to increase the profitability of the company as well as cost reduction. Relationships with customers (more CRM) are an effective tool for gathering information for the innovation process, both at the stage of invention innovation (increase the innovative capacity of the organization) and at the stage of diffusion of innovation (innovative activity). The condition for the effectiveness of personalized marketing include: close contact with the customer, control, and continuous analysis of their course as well as information technology and databases.

The results of extensive empirical studies allowed for positive verification of the given argument. The use of customer relations is beneficial to the process of innovation, and ultimately leads to offer customers innovative product tailored to your expectations.

Companies are aware of the fact that customers are an important source of knowledge in the innovation process, and the human factor plays a leading role in creating innovation.

The focus on relationships with customers is especially important for small and medium-sized businesses that have limited financial resources (inter alia in the area of conducting research) in terms of identifying new and costly innovative solutions.

* Eng. Anna Wojtowicz, PhD—assistant professor, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 535, e-mail: anna.wojtowicz@mwse.edu.pl; Radosław Pyrek, MSc—assistant, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 535, e-mail: radoslaw.pyrek@mwse.edu.pl.

1. Introduction

Peter Ferdinand Drucker (1) argued that a company which cannot create innovation is lost. In following these words can be said that the ability to create and implement innovate in the market has become a sine qua non for the competitiveness of modern enterprises, and thus one of the main elements of a knowledge economy and strategic importance in the context of generating economic growth (and consequently the well-being of societies). On the other side approach to innovation and how to create innovation in enterprises is changing with the emergence of new concepts and approaches which more and more comprehensively capture the process of creating innovation at the level of production units, or service: from the application of the linear model by the National Systems innovation and later concepts of a new approach to creating innovation. The development of these theories is evidence of the growing importance of innovation and the development of theoretical approaches in this regard. The most important and most visible trends in this area should include a departure from the linear approach to innovation and go beyond the technological aspects of innovation (see: 2, pp. 705–718). More and more in the context of stimulating innovation is becoming increasingly important of non-technological approach, focused on the creation and use of relationships, such as innovation networks, international networks and relationships with stakeholders. This is due to a new perspective in the perception of the specific nature of the innovation process—a process that requires interactivity of many entities/ participants (from different areas of activity). Relational activity is of key significance to the development of innovation.

Joseph Alois Schumpeter (3, p. 104) stressed that innovation is not only based on creativity but also on individual and institutionalized activities. Relational activities include relations between entities, entities and technologies, companies, research agencies and state organizations (4, p. 240) which are the components of the innovation system.

In this context, innovation policy focuses primarily on strengthening and stimulating relationships among interested groups of entities (such as public-private partnerships, programmes and projects network—in this cluster, the scientific cooperation with entrepreneurs, technology parks, etc.). Research in the field of innovation, especially implementation processes, requires a multi-disciplinary and multi-dimensional approach and the description of cause-effect relations between the activities of various organizations and the development of innovation.

The aim of this article is to show the relationship between the use, by the company, of specific method of acquiring knowledge from the outside, i.e. the formation of mutually beneficial relationships with customers (relationship marketing), and their realization of the innovation process.

To achieve the objective was possible it was assumed that the innovation process (invention and diffusion of innovation) implemented by the company depends on its ability to innovate. The ability of enterprises to innovation (innovative capacity) refers to the ability of significant modifications and improvements to existing technologies and creating new (5, pp. 899–933; 6; 7), it is seen as the basis for creating value from innovation (8, pp. 278–289), and even as a driving force of economic growth (9). In many studies (see: 10, pp. 606–622; 11, pp. 19–43; 12, pp. 507–517) it can be found to say that the ability of innovative companies is not based on the results of ongoing and/ or acquired research and development, but in the daily activities in the company. The ability of this in a special way shape the:[1]

- managerial skills and worker to innovation, especially knowledge from experience;
- modern infrastructure and systems used, especially IT technology;
- level of cooperation in knowledge management, in particular the level of relational activity with stakeholders (customers, suppliers, etc.);
- organization of work and management;
- protection of the knowledge arising within the company.

The modern approach to clients' participation in the company's innovation process differs considerably from the traditional approach. The concept of relationship marketing and Customer Relationship Management (CRM) is based on building long-term relationships with the business environment (especially clients) aimed to increase profitability and reduce costs. It is assumed that customer relationships have a positive impact on the innovation process. CRM is an effective tool for acquiring information for the innovation process both at the stage of inventing innovation (increasing the innovation potential) and at the stage of the diffusion of innovations (innovation activities). The effectiveness of individualized marketing is conditioned by close relationships with customers, continuous and close monitoring of the process as well as IT systems and data bases.

2. Mutually beneficial relationships with customers as part of the innovation capacity of enterprises

Each organization continuously interacts with its stakeholders, because they determine its function. It must therefore focus on identifying stakeholder groups and understand their needs and expectations. In a market economy the most important group of stakeholders are the customers. Innovations are the basis for the modern concept of marketing based on relationships with customers, and what is more, a basic prerequi-

[1] These determinants of the innovative potential have already been extracted during the studies quoted later on in the article, using analysis of influence factors. On this basis the factors that remained and will remain in an important cause-effect relationships with innovation were indicated.

site to building lasting client relationships. According to the concept of relationship marketing, innovations are evaluated from the point of view of customers—provide them with new values through the creation of new products, technologies, approaches and systems in such a way as to increase the level of satisfaction and loyalty (13, pp. 230–231). The company may initiate actions that will lead to the identification of needs of customers. It should be emphasized that proper identification of purposes, especially requiring or not fully satisfying the customer, is the key in the process of creating innovation. Moreover, in special cases, the client may be a creator, and even co-producer of the product. Participation of customers in the innovation process carried out by the company is important for one more reason: customers using the products and services gather knowledge that can be invaluable for them. As Bogusz Mikuła notes (14, p. 174), innovation can be determined not only by knowledge about customers, but primarily through the use of knowledge possessed by customers. The condition is, however, one. The company must be able to use this knowledge, i.e. to get to know how to manage it.

Establishing efficient forms of communication with customers (stakeholders) and their continuous improvement is the most important. System efficiency of marketing communications and the simplicity of the transaction system is also an important determinant of the ability of innovative companies.

Referring to the customer requirements that define the area and determine the direction of innovative activity organization, we shall enumerate (16, pp. 58–65):
– service speed;
– the quality of products or services;
– attractive prices;
– a simple trading system.

Also important are the expectations of the organization to customers. Here, the most important are (17, p. 316):
– revenue and profit;
– an increase in sales;
– opinion of consumers;
– the trust of customers.

The requirements (objectives) of the company should be complemented by the most important, the introduction of new products, as a result of the innovative activity of the organization.

