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numer 2

Innowacje w Nowoczesnych Organizacjach
Aspekty Ekonomiczne i Społeczne

Tarnów 2014

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Foreword

The Malopolska School of Economics in Tarnów Research Papers Collection, issued in both Polish and English since 1999, is an edited twice a year continuous publication. Into the hands of the readers we are placing another edition which is a collection of works devoted to the issue of innovation and innovation management from the effectiveness of the organization point of view.

Most of the articles, which are the work of national and foreign authors who come from 8 countries and 16 research centres, focus on the recognition of innovation essence and innovation organizations system. They also define the concept of innovative capacity as well as identification and verification of its determinants considered as partial forms of innovative capacity of the organization. In particular, the results of research on the innovative capacity determinants (dimensions) effectiveness are presented. They are:

- a) the quality of the IT infrastructure, e.g.: types and layouts system, warehouses, information and databases, knowledge protection, the use of e-learning and social media in the acquisition and development of knowledge;
- b) the structures and organizational processes together with modern management methods, that is: innovative organizational forms of international business, external cooperation and alliances of knowledge, innovation in marketing and promoting organizations, property management, the management of the municipality, process innovations in Non-Government Organizations also in education and agriculture or the use of methods of knowledge management, CRM, CSR, the use of a learning organization concept in the process of invention and diffusion of innovation as well as models of an a priori pricing of innovation;
- c) the competence of managers and workers, especially entrepreneurship, training and development of employees, forms of internal communication, rewards for innovation.

These studies were carried out in various types of enterprises and institutions.

These as well as conclusions contained in the articles were based on the research results of numerous predecessors and the own research results of the empirical authors of these works. The subjects covered can be used not only by prominent scholars in innovation management but also by practitioners intended to ensure the development of the organization, in which they are actively involved, including the students in the process of learning and competence development.

On behalf of the authors, I would like to thank all those who contributed to this journal—Polish and foreign Colleagues Editors who wrote their opinion on submitted articles, the Reviewers for their substantive, important and often detailed comments and finally the Editorial Team and all the co-workers.

Leszek Koziol
Editor in Chief

Fostering youth entrepreneurship in Bulgaria: Programmes and initiatives

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Abstract: Many international and national programmes and initiatives are focused on fostering of the youth entrepreneurship in Bulgaria. The reason for this is the fact that the European Union underlines a significant role of the entrepreneurship—the role of a mechanism to limit the negative effects of the financial crisis. In this regard the European Commission examines youth entrepreneurship as a ‘necessary and successful tool for reducing unemployment’ and it finds its place in the ‘Europe 2020’ strategy through the ‘Youth on the Move’ flagship initiative. The purpose of this study is to present an overview of some national and international programmes and initiatives, fostering the youth entrepreneurship in Bulgaria and to reveal what is the effect of their implementation. In this regard the author aims to examine the mechanism of their distribution among young people, as well as the reasons for the discrepancy between the expected and the achieved results. In the paper some good international practices are discussed in relation to the fostering entrepreneurship that would be adaptable in the Bulgarian conditions.

Key words: young people, business, local policies, entrepreneurship

1. Foreword

‘Fostering entrepreneurship involves both removing the impediments that too often persist and arranging the conditions that enable entrepreneurs to flourish’ (Johnston, 1998, p. 5).

Fostering entrepreneurship plays the key role in the growth of employment and competitiveness in Europe. For this reason supporting the entrepreneurship is defined as one of the priorities of the European Commission. The support could be legislative, institutional, financial and moral.

Subject of this publication is the financial support of entrepreneurship and object—youth entrepreneurship in Bulgaria. More specifically, the purpose of the study is to provide an overview of some national and international programmes and initiatives, fostering the youth entrepreneurship in Bulgaria and to reveal what is the effect of their implementation. In this regard, the author aims to examine the mechanism of their

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spreading and their influence to young people, as well as the reasons for discrepancy between the expected and the achieved results.

Guidelines for the fostering of youth entrepreneurship are significantly grounded in Bulgarian legislation, in the most part they are in pursuit of the third priority theme of the 'Europe 2020', namely 'Inclusive growth: Fostering a high-employment economy delivering social and territorial cohesion' (European Commission, 2010, p. 5). The most important of these are:

- National Youth Strategy (2012–2020);
- National Youth Programme (2011–2015);
- The updated National Strategy for Demographic Development of the Republic of Bulgaria (2012–2030);
- Updated Employment Strategy (2012–2030);
- Others.

Despite numerous national and international programmes and initiatives that aim to intensify the entrepreneurship of young people in Bulgaria, the proportion of self-employed among young people aged 15–24 is 3.4%, and between 25–29 it makes 5.7% (Eurostat, 2009). These levels are below the average for the European Union, where the rates for these age groups were respectively 4.0% and 8.7%. At the same time Bulgarian youths have the highest interest in starting their own business compared to their peers from the European Union (Table 1).

Table 1. Question: Would you like to set up your own business in the future?

Country	%
Europe	42.8
Bulgaria	74.3
Lithuania	64.2
Latvia	62.8
Poland	62.2
Romania	60.6
Iceland	57.6
Croatia	57.0
Portugal	56.7
Cyprus	55.9
...	
Italy	27.1

Source: European Commission, 2011.

Difficulties associated with the development of youth entrepreneurship in Bulgaria are related to lack of access to finance and information, deficit of management knowledge and skills and low levels of support for participation in programmes financed by EU funds. For these reasons, efforts and fostering business initiatives of young people should be considered in two lines:

- First—the line of education in order to develop entrepreneurial skills and practical application of the acquired knowledge—knowledge and learning are the ‘heart’ of innovation (Kozioł, Kozioł, Wojtowicz and Pyrek, 2013);
- Second—the line of the strengthening of measures for youth entrepreneurship.

In regard to these two lines a brief review is made of some of the current international and national programmes which aim fostering the youth entrepreneurship in Bulgaria.