Table 1 shows the above-mentioned criteria for evaluation the degree of achievement of the objectives of mutually beneficial relationships with customers and at the same time assessing the level of innovative activity organization along with the meters.

Table 1

The criteria and measures assess the degree of achievement of the objectives of mutually beneficial relationship with customers in the innovation process

Evaluation criteria—customer perspective		**Measure**
1.	Satisfaction	– cost of maintaining current customers; – new customer acquisition cost (in relation to the cost of maintaining current customers)
2.	Service speed	– the average Time Realization of Supply; – time responses to RFQs; – proportion of contracts supplied on the time in the general contracts
3.	Quality of product/ service	– number of returns/ complaints
4.	Attractive prices	– the number of customers; – the number of new trades
5.	A simple trading system	– number of transactions; – number of interventions
Evaluation criteria—company perspective		**Measure**
1.	Revenue and profit	– income from new products; – profitability of new products/ services
2.	Increase in sales	– increase of income from sales
3.	Consumer opinion	– number of positive opinions; – number of implemented consumer suggestions
4.	Consumer trust	– number of customers; – average size of orders
5.	Introduction of new products/ processes	– number of introduced products/ processes

Source: Authors' own elaboration on the basis of (16; 17).

The multiplicity of measures presented for the issue of measurement capabilities and innovative activities in the context of relationships with customers is complex and difficult, but it is necessary and related to the management of these relationships. Customer relationship management is to create value both for the customer and the whole organization, and it is connected with collection and processing of information about customers. The information system—being an integral part of CRM and at the same time supporting the company's actions of how to use the acquired data for creation and strengthening bonds with customers—helps in proper management of knowledge about the clients. The essence of CRM refers to the complex process of building and maintaining relationships with customers, to the benefit of the two sides in relationship.

3. The use of relationships with customers in the innovation process—the results of empirical research

The results of empirical research based on a multiple choice questionnaire are presented below. The study is based on a sample of 32 tourism companies, most of them having their seats in Małopolska, especially in the region of Tarnów.

Among the surveyed companies, the largest group: 48%, were small businesses, employing up to 50 employees, including micro-enterprises: up to 10 employees (which is 15%). Approximately 31% are medium-sized companies (50–250 employees). Large companies (250–500 employees) are only 7% of the total amount, and very large ones (over 500 employees) make 14% (Table 2).

Table 2

Number of employees in respondents enterprises

Employment	Share in the total number of enterprises (%)
Up to 10 people	15
11–50 people	33
51–100 people	17
101–250 people	14
251–500 people	7
Over 500 people	14
Total	100

Source: Authors' own elaboration.

According to the concept of open innovation and relationship marketing, companies should rely on their customers as a source of information for creating innovations. The sources of knowledge for implementing innovations (according to respondents) are as follows: customers (21%), competitors (18%), merely 5%—R&D centres, and universities (3%) (Figure 1). The results indicate that Małopolska's companies rely on market-verified information.

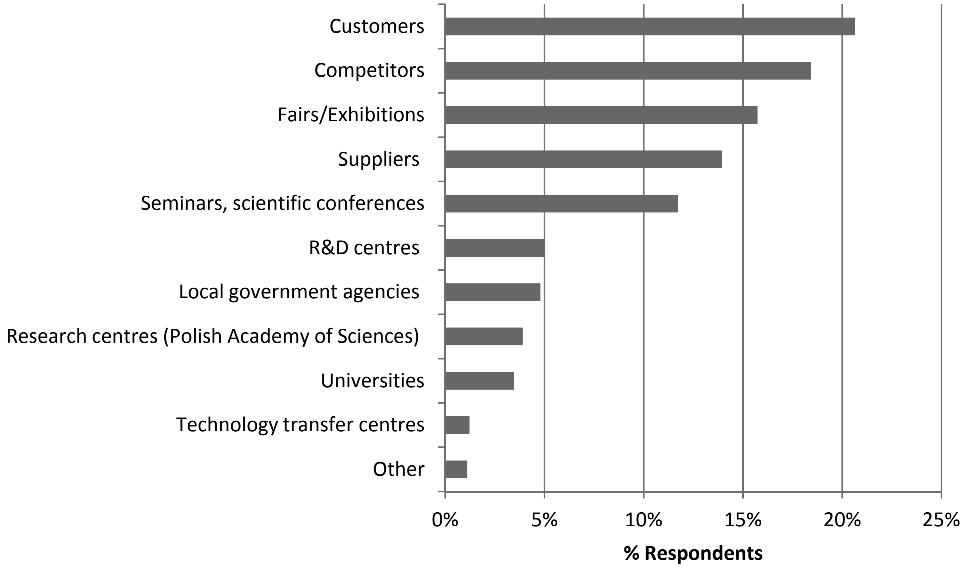

Figure 1. Sources of knowledge in the innovation process

S o u r c e: Authors' own elaboration.

Analysis of the sources of knowledge in the innovation process for the surveyed enterprises also allows identifying the processes and mechanisms for the provision development of innovation, because it points to the leading role of the human factor in the creation of innovation (here including customers and other market participants). In this context, the focus on relationships with customers is especially important for small and medium-sized enterprises, which have limited financial capacity (inter alia in the area of conducting research) in terms of identifying new and costly innovative solutions.