2. Erasmus Programme

2.1. Erasmus for Young Entrepreneurs

Erasmus for Young Entrepreneurs (European Commission, 2012) helps the new entrepreneurs to acquire the necessary skills for starting or managing small- or medium-sized company. They visit experienced entrepreneurs in another EU country and stay one to six months there. For this period the new entrepreneurs receive knowledge, experience and ideas on business development. As an ‘entrepreneur-guest’ anyone who wants to start his/ her own business and have an established business plan, as well as entrepreneur who has already started their own business in the last three years can apply. As an ‘entrepreneur-host’ experienced entrepreneur who wants to share his/ her knowledge and experience with start-entrepreneurs can apply. Almost in each of the EU countries there is an intermediary organization, approved by the European Commission, which carries out assistance and provides guidance on how to apply for the programme. The financial support to the new entrepreneurs includes: travel costs to and from the country of the stay and costs for accommodation during the visit.

2.2. Erasmus+

Erasmus+ (European Commission, 2014) is an EU programme that aims to build stronger partnerships between education and business. It promotes innovations and competitiveness. Special emphasis is placed on tackling with youth unemployment. It integrates several programmes implemented by the European Commission during the period (2007–2013) in stimulating entrepreneurship and education: ‘Lifelong Learning’, ‘Youth in Action’, ‘Erasmus Mundus’, ‘Tempus’ and others. Erasmus+ supports the following actions:

- mobility projects for learners and staff in higher education;
- mobility projects for young people and youth workers;
- joint Master’s Degrees;
- strategic partnerships;
- other initiatives in education and training and in the field of youth.

The budget of the programme is 14,774 billion euros and it will act in the period 2014–2020. Participants in Erasmus+ are individuals (students, teachers, professors, trainers working in the field of education, youth workers and others) and organizations.

2.3. European SME Week

The European SME Week is a campaign of the European Commission which aims to provide information on assistance to micro-, small- and medium-sized enterprises, offered by national, regional and local authorities. It takes place in 37 countries and aims at promoting youth entrepreneurship as a career option. Furthermore, this event gives recognition to entrepreneurs for their contribution to Europe's welfare, jobs and competitiveness. Exhibitions, workshops, open days, financial forums, conferences, etc. are organized during the European SME week. Coordinator of the events in Bulgaria is Ministry of Economy and Energy.

2.4. Programme for the Competitiveness of Enterprises and SMEs – COSME (2014–2020)

Programme for the Competitiveness of Enterprises and SMEs (Regulation, 2013) is available from 2014 and aims to facilitate access to finance for small and medium-sized enterprises, as well as to improve access to international markets and to foster entrepreneurship. The budget of the programme is 2.3 billion euros. Beneficiaries of the programme are: existing entrepreneurs (small business), new entrepreneurs (special attention is paid to young and female entrepreneurs), and other target groups. The financial support includes mainly two forms: equity facility and loan guarantee facility.

2.5. Project Establishment and Development of Centres to Promote Entrepreneurship in Universities in Bulgaria

Project Establishment and Development of Centres to Promote Entrepreneurship in Universities in Bulgaria is financed by the Ministry of Economy and Energy in Bulgaria. Currently this project supported 4 entrepreneurship centres, 15 students and 13 training companies, 13 competitions, etc.

The above mentioned programmes and projects are only part of the instruments to provide financial support for youth entrepreneurship in Bulgaria. Some of them integrate initiatives that have acted during the period 2007–2013. In their present form they seek to avoid some of the mistakes and weaknesses of the previous programming period. For the period 2014–2020 the efforts are directed to:

- improve programmes and policy—simplification and standardization of the procedures for project preparation, project submission, project evaluation and reporting on the implementation of projects;
- increase the absorption of the EU funds in Bulgaria.

3. International programmes

There are many international programmes and initiatives that aim to foster youth entrepreneurship, which would be applicable in Bulgaria (OECD, 2012).

3.1. Think Big

Think Big programme is implemented in the UK, Germany, Ireland, Slovakia, Czech Republic and Spain. Beneficiaries of the programme are young people—13 to 25 years old. Participants are trained in entrepreneurial skills and receive grants in the range of 300 to 2500 pounds. They go through two stages of training. The duration of the first stage is 6 months, and the second—12 months. The applicants are supported by two people over 18 years old (non-family members) who act as personal references and are in a position to help with the project, if needed.

3.2. Project GATE (Growing America Through Entrepreneurship)

Project GATE (Growing America Through Entrepreneurship) is carried out in several US States—Pennsylvania, Minnesota and others. The target group are young, start-entrepreneurs aged over 18 years, residents of the respective state and authorized to work in America. Project participants go through three stages:

- *Assessment*: Participants meet a counsellor to determine the participant's service needs and the provider that would best meet those needs.
- *Training*: Project GATE offered a wide variety of training courses, including general business courses; specific courses on such topics as how to deal with legal and personnel issues; and specialized training courses.
- *Business counselling*: Participants have the opportunity to meet with business counsellors for one-to-one assistance with their business, business idea, and/ or applications for a business loan.

3.3. DEFi jeunes

Programme DEFi jeunes exists in France and is implemented in the regions. It helps young entrepreneurs aged between 18 and 30 by providing microfinance, training and consulting. Regional jury assesses candidates' projects on their viability and market ability. Projects approved by the jury receive financial support of up to 6000 euro. Within two years, the project should be implemented. In the meantime participants in the programme receive training, counseling and other necessary services.

Guidelines for improving the effectiveness of the use of European and national programmes that promote youth entrepreneurship in Bulgaria should be sought in the following areas:

- facilitating administrative procedures for application and project management;
- prohibition of repeatedly changing conditions during the implementation of certain projects;
- information on time about starting projects;

- suspension of the delayed payments to beneficiaries;
- increasing the competence of institution employees administrating and managing the programmes.

Fostering youth entrepreneurship except through programmes and initiatives providing financial support needs to be implemented by building business networks, associations, incubators, and other clubs where young people exchange ideas and experience, and also establish contacts with future investors.

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Wspieranie przedsiębiorczości młodzieży w Bułgarii – programy i inicjatywy

Abstrakt: Wiele programów i inicjatyw, zarówno międzynarodowych, jak i krajowych, koncentruje się na wspieraniu przedsiębiorczości młodzieży w Bułgarii. Powodem tego jest fakt, że Unia Europejska uznaje znaczącą rolę przedsiębiorczości jako mechanizmu, który ogranicza negatywne skutki kryzysu finansowego. W związku z tym Komisja Europejska bada przedsiębiorczość wśród młodzieży, określając ją jako „konieczne i skuteczne narzędzie zmniejszenia bezrobocia”, które znajduje swoje miejsce w strategii „Europa 2020” przez inicjatywę przewodnią pod nazwą

„Mobilna Młodzież”. Artykuł ma na celu przedstawienie niektórych krajowych i międzynarodowych programów i inicjatyw wspierających przedsiębiorczość młodzieży w Bułgarii oraz opis efektów ich realizacji. Celem autorki jest również zbadanie mechanizmu ich dystrybucji wśród młodych ludzi, a także przyczyn rozbieżności pomiędzy zakładanymi a uzyskanymi wynikami. W artykule opisano ponadto dobre praktyki międzynarodowe w odniesieniu do wspierania przedsiębiorczości, które mogłyby być dostosowane do warunków bułgarskich.

Słowa kluczowe: młodzież, biznes, polityka lokalna, przedsiębiorczość

Innovative use of information from CRM systems to create strategic actions of companies on the market: A catalogue of good and bad business practices

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Abstract: This article analyzes the problem of making functional objectives of the innovative CRM system. The CRM systems are commonly implemented in enterprises by modern organizations expansively developing on the market. Each of them, however, tends to apply the developed strategy in an individual way that frequently surprises the market and its customers. They are derivatives of functional strategies implemented by companies, the cohesion level of which is frequently different. Due to the specific nature of these IT projects that integrate knowledge about the company's business processes and its surroundings, the strategic thinking is exceptionally essential. This is proved by the holistic approach to the development of CRM's functionality, considering the necessity to modify and implement it in the future. The author analyzed some selected erroneous practices that may occur at the stage of planning and implementing CRM in the organization, identifying such errors as: users wrongly fill out records in CRM (fictional INPUT data), wrong segmentation of customers by CRM (fictional OUTPUT data), generation of reports inconsistent with CRM (no option to transform data into information and knowledge for the organization), problem with current coordination of the scope of works concerning modifications of previous functionalities of CRM.

Key words: Customer Relationship Management, CRM, IT

1. Introduction

The more and more common practice in the expansive operation of companies on the market is the use of the IT support systems that considerably optimize contact with a group of previous and prospect customers. These systems are very frequently individualized and tailored to needs of a specific company. On the one hand, their architecture is based on some standard solutions, but on the other hand, if there are sufficient financial capabilities, these systems are tailored to specific needs of a given company. As part of their adaptation to the needs of the current (operational) management of the company there may be optimized multi-dimensional processes of contacting a target group, automatic segmentation of the customers and filing of the hitherto history of the

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broadly defined customer's service. There are systems, however, which not only allow their users to take current and operating actions oriented to broadly defined contact with a selected customer, but they may also be very useful in the strategic management of the company.

CRM (Customer Relationship Management), which is a term commonly used in practice and in theory obviously, constitutes, within a wider context, a philosophy of conduct which may be conducted through the effectively implemented database system that effectively circulates information within the organization and relationships with its external stakeholders. According to Marek Drzazga, the CRM system means general managerial actions aimed at directing the entire chain of establishing values in the company to the customer (2012, p. 160). Moreover, Agnieszka Szpitter (2008, p. 493) also draws attention to the dichotomous semantic nature of the CRM system and emphasizes that on the one hand it is an example of the conscious management of the customers and their service in order to develop a loyal group of permanent customers that is established through the fulfilment of expectations and adjustment of business processes of the organization to the declared and identified demand.¹ On the other hand, CRM is a specific computer system primarily used to store data and analyze the customers.

Due to practical considerations about the efficiency of use of the concept and philosophy of CRM to develop the managerial knowledge in the company, the author is forced to concentrate on processes that associate with the development of this specific IT tool and its further application in the strategic management. Therefore, this article delineates the problem of the innovative system solution based on the complex database architecture that smoothly segments the customers in order to further perform the customer contact strategy. Obviously, its form must correspond to a wider category comprising the company's general marketing strategy. Therefore, the main aim of this article is to identify a catalogue of selected problematic situations at various stages of the implementation of the CRM system in the business organization.

According to the author, who is also a co-author of subsequent adaptations through the evolution of the discussed CRM system in a selected company, the aim of this study is to discuss the identified errors and good practices at the stage of planning and developing the dedicated CRM system. Due to the fact that each project, including the IT one, is specific and highly innovative, it is necessary to stipulate that the identified catalogue of erroneous and required actions at the CRM planning stage is not exhaustive.

2. CRM concept in theory and in practice: Cohesive and system model of business processes

By defining an information system, it can be noticed that this system constitutes, on a cybernetic basis, 'a spatially distinguished and timely ordered group of information, information providers, information receivers, information channels and technical means of information conveyance and processing used to operate a business entity' (Nowicki, 1999, p. 17; Szplit, 2008, p. 497). Considering the complexity and multi-sidedness of interactions that

¹ The broad explanation of ideas and various approaches to the definition of the CRM systems as well as historical outline of their evolution is interestingly described by Pałgan (2011, pp. 90–97).

occur in an enterprise and its surroundings, we can imagine how difficult it is to develop an effective IT tool that completely meets expectations of its users and beneficiaries. Certainly, not everyone is able to cope with such challenge as it is not enough to have a great potential of creativity to develop a concept of the CRM system, but there is also a need to think holistically, on the other hand however—anticipatorily. Holistically—as the system must integrate numerous functionalities; anticipatorily—as at the designing level it is necessary to consider ‘the open door’ for any further system modifications which are frequently difficult to be anticipated at the designing level. Therefore, there is a question whether a satisfactory level of satisfaction may be achieved at the first level of the CRM system implementation.