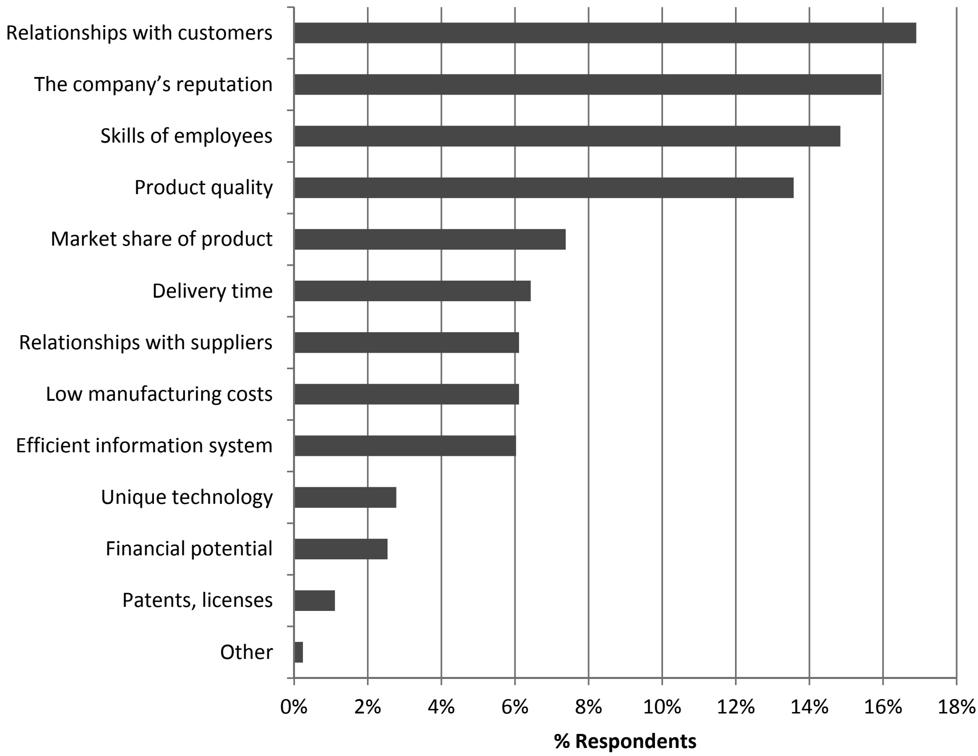

Figure 2. Most important source of competitive advantage

S o u r c e: Authors' own elaboration.

As shown in Figure 2, researched companies are aware of the importance of customer relations. 17% of them indicated the relationship with customers as their main, most important source of competitive advantage in the market. Indications of the quality of products (14%) and order processing time (6%), i.e. measures of the objectives of profitable customer relationships, are indirect evidence of this.

The fact that customer relationships play a major role in the innovation process, especially at the invention stage, is reflected in the participation of the particular groups of stakeholders: 69% of customers regard their participation to be active and significant. All the analyzed companies confirm their clients' participation in the innovation process (Figure 3).

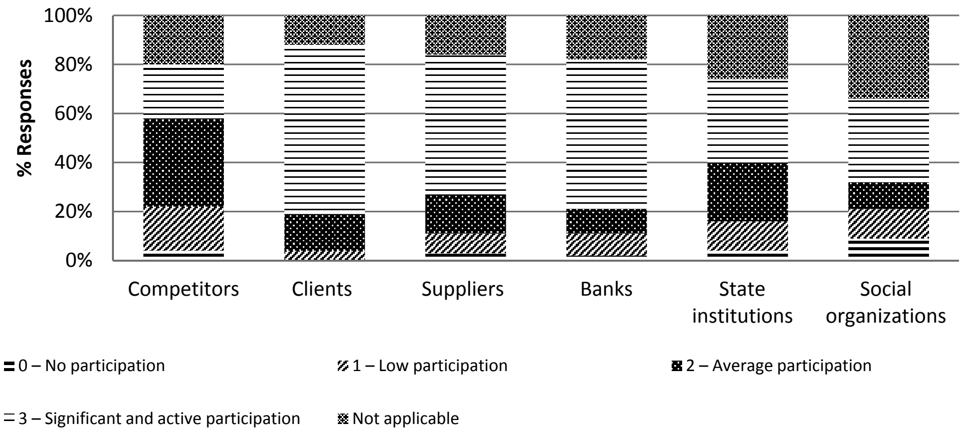

Figure 3. Stakeholder participation in the innovation process at the stage of inventing innovation

S o u r c e: Authors' own elaboration.

Effective integration of customers in the innovation process requires the creation of businesses between the client and the organization of effective communication platform that will listen to their needs and know the motives of their actions. Thanks to this information it is possible to analyze the needs of a particular purchaser and prepare an offer for individual expectations of the customer.

62% of respondents regard improved interactions with customers (understood as greater responsiveness and building customer relationships) to be one of the major business objectives achieved with the use of IT systems. Knowledge management tools include the following: management support systems (CRM): 4%, customer data bases: 15%, product/ service information: 13%. The Internet is regarded to be the main tool for supporting knowledge management: 17% (Figure 4).

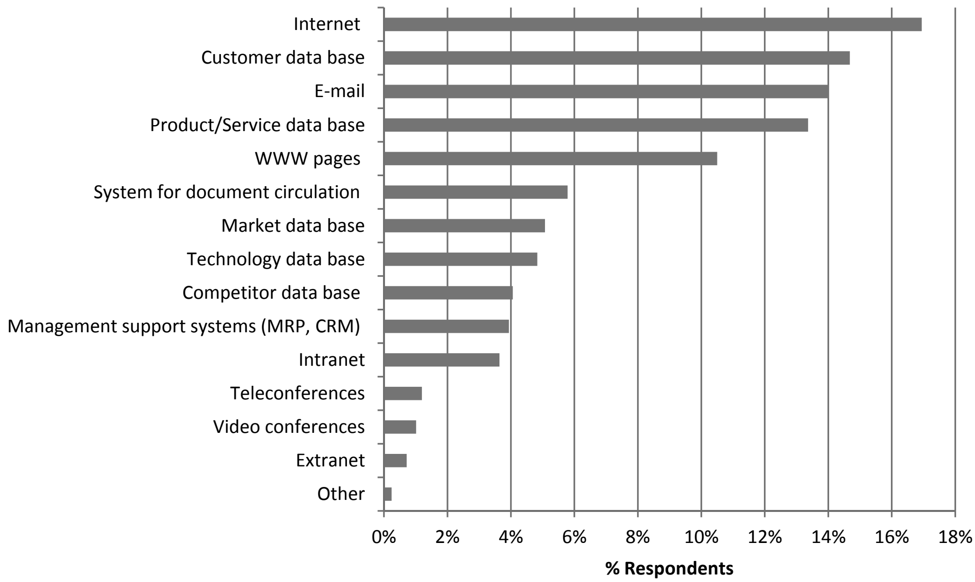

Figure 4. Knowledge management support tools

S o u r c e: Authors' own elaboration.

The research study indicates that Małopolska's companies prefer direct methods of communication with clients (83%). It should be noted that this method is effective when supported by IT systems and data bases. 50% of respondents regard their own data bases to be useful.

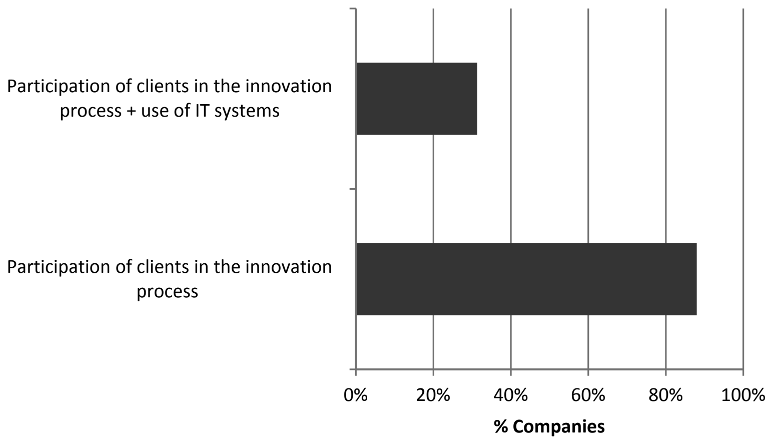

Figure 5. The use of customer relationships and IT systems in the innovation process

S o u r c e: Authors' own elaboration.

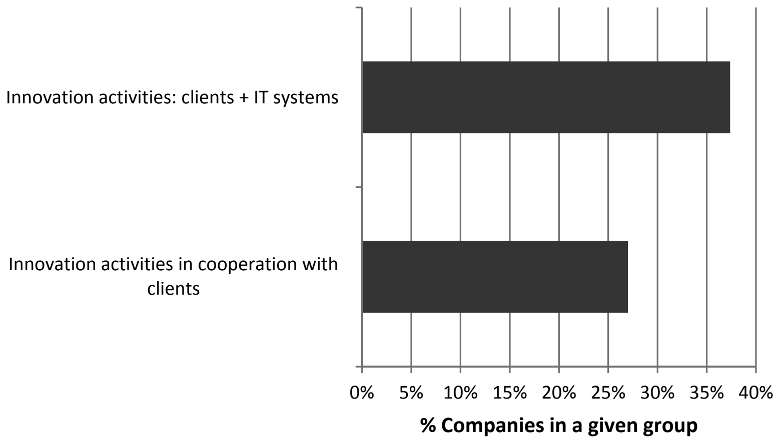

Figure 6. Effectiveness of innovation process based on customer relationships and IT systems

S o u r c e: Authors' own elaboration.

The analysis of the use of customer relationship tools indicates that 88% of respondents rely on this form of support in the innovation process. 31% of respondents improve customer relationships with the use of IT systems (Figure 5). From the perspective of the achieved results (implemented innovations) with the use of this support, 27% out of 88% of companies implement innovations (24% of all respondents), while additional IT systems are used by 37% of 31% of companies which declare this additional form of support (9% of the total number respondents; Figure 6).

4. Concluding remarks

Referring to research results, we can confirm the thesis that relationship marketing effectively supports innovation companies. Our results should be treated as a starting point to investigate further, in-depth research undertaken in the field. However, even this limited scope of the research and analysis of the obtained results allows to draw the following conclusions:

1. The use of partnership marketing is beneficial for the innovation process and results in developing an innovative product which meets customers' individual expectations.
2. The use of IT tools and appropriate management systems (CRM and knowledge management) in partnership marketing increases the effectiveness of innovation process.
3. Relationships with customers are more likely to increase innovation capacity of enterprises than their innovative activity.

4. Companies apply relationship marketing methods in their innovation processes (88%).
5. Companies are aware of the fact that customers are a significant source of knowledge in the innovation process. Moreover, knowledge acquired from clients is valued higher than information obtained from research centres.
6. Companies value 'market verified' knowledge—it is more secure for them (keep in mind that among the surveyed companies dominated enterprises SMEs).
7. The human factor is leading role in creating innovation.
8. In this context, the focus on relationships with customers is especially important for small and medium-sized businesses that have limited financial resources (inter alia in the area of conducting research) in terms of identifying new and costly innovative solutions.
9. The level of knowledge management and the use of CRM in the analyzed companies is not satisfactory—the majority of them do not use systemic solutions in this area.
10. Customer relationships supported by sophisticated IT systems increase the effectiveness of the innovation process—companies create and implement various innovations.

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Relacje z klientami jako determinanta procesu innowacji w przedsiębiorstwie

Streszczenie: Celem artykułu jest ukazanie związku między stosowaniem przez przedsiębiorstwo specyficznej metody pozyskiwania wiedzy z zewnątrz, to jest kształtowaniem wzajemnie korzystnych relacji z klientami (marketingu relacji), a realizacją przez nie procesu innowacji.

Ideą marketingu relacji i systemu Customer Relationship Management (CRM) jest budowanie długoterminowych więzi z otoczeniem, w szczególności z klientami, w celu zwiększenia dochodowości firmy, a także redukcji kosztów. Stąd też jako główną tezę artykułu przyjęto, że marketing relacji jest efektywnym narzędziem wspierania innowacji przedsiębiorstw. Relacje z klientami (szerzej CRM) pozwalają skutecznie pozyskiwać informacje dla procesu innowacji, zarówno na etapie inwencji innowacji (zwiększają zdolność innowacyjną organizacji), jak i na etapie dyfuzji innowacji (działalności innowacyjnej). Warunkiem skuteczności zindywidualizowanego marketingu są między innymi: bliskie kontakty z klientem, kontrola oraz ciągła analiza ich przebiegu, a także technologia informacyjna i bazy danych.

Wyniki szeroko zakrojonych badań empirycznych pozwoliły na pozytywne zweryfikowanie podanej tezy. Wykorzystanie relacji z klientami jest korzystne dla przebiegu procesu innowacyjnego, a w ostatecznym rachunku prowadzi do zaoferowania klientowi innowacyjnego produktu dopasowanego do jego oczekiwań. Przedsiębiorstwa są świadome tego, że klienci stanowią istotne źródło wiedzy w procesie innowacji, a czynnik ludzki pełni wiodącą rolę w kreowaniu innowacji.

W tym kontekście orientacja na relacje z klientami ma szczególne znaczenie dla małych i średnich firm, które mają ograniczone możliwości finansowe (m.in. w obszarze prowadzenia prac badawczych) w zakresie identyfikowania nowych i kosztownych rozwiązań innowacyjnych.

Słowa kluczowe: proces innowacji, zdolność do innowacji, innowacje, relacje z klientami, CRM

Renata Żaba-Nieroda*

Brand as a strategic resource of a company

Key words: brand, brand strength, brand value

Summary: Having a strong brand and effective management thereof provides companies with a strong instrument with which to compete. In a recognized brand customers notice significant emotional benefits, which has a direct impact on the increase in the value of the product to the customer. A strong brand is becoming a way of distinguishing between the company with its products and the competition, and a way to build a sustainable competitive advantage as well as enhance the value of the company. The brand is one of the sources of the company's value and the brand value positively influences the value of the company. Makes, brands, logos—these concepts are becoming increasingly important for Polish companies. It is not only the effect of increased competition on the Polish market but also of the foreign expansion of Polish enterprises, which is rapidly accelerating. Having one's own well-known brand is a guarantee of profitable exports. The brand is the capital that needs to be nurtured, wisely managed as well as multiplied. A strong brand is the outcome of good investment that provides higher income and greater investor interest. Strong Polish brands conquer not only the domestic but also Western markets: Polish food, cosmetics, furniture or boats all provide the Polish with reasons to be proud of. The strength of a brand lies in its unique character, the impression it evokes and, frequently, the social status it indicates. A mere creation of a strong brand allows for building a market position and achieving a sales success.