On the basis of the implementation and post-implementation practice and experience the explicit response to this question is: According to Monika Piasecka, who refers to the definition formulated by M. Zachara, CRM is a permanent and constantly evaluating process which requires to abandon the traditional business model concentrated on the organization. As part of this evolution there is developed a system that meets the customers’ expectations and supports the business entity’s processes (Piasecka, 2008, p. 86). In this place, the evolutionary context of this system is very significant. Theoreticians could state that ‘IT tools do not follow the continuously changing needs of their users.’ On the other hand, practitioners could make a quick riposte: ‘due to continuous changes made within the organization and its surroundings, the data-based systems and their analytical functionalities must continuously evaluate to follow changes to be mapped by these systems.’ Further, there may be made a quite contrary thesis that the static, not evaluating, system will not be useful for a long period in most business systems as its characteristics (functionalities) will depreciate over time (non-material usage). We must be aware of the fact that the acceptance of the necessary evolution of the CRM system is associated with its cost-consumption not only at the designing and implementation level, but also at further levels of its modification and adaptation to any current and future needs. The factors that form the CRM implementation costs are broadly discussed by Paweł Zajac (2007, pp. 60–62), who mentions some examples and, what is important, directs determinants necessary to incur costs of implementation of such system: employment size/ number of workplaces, number of the company’s branches, number of CRM’s modules, range of the system’s function that determines the change in the working organization, installation size and range of the system configuration, integration of the CRM system with back-office, as well as costs of enlarging the knowledge base and data warehouse.

The contemporary accounting does not diversify loyal customers and newly-attracted customers. According to Marcin Chłodnicki and Kazimierz Rogoziński (2006, p. 45), the cost of attracting a new customer is considerably higher than the process of stimulating the consumption perception of the previous loyal customers. This forms the basis for the decision on the implementation of this type of solutions in companies. It is noteworthy that the reference books describing various conditions of implementing the CRM systems very frequently mention their functionality in the context of developing the loyalty and continuous relationships with the customers. Therefore, the statement that ‘a leading trend in developing relationships with the customers is loyalty and then, in the background, such goals as acquiring new markets or managing the previous brand’ seems to be very reasonable (Schüller and Fuchs, 2005, p. 24). However, it is worth remembering that in practice

the effective CRM system must play various different functions. According to the opinion of Dorota Buchnowska (2006, p. 142), the support for relationships with the customers through the use of analytical functions of CRM should aim at: expanding relationships with the customers, prolonging relationships with the key customers, deepening relationships with the customers.

Therefore, according to Anna Maryniak (2011, pp. 374–375), the superior idea of the CRM system will be the consolidation of all information media and channels available in the organization through the relevant management of the functionality of its following types: operating CRM, analytical CRM, contact CRM (or cooperative, interactive). Moreover, the author states that the properly developed CRM should help to maintain the customers, apply loyalty programmes and acquire new customers.

3. Good and bad practices at the level of planning the CRM system: Behavioural approach

The CRM-class systems constitute a technological form of realization and improvement of the marketing information systems (Bytniewski, 2002, p. 141). This is the way how we should understand the idea of creating, implementing and using this tool by individual groups of employees in the company's organizational structure. However, at the stage of planning the architecture of this system it is necessary to take into consideration the fact that it is essential to divide the functionality of the developed system which in the future will allow various employees to take other actions on the basis of the cohesive and multi-dimensional IT tool. According to Iwona Chomiak-Orsa (2012, pp. 45–47), the already marketed ready-made modules (bones) of the CRM system are the most frequently: the integrated application which effectively manages all traditional distribution channels (such as a network of salesmen or points of retail sales), but also their modern forms such as call centres or online shops. The author also claims that such systems can also play many various functions, among others: organization of the customer database, contact management, management of the customer's account, management of campaigns² or customer service through online channels. However, not always such stiff schemes of the systems meet individualized expectations of the company. In such case, it is necessary to adjust the purchased, modified modules of such system or to create its architecture dedicated to specific business demands. A very interesting list of errors in planning, developing and implementing CRM in the company was described by Sylwester Nowalski and Dominik Zacharewicz (2010, pp. 50–52), who mentioned as follows:

- lack of strong alliances—a problem concerning lack of involvement of all project stakeholders; according to the authors, the cooperation amongst the front office, back office and management is crucial, here; a problem concerning the motivation to actively co-participate in creating the structure and functionality of the CRM system and the thresh-

² According to J. Dyché, the process of managing marketing campaigns comprises the following elements: 1) concept, 2) plan, 3) list of receivers, 4) determination of means, 5) implementation, 6) analysis of results (Dyché, 2002, pp. 41–44).

- old level of the employees’ involvement in planning stages of the implementation of this type of systems are also analyzed by Bartosz Deszczyński (2011, pp. 86–91);
- lack of specific objectives—defined and developed in accordance with the rule occurring in the designing management expressed by the SMART acronym: specific, measurable, achievable, realistic, timely; a crucial goal necessary to analyze at the CRM architecture planning stage is an option to implement segmentation algorithms into the system;³
 - lack of a complete cost analysis—including, except for a standard direct cost account, costs of loss opportunities pertaining to the necessity to delegate employees and their involvement in co-creating the system, as well as any further CRM-related costs;
 - lack of the surrounding analysis and sufficient definition of all data sources⁴ aggregated in the CRM system;
 - wrong selection of a software provider—a provider should not only support at the programming level, but in particular it should be a strategic advisor who translates needs of individual groups of employees and their business processes into the programming code.

The catalogue of the postulated actions or modes of their taking at the stage of making objectives for the development of the CRM system is open. Almost each project, each analyst, each new experience create new fields for discussion over the efficiency of proceedings in such situations. Therefore, in this context it is exceptionally true that the implementation experience supported by the ability to draw conclusions and to permanently improve the planning processes and the individualized and non-standard service provided to the ordering party may form the basis for achieving a success in designing and implementing the CRM system in the organization. The catalogue of the most common errors made at various stages of the adaptation of the CRM system by organizations and their brief description are presented in Table 1.