1. Introduction

The aim of the operation of most businesses is to create value for their shareholders. The sources of value of enterprises continue to evolve, with companies seeking new ways to gain a competitive advantage on the market. Poles believe that Polish companies have already reached international standards and offer products and services as good as those of their foreign competitors. While filling up at an Orlen pet-

* Renata Żaba-Nieroda, PhD—assistant professor, Department of Management, Faculty of Management and Tourism, Małopolska School of Economics in Tarnów, 33-100 Tarnów, ul. Szeroka 9, tel.: +48 14 65 65 527, e-mail: renata.zaba_nieroda@mwse.edu.pl.

rol station, we do not feel worse than at a BP or Shell. PKO BP innovative products stand firm against the offers of large Western banking groups. Most Poles are proud to own such strong brands. We are proud of the Polish companies successfully competing with foreign giants (1).

The pride taken in Polish companies is growing and will continue to grow with the spread of globalization. In the early 1990s Poles were fascinated with foreign brands whereas Polish brands used to be associated with low quality. At present, what is foreign does not shine any longer, whereas what is 'made in Poland' is becoming more valuable. What is more, to be an economic patriot in Poland is much easier today than it used to be when state enterprises were backward and generated losses. A Polish consumer, if they wanted to be faithful to Polish brands, often had to reckon with the fact that they supported unprofitable projects that aggravated the state budget. Today this dilemma is already almost gone. State giants (with few exceptions such as PLL LOT) not only do not bring losses to the budget but pay dividends; in 2012 they amounted to 8.2 billion PLN, in 2013 the government estimates them to amount to 5.6 billion PLN (1).

Looking for new sources of value, companies are increasingly emphasizing the role of off-balance sheet intangible assets, which could include: the importance of the brand, image, organizational culture, customer loyalty or human capital. Investments in tangible assets are being replaced by allocating funds in intangible assets. A special place among off-balance sheet intangible assets is occupied by brand. A strong brand is becoming a way of distinguishing between the company with its products and the competition, and a way to build a sustainable competitive advantage and enhance the value of the company. The brand is one of the sources of the company's value and the brand value positively influences the value of the company.

The purpose of this article is to show the growing importance of the brand in the construction of the company's strategic resources. It can be assumed that the brand can significantly affect a company's ability to gain competitive advantage as it increases the market value of the company.

2. Definitions of the brand

The variability of the market conditions in which businesses operate means having to find new sources of competitive advantage. Attributes such as low price, innovative technologies and a well-built distribution network are easy for the competition to mitigate. Desired are elements which are difficult for competitors and rivals to copy and which at the same time allow for achieving a sustainable competitive advantage (2, p. 57). The creation of a strong brand is the goal of many managers. A strong brand is a brand that is acquired by a lot of buyers, a brand which makes the buyer forget about the price, a brand which offers buyers more than an average brand

(3, p. 42). The brand is a strategic resource of a company; consequently, brand management directly translates into earnings and thus the value of the company (4, p. 46).

In the Polish legal system a precise definition of the term ‘trademark’ is included in Art. 120 of the Act of Industrial Property Law of 30 June 2000. Paragraph 1 of that article indicates that any sign capable of being represented graphically may be considered as trademark provided that such signs are capable of distinguishing the goods of one company from those of other companies. In paragraph 2 of the same article the legislature added that trademarks, within the meaning of paragraph 1, can be, in particular, words, designs, ornaments, combinations of colours, the three-dimensional shape of goods or of their packaging, as well as melodies or other acoustic signals.

All in all, definitions of the brand can be divided into two main groups:
– brand as an element added to a physical product (narrow definition);
– brand as a whole, together with the physical product (wider definition).

It is only the narrow definition that can be in accordance with the definition of a trademark.

In contemporary economy, an appropriately created and promoted brand often turns out to be a source of competitive advantage. The world of brand is run by the brute law—the strongest is the winner. That is why a mere creation of a brand is not enough; it needs managing. Brand management is a complex process involving the development, protection and use of its capabilities and, if necessary, modification of the brand. Only by means of effective brand management its potential can be fully exploited (5, p. 61). Standard elements of the brand building strategy, marketing research, advertising campaigns, price reduction and improving quality do not always prove effective. Increasing brand value is associated with recognizing its character and taking only such activities that are consistent with the message it sends to current and potential customers (6, p. 51).

Brand is a very complex concept and despite many attempts to harmonize its definition, experts still do not agree on which of them is most appropriate. An overview of theoretical approaches to the term *brand* is presented in Table 1.

Table 1

Brand as defined in the literature

Definition	Author
Name, date or any combination thereof designed to identify the goods or services of the seller or their groups, and distinguishing them from the competition.	Ph. Kotler
The name, concept, or a combination of these elements created to denote a product (or service) of the manufacturer and differentiate it from competitors’ ‘offer’; the brand may consist of a brand name (the verbal part of the brand that can be reproduced orally) and a brand sign (recognizable but not orally reproducible part of the brand such as a symbol typeface, characteristic colours—a combination of colours, arts element).	H. Mruk I. Rutkowski

A product that provides functional benefits plus added values that certain consumers appreciate enough to make a purchase. It highlights the fact that in marketing the approach combining the three meanings of brand (brand as the designation of a particular item assortment, brand as a synonym for a trade mark in legal literature and legal acts, and brand as a shorthand of a clearly evaluative tone, indicating the market product image) is of fundamental significance.	J. Altkorn
The combination of a physical product, brand name, packaging, advertising and accompanying activities in the field of distribution and price, is a combination which—while distinguishing the combination of a given marketer from offerings—provides the consumer with outstanding functional or symbolic benefits, whereby creating a loyal group of customers, which enables it to achieve the leading position on the market.	J. Kall
Name, symbol, design that help distinguish one company's offer from competing products.	T. Watkins
The quality, the type of products of a given company: a product of a good, bad brand (opinion, recognition, fame); to have a good, bad name.	A Dictionary of the Polish Language
The term, symbol or graphic design, or any combination thereof, whose aim is to identify goods or services and distinguish them from goods or services offered by the competition. In a broader sense, a brand is a bundle of functional and emotional values that communicates and affects emotions.	American Marketing Association

Source: (7, p. 10; 8, p. 15; 9, p. 153).

While analyzing definitions of the brand presented in Table 1, it can be seen that the brand is perceived through the prism of a name, term, symbol, design or a combination thereof established to identify the goods or services of the seller, and distinguishing them from among the competition. In fact, brand is understood much more widely. The brand is of particular importance in the services market, where trust and security count most of all, and where it is more difficult to refer to the material aspect of the product. The brand triggers more or less strong emotional associations in the mind of the consumer. Therefore, in the process of building the brand position, what counts once and for all is its emotional content (10, p. 97).

3. Brand value

Brand value is essential in building the marketing as well as brand development strategies of companies. Along with a growing influence of strategies based on the principles of Customer Relationship Management (CRM), it is customer orientation rather than product orientation strategies that are gaining ground. Customer orientation imposes care about the product, about the image of the brand, its distribution, support and complementary services. Those who reflect on the meaning of the term in the theory and practice point to the fact that the value of the brand is not only dependent on the objective and the ‘hard’ economic factors, the financial results of the company producing it and the company’s balance sheet, but also on the image of the brand. Before purchasing a product, a consumer creates a brand image based on incomplete and, by and large, intuitively processed information. A consumer may even have a tendency to overestimate the value of the product, especially when its price is high or it is made by an enterprise that is well known on the market. On the other hand, there are also cases when a product, e.g. a second-hand car, is undervalued simply because a buyer finds it difficult to estimate consumption level. The value of a brand can be different from the point of view of first-time buyers if they measure the value immediately after the purchase; it can and will be different from the perspective of end-users who have got to know the brand well enough during use or consumption. The brand is some kind of purchase safeguard, thereby saving the customer time and money. In the opinion of customers, the purpose of brand creation is to receive—as a result of the purchase—some higher value than the expense incurred.

Mutual relations of several terms concerning the value of the brand can be understood as:

- a separate value in the economic sense, the position in the balance sheet, the value of marketable equity excluding financial and material capital;
- measure of the strength of consumer loyalty, brand loyalty and brand strength;
- description of associations and perceptions that consumers relate to the brand, the brand image.

Five components of brand value can be distinguished:

- brand loyalty;
- brand awareness;
- perceived by consumers as brand quality;
- consumers’ other associations with a brand (components of brand image);
- other components of the brand.

The key term here is the concept of customer loyalty. There are different approaches to the issue of brand loyalty.

Loyalty can be understood as consumer purchasing behaviour, i.e. whether a product of a given brand is purchased, how often, how regularly and what quantity of the product of a certain brand is purchased, whether it is constantly the same brand and whether the purchases are restricted to that very brand only. It is the so called behavioural understanding of loyalty. Statements regarding future purchases, their frequency and/ or size can be included here. Brand loyalty can also be understood as a declared loyalty to the brand. Declarations are treated as indicators of attitudes in the psychological sense. There are several ways and scales, checked in practice, to measure attachment. In modern loyalty measurement tools behavioural and psychological approaches are combined. They comprise three components:

- cognitive (brand image);
- emotional-evaluative (assessing, evaluating);
- behavioural (acquisition, rejection of alternative acquisition and consumption).

Applying the principles of CRM involves the use of the term and a specific understanding of the concept of brand value. CRM involves customer orientation through the improvement of strategically important characteristics of the product, the brand, in the broad sense of the term. Concepts of new marketing strategies do not lead to the rejection of the old orientation, but to enriching the perspectives and integrating different goals.

The *Rzeczpospolita* daily publishes an annual ranking of brands; in 2012 the total value of the ninth edition of the Ranking of the Most Valuable Polish Brands exceeded 57 billion PLN. The value of the brands presented in the ranking is a result of the abrasion of the two opposing phenomena. The ranking has had the most expensive Polish brands such as TP, priced in the eighth ranking at more than 1.8 billion PLN, withdrawn and replaced with global brands. Compared with previous rankings, spirits brands came out relatively poor, with the exception of an increase in the brand value of Krupnik. The most noticeable increase was recorded for brands such as Play, Mlekovita, Bank Pekao SA, Sokołów or Biedronka, the last of which recorded an increase of more than 1 billion PLN, and came third in the ranking. Table 2 shows the brand ranking in accordance with their value in 2012.

Table 2

Ranking of ten Polish brands according to their value (in millions PLN) in 2011 and 2012

No.	Brand name	Value in 2012	Value in 2011	Place in 2011	Sector	Owner
1.	Orlen	3840.3	3819.4	1	Fuel	PKN Orlen
2.	PKO Bank Polski	2717.2	3748.4	2	Banks	PKO Bank Polski
3.	Biedronka	2755.3	1712.0	5	Retail sale of food	Jeronimo Martins
4.	PZU	2417.1	2352.3	3	Insurance	PZU
5.	Play	1412.8	989.5	10	Telecommunication	P4
6.	Bank Pekao SA	1326.4	1101.2	8	Banks	Bank Pekao SA
7.	Mlekovita	1300.4	1058.8	9	Milk and dairy products	SM Mlekovita
8.	Plus	1182.1	1198.1	7	Telecommunication	Polkomtel
9.	Lotos	912.6	865.1	11	Banks	Grupa Lotos
10.	TVN	827.8	1330.6	6	Media	TVN

Source: Author's own study on the basis of (11).

The ranking includes brands belonging to the Polish capital, but also brands such as Wedel (Lotte) and Winiary (Nestle). The basic criterion for the selection of brands in the ranking is their Polish identity, understood as the birthplace of the brand. For the purposes of the ranking the world renowned relief from royalty method was used. It is based on hypothetical fees to be incurred by a brand user if they used the brand under a license agreement. Such fees are established in relation to net sales. The values were calculated by summing the discounted future royalties (after tax). Mathematically, the formula for the value of a brand can be presented as follows:

$$M = \frac{S \cdot M_{ax}R_r \cdot BP \cdot (1-t)}{r-g} \qquad (1)$$

where:
S—value of annual net sales for the brand;
$M_{ax}R_r$—maximum rate of royalties (calculated as a percentage of net revenues) used for licensing of brands in a given sector;
BP—brand strength (expressed in percentages), which was used to determine the rate of royalties from the range used in the sector (the rate is directly proportional to the strength of the brand);
t—income tax rate;
r—discount rate reflecting the risk of cash flows (WACC), calculated by applying the CAPM model;
g—expected growth rate of sales under a given brand. For the purpose of the ranking it was assumed that growth for all brands will be the same, equal to the projected level of inflation. Provision should be made that in the case of highly growing sectors the increase may considerably differ from the actual one.

The methodology used in the ranking includes some simplifications and is only for visualization. The ranking applies only to consumer brands. The value of brands does not reflect sales targeted at the institutional client. For example, the value of refinery brands was calculated solely on the basis of retail sales.