Table 1. Catalogue of selected problematic situations at various stages of the implementation of the CRM system in the business organization

Item	Problem	Description of critical process
1.	Users wrongly fill out records in CRM (<i>fictional INPUT data</i>)	<ul style="list-style-type: none"> • This phenomenon occurs when at the planning stage no boundary criteria that allow any future users to enter data into CRM will be taken into consideration; • Practical example: <i>Commercial representatives enter fictional contracts into CRM, and thus they are provided with unjustified commissions; commercial representatives conclude insurance contracts with fictional customers (e.g. deceased), as a result of which an insurance company pays its agents very high commissions, etc.</i>

³ The market segmentation process consists in dividing any current or prospective customers within a given market into specific groups called segments in order to determine homogeneous groups of the customers who have the same or similar demands satisfied by a company by means of a specific marketing composition (McDonald, 2003, p. 34).

⁴ The database is a group of the organized data on each customer recorded on a data carrier that is updated on a current basis (Kowalska, 2002, pp. 115–116).

Item	Problem	Description of critical process
2.	Wrong segmentation of customers by CRM (<i>fictional OUTPUT data</i>)	<ul style="list-style-type: none"> • This phenomenon may occur not only as a result of a wrong segmentation algorithm, but also as a result of overlapping conditions of some segmentation algorithms, frequently as a result of the modification of marketing principles in time and the omission in CRM the fact that new segmentation algorithms require a thorough assessment of any previous algorithms in order to change or even remove them; • Practical example: <i>An improper target group is invited to the event: at the meeting, instead of customers interested in a prospective offer, there appear a group of 'rebels' who should be classified in the system as a group of difficult customers or those who may be excluded by marketing actions at subsequent levels.</i>
3.	Generation of reports inconsistent with CRM (<i>no option to transform data into information and knowledge for the organization</i>)	<ul style="list-style-type: none"> • This phenomenon may occur when the architecture of a data basis was not sufficiently analyzed at the initial stage and there is a need to modify it as a result of which data having some features of the customer may be recorded in various places of the system; • Practical example: <i>Analysts generate for the Management Board some inconsistent summaries of commercial representatives' work results, doubled calculations of contacts made with previous customers of the company.</i>
4.	Problem with current coordination of the scope of works concerning modifications of previous functionalities of CRM	<ul style="list-style-type: none"> • This phenomenon may occur when responsibilities and competences of persons who co-establish objectives of the system construction were not sufficiently diversified; • This phenomenon considerably escalates consequences that affect the organization when the CRM system is developed without sufficient technical documentation, for example to reduce costs; • Practical example: <i>The main manager acting as a star—an example of a blackmailer. The Management Board appoints one person to create and develop CRM. This person's absence (due to various fortuitous events) becomes a problem for a current work on the system. Moreover, the fact that only one person has knowledge about objectives and construction of the system may result in some sabotage actions against the employer.</i>
5.	Sweeping CRM errors under the rug	<ul style="list-style-type: none"> • This phenomenon results from a conformist 'intellectual laziness'; very dangerous for the organization that may be expressed in the following way: 'a small fundamental error determines large errors at subsequent stages'; • Practical example: <i>Each employer would like to hire dedicated and loyal employees. However, the larger the company becomes, the more probable it is that errors are made. In the process of making the CRM tool used to increase the effectiveness of the current work of other persons it is necessary to think like those employees for a moment. If the planner does not predict any possible errors of the system, sooner or later some consequences will result from this fact. The 'intellectual laziness' that results from tiredness, routine, acceptance of imperfection or the employee's burnout syndrome may escalate problems that may become very difficult to be solved.</i>

Source: Author's own elaboration.

The aforesaid catalogue of negative consequences of any previous errors made at the stage of planning functional assumptions of CRM is a subjective list. However, it seems that due to significance of the discussed problems it unquestionably refers to a strategic view of business processes in the business entity. Each development of such system also requires to consider what is a fundamental goal of this action. This system is not developed because of trends or for itself. Finally, the total cost of its implementation should be lower than effects and added value as CRM makes for the organization. According to Janusz Blichta, the implementation of CRM should improve the company's profitability in at least three aspects: 1) increase in using the current customer base; 2) growth of the current customers base; 3) customer-service cost reduction (Blichta, 2002; Dembińska-Cyran, Hołub-Iwan, Perenc, 2004, p. 180). However, Joanna Hołub-Iwan adds that such objectives may be considered explicitly—as the strategic implementation of CRM is to: strive for the effective management of the future through minimizing the risk of the conducted business; develop the permanent competitive advantage; achieve monopolistic positions at the selected customers; make the required structure of the customers and their proper management; generate higher profits from the business. Therefore, besides satisfaction from conducting such complex designing work, we cannot forget about strategic goals for which it must be implemented in the company.

4. Conclusions

The CRM systems are commonly implemented in enterprises by modern organizations expansively developing on the market. Each of them, however, tends to apply the developed strategy in an individual way that frequently surprises the market and their customers. By the time the struggle for the customer begins, this strategy is frequently under secret. Hence, it is not surprising that functionalities of database systems must differ in various organizations. They are a derivative of functional strategies implemented by companies, the cohesion level of which is frequently different. Therefore, it is difficult to talk about standard CRM solutions, even with respect to companies of the same sector or industry. Thus, the process of developing a new CRM system is always a great challenge. It will be more effective if people responsible for its performance are more effectively experienced. Since the routine and conventional actions can level at the stage of the CRM operation any sophisticated differences adopted at the stage of developing the company's marketing strategy. If this happened, it would mean that the CRM system would become an obstacle, not support for the performance of a wider strategy of the market penetration. In order to avoid such situation it is worth continuously expanding the catalogue of good and bad implementation practices. Since in the future this reflexion may become crucial for results of the performance of the subsequent process of the development of functional objectives of the new CRM system.

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Innowacyjne wykorzystanie informacji z systemów CRM do kreowania działań strategicznych przedsiębiorstw na rynku – katalog dobrych i złych praktyk biznesowych

Abstrakt: W artykule podjęta została problematyka tworzenia założeń funkcjonalnych innowacyjnego systemu CRM. Wdrażanie systemów CRM w przedsiębiorstwach staje się powszechną praktyką współczesnych, ekspansywnie rozwijających się na rynku organizacji. Każda z nich zamierza jednak w sposób indywidualny, często zaskakujący rynek i klientów, stosować opracowaną strategię. Do momentu podjęcia walki o klienta strategia ta często bywa owiana tajemnicą. Nic więc dziwnego, że funkcjonalności systemów bazodanowych muszą różnić się w różnych organizacjach. Z uwagi na specyfikę tego typu projektów informatycznych, integrujących wiedzę o procesach biznesowych organizacji i jej otoczeniu, niezwy-

kle ważne jest myślenie strategiczne. Jego wyrazem jest holistyczne podejście do budowania funkcjonalności CRM, uwzględniające konieczność jego modyfikacji i rozwoju w przyszłości. Autor poddał analizie wybrane błędne praktyki, jakie mogą mieć miejsce na etapie planowania i wdrażania w organizacji systemu CRM, identyfikując takie błędy jak: błędne wypełnianie rekordów w systemie CRM przez jego użytkowników, błędne segmentowanie klientów przez system CRM, generowanie sprzecznych raportów z systemu CRM, problem z bieżącym koordynowaniem zakresu prac dotyczących modyfikacji dotychczasowych funkcjonalności systemu CRM.

Słowa kluczowe: zarządzanie relacjami z klientami, CRM, technologie informatyczne

Living labs in integrated agriculture and tourism activities: Driving innovations for sustainable rural development

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Abstract: Among the number of the approaches and types of proinnovation structures the living lab concept gathering momentum in last years is one of the most promising in the processes of developing goods and services full-filing consumer demands. The active involvement of end-users in research and innovation life-cycle is a prerequisite for raising competitiveness and improving business environment. It is a way of entrepreneurship encouragement and meeting challenges of assuring safety, quality and sustainability in all the spheres of economical life. The paper explores the living labs concept and makes SWOT analysis for the use of the living labs approach in developing sustainable agriculture and tourism sector in rural areas in Bulgaria. It scrutinizes the important questions of establishment and management of such structures. The study considers the use of the approach in a broader aspect through its role in driving innovations for sustainable rural development. The last one, as well as rural regions revival, has been intensively discussed in the examined country but the ways of achieving it are difficult to be found. Thus, the investigation concerns the opportunities for the use of the living labs approach and its feasibility in integrated agriculture and tourism activities.

Key words: living labs, sustainable rural development, innovations

1. Introduction

In modern time the shift from a product-based economy to a user-centred one brought to many challenges before companies concerning innovativeness and flexibility issues in market positioning. The importance of technological factors and users' feedback in innovation processes leads to the development of the living labs concept in recent years as open innovation intermediaries. The development of rural areas in Bulgaria is the key issue in many legislative and strategic documents and priorities are set to enhance attractiveness and strengthen development. The opportunities which are provided by agriculture, food industry and tourism make them the sectors with greatest significance in the processes of overcoming rural depopulation through sustainable economic and social development (goods and services according to end-us-

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ers demand in conditions of sustainable use of resources). In seeking ways of competitiveness raise and entrepreneurship encouragement the concept of living lab is explored making SWOT-analysis for the use of the living labs approach in developing sustainable agriculture and tourism sector in rural areas in Bulgaria. Then, establishment and management challenges are described through a model proposed for these structures.

2. Materials and methods

A short review of the living labs concept and SWOT-analysis for the use of the approach in developing sustainable agribusiness and tourism development in rural areas in Bulgaria were made. In the SWOT-analyses the assessments were made by the scale from 1 to 10 (1 the lowest, 10 the highest score) in a table. Then the results were summarized and put into a figure.

In addition, a round table discussion with experts in the field of agribusiness and tourism was organized who assessed 5 statements of the authors according to the scale from 1 to 5 (1 the lowest, 5 the highest score). Finally, a model was developed for setting up and functioning of such structures involving key actors in the implementation of activities.

3. The living labs concept

During the last years, the concept of living labs as environments of user driven and collaborative innovation has received much attention (Schaffers et al., 2012). The term ‘living lab’ (LL) was given at the first time in 2003 by William Mitchell from MIT, Media Lab and School of Architecture and City Planning. He defines this new concept as a research methodology for sensing, prototyping, validating and refining complex solutions in multiple and evolving real life contexts (Mabrouki et al., 2010). Now, there are many definitions in the literature united by the presumption that users of goods and services should participate at the very early stages of their development and drive and contribute to innovations rather than being just consumers and objects of innovations. Living labs have the endeavour to support actors such as SMEs by offering a neutral arena where stakeholders can meet and co-develop innovations in real-world contexts (Stahlbrost, 2012).

The risk of new product development investments is that they are wasted if users and customers do not accept their results. Living labs set out to involve users early on in the process to reduce this risk (Katzy et al., 2012). The resources that a living lab provides are: physical facilities for co-design, test-beds, collaboration tools supporting the interaction among the stakeholders of an innovation initiative, knowledge management platforms and human resources supporting the living lab services (García-Guzmán et al., 2013).

This new concept is also represented as innovation environments where stakeholders form a partnership of enterprises, users, public agencies and research organizations (Mabrouki et al., 2010). Living labs are open innovation infrastructures shared by several stakeholders (García-Guzmán et al., 2013). Particular roles for the groups of companies, research institutions and policy makers include: universities—initial research of the technical infrastructure/ implementation of the living lab, collaboration with government regarding funding, development of services/ products to be tested on the living lab; private sector—collaboration with government regarding funding of projects, commercialization of product/ service, collabo-

ration with universities and government regarding research required; public sector—initial funding to establish living lab infrastructure, on-going funding to stimulate innovation and testing on the living lab (Cosgrave et al., 2013).