4. Brand value versus brand strength

A strong brand is one of the main reasons for sale and purchase transactions of companies. The concept of brand strength is understood as distinctive character of the brand personality, a positive and significant image, logic (consistency) of its communication and consistent integrity of its identity (12, p. 408). The strength of the brand can also be defined as a set of associations and behaviours of buyers and participants in the distribution process that determine the maintenance of a sustainable competitive advantage.

Loyalty means a willingness to pay higher prices for branded products and repeatability of its purchases as well as refraining from purchasing substitute products. (13, p. 409).

Competitive advantage flowing from having a strong brand is based on three pillars, referring to Porter's model, of building competitive advantage. Advantage based on cost leadership associated with the desire to achieve greater cost-effectiveness of the company, which in turn allows for lowering prices as compared to the competition and, consequently, for increasing sales and strengthening its market position. In the case of lowering prices in the flexibly priced market, a brand, in turn, can increase market share. A brand can achieve advantage through higher cost-effectiveness in one or more areas of the so called value chain, which disaggregates a company in strategic areas of action (14, p. 11). The strategy of differentiation, in turn, is based on offering outstanding products, which refer to features and advantages of particular value for a particular group of consumers. This strategy is to lead to a strengthening of a market position, to increase the loyalty of buyers, among whom consumer awareness is built, to acquire a price bonus, and, finally, to achieve a reduction in the price elasticity of demand.

Finally, the strategy of concentration is related to the concentration of interest in the company in a narrow segment of the market. This action is based on the assumption that the company can deliver greater value to customers than competitors operating on a large scale. As a result, thanks to the brand a company can achieve diversification by a better meeting of the needs of the market segment, or reduce the cost of its operation. Since a strong brand plays such an important role in modern enterprises, it can be concluded that it is one of the most important assets of a company and as such should be entirely included in the financial statement. Brand builds company's value frequently exceeding the sum of its tangible assets. The increase in brand strength raising the value of the brand itself increases the value of the company. The brand also creates company's value through higher prices paid by investors for shares or equities.

A methodology was used in the Ranking of the Most Valuable Polish Brands where brand value is dependent on the strength of the brand. This does not mean that it is always the stronger brand that will be more valuable. It is also determined by the size and type of the market in which the brand operates. A weaker brand in a larger market will be worth more than a strong brand in the market niche. Brand strength can be determined by comparing the position of competitors, using market research for this purpose. The study presented used the survey conducted by Millward Brown SMG/KRC for the *Rzeczpospolita* daily. The survey was conducted using individual direct interviews with a random sample of 1200 people over 15 years old, from cities over 20 thousand residents. The respondents answered questions concerning their knowledge of brands, buying and recommending brands, evaluation of brands in various contexts. The data collected was used to evaluate the position of brands in four areas:

– market position;
– consumer behaviour towards a brand;
– brand perception;
– the type of market where the brand acts.

Each area was assigned a weight. The sum of the weights is 100 (the weights assigned to individual indicators determining the strength of the brand are presented in Table 3). Brand strength ratio can reach a value of 0 to 100 points. 100 points is a perfect brand. The methodology was developed for the study of the Polish market; brand strength thus calculated cannot be compared directly with the values of similar rankings in other countries. Brand strength indicator was used when calculating the value of brands. Market position shows how much a given brand is here to stay. The factors taken into consideration are presented in Table 3.

Table 3

Weights assigned to individual indicators determining the strength of a brand

Brand strength factor	Weight	Indicator	Indicator weights
Market position	21	Customer preferences	0–15
		Brand awareness	0–3
		Priority in the mind	0–3
Relations with consumer	24	Customer loyalty	0–16
		Reference rate	0–8
Brand perception	45	Prestige	0–20
		Perceived quality	0–20
		Perceived value	0–5
Market	10	Market type	0–10
Total	100	Total	0–100

Customer preferences—communicate the company's position in the sector among Polish brands. The ratio obtained on the basis of customer purchasing preferences allows for determination of the relative market share. It is calculated separately for each product category.

Brand awareness—stands for brand identification; in order to construct the indicator, the following respondent memory types were used: assisted (brand is chosen from a list) and spontaneous (the name is recalled when a respondent is given a category of products).

Priority in the mind—a brand is remembered as the top one in its category.

Customer loyalty—demonstrates the extent to which brand users will take it into account when purchasing another product from the category. Loyal customers help to increase the profitability of the company through repetitive purchases and because they buy more and more, they recommend the company to others, they are less absorbent, etc. Customer loyalty towards the brand is so strong that even serious mistakes committed by the company do not cause a significant drain of them; it is one of the main determinants of competitive advantage of the brand.

Reference rate—determines the percentage of brand users' willingness to recommend the brand to other users. Reference customers are those whose acquisition is the least costly. They do not make purchases influenced by expensive promotional activities but under the influence of the family, friends, etc.

Prestige—the indicator showing the relative assessment of the prestige brands in a given category.

Perceived quality—presents a relative assessment of the perceived quality of brands, which is the judgment of consumers on the overall excellence and superiority of the brand. The quality does not have to be determined objectively, because it depends on the personal judgment of a consumer. It is frequently also different from the actual quality, which means that it is not enough to offer high quality products but cause customers to see this quality. It is a difficult task because, in many cases, customers are not able to independently assess the quality of the products and are guided in the selection process by certain signals and hints which affect the perception of the product. What is important is the identification and appropriate management of these signals.

Perceived value—wherever it is difficult to assess quality by virtue of a lack of appropriate criteria (e.g. perfumes, wine), it is the price of a product that is the main determinant of the quality.

Market type—brands have a greater meaning and impact in categories such as luxury goods and consumer goods; their impact is lower in areas such as intermediate goods and municipal economy. Mere belonging to a particular product category significantly affects the strength of the brand.

Source: Author's own study on the basis of (11).

Table 4 displays the most frequently chosen brands in 2012.