Living labs provide a novel approach to foster innovative thinking within a user-centric environment (French et al., 2013). Typically living lab projects are led by local governments or private firms with the aim of driving innovation or new product development (Cosgrave et al., 2013). ICT could potentially enable information sharing and thus facilitate and improve a knowledge-based production (Wolfert et al., 2010). Usually living labs are heavily subsidized by government or international grants, and supported theoretically by academics and companies with specific interests (Cosgrave et al., 2013). Living labs promote an alternative innovation paradigm: the end-user's role shifts from research object to a pro-active position where user communities are co-creators of product and service innovations. It should be distinguished from other approaches such as test beds (laboratory environment) or field trials (Wolfert et al., 2010). Schuurman, De Moor, De Marez and Evens (2011) define living labs as a research approach where users are considered as co-partners in the process of innovation and where they can materialize their own needs, aspirations and wishes in their real-life context through their active involvement. This is sometimes referred to as the living lab-philosophy: to turn users from being traditionally considered as a problem into value creation (Schuurman et al., 2011).

As the living lab concept is strongly related to the user driven innovation principles, it is essential to address user involvement during the whole innovation lifecycle in the projects managed in a living lab (García-Guzmán et al., 2013). Five basic principles for conducting living lab operations are proposed—value, openness, realism, influence, and sustainability that can be used to assess the impact of living labs (Stahlbrost, 2012). In LL, innovation from start to finish is embedded in the real-life context of users and all organizations involved in a network are collaborating from the start of innovation (Wolfert et al., 2010). Living labs become an innovation area where users co-create with developers and researchers (Cosgrave et al., 2013). Living labs are complex innovation organizations, requiring not just physical facilities but also careful development of key relationships and networks (García-Guzmán et al., 2013). Open innovation is a vital element of the knowledge-based economy (Wolfert et al., 2010). The living lab-concept is closely linked to the notion of 'open innovation', the 'interactionist' stance regarding user research and concepts from the social shaping of technology such as 'social learning' and 'innofusion' (Schuurman et al., 2011).

Open innovation is in fact a collective term for several trends that have been recognized by researchers for quite some time. These trends include the role of lead users and the organization of R&D in network relationships (Wolfert et al., 2010). Levén and Holmström (2008) (cited by Schuurman et al., 2011) identified four factors that have facilitated the decline of the closed innovation model in favour of open innovation: 1) the existence of critical sources of knowledge outside the research laboratories of large companies; 2) knowledge flows between (competing) companies caused by changing job positions of employees which take their knowledge with them; 3) the increasing number of possibilities for developing ideas and technologies outside firms (e.g., through spin-offs); and 4) the increasingly important roles played by other actors in the value chain, such as customers and users, in contemporary in-

novation processes. Companies are demonstrating a greater openness to external knowledge and to new organization models and principles, with a view to accelerating innovation. Open innovation is often contrasted with a closed innovation model, based on the development of innovations within an R&D department (Wolfert et al., 2010). Living labs may be influenced by university research and government initiatives, and other foreign investment can also direct the types of experiments coordinated. Companies also have an interest although are often not equipped with the funds to support the project (Cosgrave et al., 2013).

Thus, living labs are infrastructures that turn ideas into innovations with high level of transfer into practice and usefulness. ‘Living lab is a research methodology for innovation that challenges the whole research and innovation process in real-life conditions by human, social, cultural, organizational and institutional aspects, and has an impact on sustainable service, business and technology development’ (Mabrouki et al., 2010). Evolving from observing the living patterns of users and having varying applications from home environment and industry orientation to education and training, now the living lab concept is more and more used in ICT sector and its integration to other branches of national economies. The current study pays special attention to the application of the concept in rural development through integrated agriculture and tourist activities for driving innovations for sustainable development. Agri-food enterprises operate in a complex and dynamic environment. To meet increasing demands of consumers, government and business partners, enterprises continuously have to work on innovations of products, processes and ways of cooperation in agri-food supply chain networks (AFSCN) (Wolfert et al., 2010). The sector of agriculture and food is focused on assuring food quality and safety. Rural development is marked by the goal of sustainability in the conditions of the new knowledge-based economy.

4. Results and discussion

SWOT-analysis for the use of the living labs approach in developing sustainable agriculture and tourism sector in rural areas in Bulgaria (Table 1) identifies strengths and weaknesses, opportunities and threats and makes assessments of the statements.

Table 1. SWOT-analyses

	STRENGTHS		WEAKNESSES	
INTERNAL	Driving innovations in agriculture and tourism	9	Money consuming	10
	Demand-driven development of agriculture and tourism	10	Time consuming	8
	Raising competitiveness of agriculture and tourism	8	Lack of experience in establishment and management	9
	Agriculture and food industry products positioning on inner markets	10	Lack of experience in intersectoral collaboration	8
	Encouraging entrepreneurship in rural areas	10	Low effectiveness of science-business relations	8

	OPPORTUNITIES		THREATS	
EXTERNAL	Funding by the EU programmes	9	Lack of start or on-going funding	10
	Achieving goals of sustainable development	10	Rural areas depopulation processes	10
	Economic growth and revival of rural areas	9	Structural failures	9
	Considering history, culture and traditions of regions	10	Failed projects	9
	Connection to ICT-innovations	10	Unwillingness/ distrust of some stakeholders to participate	9

Source: Authors' own elaboration.

The results from the summarized scores in the SWOT-analysis show that the opportunities are combined with a high potential of the system to use them but the threats could neutralize the strengths (Figure 1).

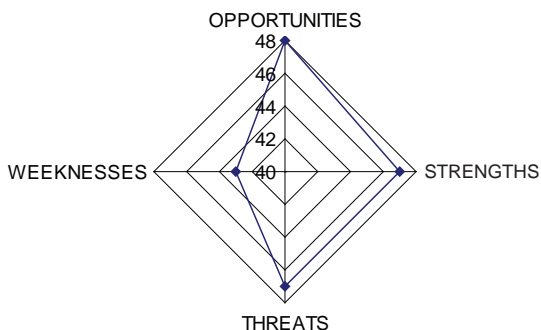


Figure 1. Summarized results of SWOT-analyses

Source: Authors' own elaboration.