Table 4

The most frequently chosen brands (taking into account market, consumer and brand perception) in 2012

The most frequently chosen brands—customer preferences		Perceived quality		Brand awareness		Priorities in mind		Perceived value		Customer loyalty		Reference rate		Prestige	
Brand	Max 15	Brand	Max 20	Brand	Max 3	Brand	Max 3	Brand	Max 5	Brand	Max 16	Brand	Max 8	Brand	Max 20
Biedronka	12.5	LC Corp	18.38	Bie-dronka	2.87	Biedronka	2.01	Biedronka	5	Biedronka	14.6	Allegro.pl	7.2	Apart	18.55
PZU	10.5	Apart	18.3	PZU	2.84	PZU	1.98	TVN	4.87	Wedel	14.56	Kompu-tronik	6.64	Hortex	18.55
Wedel	9.9	Hortex	18.3	Polsat	2.81	Allegro.pl	1.74	Wp.pl	4.73	Lubella	14.36	Apart	6.16	Wedel	18.35
Winiary	9.6	Wedel	18.2	Orlen	2.76	Dębica	1.62	Onet.pl	4.72	Winiary	14.32	Inea	5.68	PWN	18.25
TVN	9.45	Winiary	17.95	TVP 1	2.73	Orlen	1.53	RMF FM	4.68	TVN	14.24	Biedronka	5.52	W. Kruk	18.15
Orlen	9.0	PWN	17.95	TVP2	2.73	Bebiko	1.32	Polsat	4.58	Pudliszki	14.2	Open Finance	5.52	Sokołów	17.9
Lubella	8.85	W. Kruk	17.9	TVN	2.69	CCC	1.26	TVN24	4.47	Polsat	13.88	BRW	5.44	Empik	17.9
Poczta Polska	8.85	Lubella	17.8	Wedel	2.64	BRW	1.23	Radio Zet	4.45	Superfish	13.84	Dębica	5.44	Winiary	17.85
Polsat	8.7	Wól-czanka	17.7	RMF FM	2.57	Wedel	1.14	Radio Eska	4.30	Sokołów	13.76	Cyfrowy Polsat	5.36	Kler	17.8
Sokołów	8.25	Sokołów	17.6	Radio Zet	2.52	Apart	1.14	Grupoer.pl	4.29	Bakoma	13.68	Bella	5.28	Wittchen	17.8

Source: Author's own study on the basis of (11).

As it comes clear from Table 4, Wedel is the strongest Polish brand. It won the ranking despite the fact that it failed to come first in any of the particular rankings. In the two most highly scoring indicators (i.e. those of detailed prestige and perceived quality), the brand came third and fourth, respectively. The runner-up was Winiary. The Biedronka brand came victorious in five of the eight detailed rankings (preferences, loyalty, awareness, priority in the mind, perceived value) and was ranked in the fourth place. The brand gained a low point value in terms of prestige and perceived quality (11).

5. Brand value in Poland and in the world

The strong market position of the brand determines the company's ability to maintain good prices for products or services. Even a few percent difference in price can decide whether a company is profitable or loss-making, and it is strong brand that helps to create this difference. Nine out of ten companies that highly value their ability to sell products or services at a satisfactory price believe that one of the key factors is the strong brand positioning. A good brand and unique products can acquire a long-term price advantage even in very competitive surroundings. The advantage can amount even to several percent points. However, while trying to maintain the advantage, care must be given to unique products that are outstanding against the competition as well as to brand image, its promotion included.

Apple is an example of a brand that creates price: it does whatever is typical of luxury brands. Thus, the higher the price, the stronger the desire to own the product. Apple has been consequent in building this position, attaching a lot of importance to making their products innovative, well-designed and appropriately advertised. Apple, the most expensive brand in the world, is worth more than 560 billion PLN. Each of the most expensive brands in the world is worth a few times more than all the 330 most valuable brands in Poland which were estimated in the ranking of the *Rzeczpospolita* daily. (11) Apple, IBM and Google are the three most expensive brands of the world in the BrandZ Top 100 ranking by Millward Brown, which traditionally is dominated by technological brands. A hundred most expensive brands in the world are worth $2.4 trillion. Apple, whose value increased by approximately one fifth during 2012, maintained the leading position acquired in 2011. Estimated at approximately $108 billion, Google did not manage to defend the runner-up position—in 2012 it was overtaken by IBM, increasing its value to $116 billion, which means an increase by one seventh. Google, which used to be the leader of BrandZ, is in the third position. The most expensive 'traditional' brand turned out to be McDonalds, which—estimated at over $95 billion—came fourth. The 2012 BrandZ ranking bears fitness to the global strength of the US brands which dominate in the top ten positions. There is only one brand from outside the USA—it is China Mobile that came tenth (11).

6. Conclusions

Brand marketing brings a company considerable benefits, i.e. increase in marketing efficiency. A brand helps a company to be distinct from among the competition, instead of competing with them by means of price reduction, or an increase in expenses and advertising. Along with proper protection (registration of a sign), brand is a safeguard against unfair competition. A company can take advantage of brand identification in order to take marketing decisions, develop new products, or expand geographically. A strong brand considerably increases the value of a company, which does have a meaning while taking the decision to sell the company or to merge with another entity.

A strong brand supports business strategy and raises the performance efficiency of a company. Brand affects profits, and by influencing customer preferences it allows for gaining advantage over the competition. A brand that is consistently managed reflects the needs of the environment, and provides an answer to challenges and changes that are taking place. A brand that is well managed supports the inner harmony of the idea of a company. If every company employee grasps the promise and recognizes its essence, they will become loyal and efficient workers of the company who understand its philosophy. Communication via brand, publicity acquired for a company, brand and sector, supports the subsistence of a company—it positively affects its recognition and loyalty.

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Marka jako zasób strategiczny przedsiębiorstwa

S t r e s z c z e n i e: Posiadanie silnej marki oraz skuteczne nią zarządzanie dostarcza przedsiębiorstwom silnego instrumentu konkurowania. W uznanej marce klienci zauważają istotne korzyści emocjonalne, co ma bezpośredni wpływ na wzrost wartości produktu dla klienta. Silna marka staje się sposobem odróżniania przedsiębiorstwa i jego produktów od konkurencji oraz drogą do zbudowania trwałej przewagi konkurencyjnej i podniesienia wartości przedsiębiorstwa. Marka jest jednym ze źródeł wartości przedsiębiorstwa, a wartość marki pozytywnie wpływa na wartość przedsiębiorstwa. Marki, brandy, logo – te pojęcia stają się coraz ważniejsze dla polskich przedsiębiorstw. To nie tylko efekt zaostrzającej się konkurencji na polskim rynku, ale również zagranicznej ekspansji polskich przedsiębiorstw, która gwałtownie przyspiesza. Posiadanie własnej znanej marki jest gwarancją opłacalnego eksportu. Marka to kapitał, który należy pielęgnować, mądrze nim zarządzać i pomnażać go. Silna marka to owoc trafnej inwestycji, który zapewnia większe przychody i większe zainteresowanie inwestorów. Silne polskie marki zdobywają nie tylko rodzimy rynek, ale i rynki zachodnie – polska żywność, kosmetyki meble czy łodzie to nasze powody do dumy. Silna marka to jej wyjątkowy charakter, wrażenie, które wywołuje, a często też wyznacznik statusu społecznego. Tylko stworzenie silnej marki pozwala zbudować rynkową pozycję i osiągnąć sprzedażowy sukces.

S ł o w a k l u c z o w e: marka, siła marki, wartość marki

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