A round-table discussion was organized with 6 experts who assessed the opportunities of application of the living labs concept in agribusiness and tourism sector in Bulgaria. The results (Figure 2) show that experts give high evaluations to the five chosen statements, although some doubts are connected to the opportunities for raising competitiveness and encouraging entrepreneurship in rural areas, assessment of the living labs as a concept for managing research and driving innovations, and opportunities for sustainable development of rural areas in Bulgaria. The main concerns during the discussion were that the economic development of the country and the insecurity in doing business and investments would impede those activities. Moreover, authors and experts stated that the state has no official policy or support for now and the concept is not known or popular among academics and publics. On the other hand, however, there is the fast development of tourism and agricultural sectors in the country which creates many opportunities for rural regions' revival. The application of the living labs concept in conditions of world open competition would give many competitive advantages.

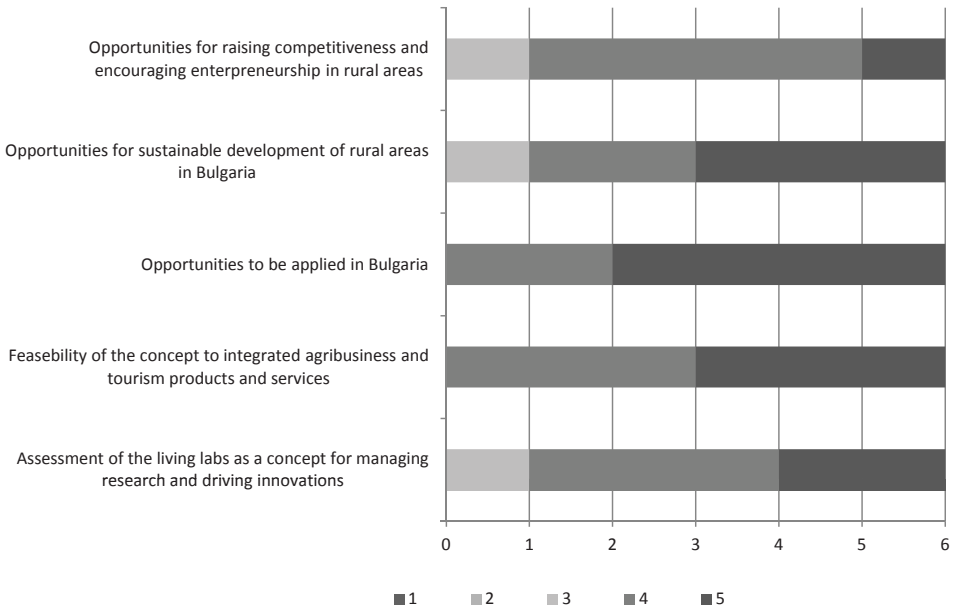


Figure 2. Results of the round table discussion assessing 5 statements by the scale from 1 to 5 (1 the lowest, 5 the highest score)

Source: Authors' own elaboration.

According to the proposed model (Figure 3), the creation of a living lab should be preceded by analyses involving all the actors and identifying key and practical problems. Then aims and strategies could be formulated containing general statements of solutions and rendering account to all the participants' motives and needs. In the establishment, functioning (innovation development processes) and management all the parties are involved according to their competences and opportunities. Government and its bodies, institutions or agencies, including local authorities, should arrange the right legislative framework and policies, as well as some financing. The main leadership and financing should be charged to business—agriculture, processing and food industry and tourism. Research and education institutions are the ones providing knowledge. Non-governmental organizations could provide necessary public awareness in the civil society and public relations. End-users should be motivated for active participation in the open innovation processes. They play a key role in the feedback system too. Keeping their motivation level is a main task in the functioning of the living lab.

SET UP								SUSTAINABILITY
<i>Key actors</i>	Government and local authorities	Agribusiness	Tourism	Research and Education	NGO	End-users	ICT business	
<i>Stages and activities</i>	KEY AND PRACTICAL PROBLEMS						NEW TECHNOLOGY	
Analyses	SOLUTIONS							
Aims and strategies							MOTIVATION AND ACTIVE PARTICIPATION	
Establishment	POLICY AND FINANCING	LEADERSHIP & FINANCING	KNOWLEDGE	PUBLIC AWARENESS				
Innovation process								
Management								
Feedback	MONITORING AND CONTROL SYSTEM							
Stabilization	ENLARGEMENT							
COMPETITIVENESS								

Figure 3. Model of set up and functioning of a living lab in integrated agriculture and tourist activities for sustainable rural development

Source: Authors' own elaboration.

Another relevant point is organization and management of a living lab and involvement of end-users in the innovation lifecycle—ideas, design, development and validation. The issues of project financing, market positioning and venturing are posed to developers (business) in connection to stabilization and sustainability of the living labs. Researchers manage research and user-driven innovation in connection to flexibility. That way living labs assure sustainability of innovations.

The study does not intend to go further on the principal and the concrete management structures and types of legal organizations of such living labs which are out of its scope. As a remark, the authors would like to add that bearing in mind the territorial size of the country and its geographical, economic and social characteristics, there could be just a few living labs in the considered sectors but having a broad spectrum of activities and scale of interference.

The involvement of the ICT business through new technology is of extreme importance in contemporary world. It is involved in all stages and activities.

The innovation lifecycle phases in a living lab should be properly identified and managed starting from the incubation of ideas and projects, through design of products and services, technical development, until validation of prototypes and technology transfer. From the organizational point of view a living lab besides the necessary infrastructure, financial and human resources, should be equipped with internal rules of management and functioning including monitoring procedures and active participation of end-users.

5. Conclusions

In contemporary globalizing world one of the most prominent and mutually connected goals governments and international institutions have, are those of sustainable development, knowledge-based economy and transfer of innovation. The connection science-business is a subject of many discussions and financing schemes in European and national programmes, and especially the building of innovation infrastructure. In all these processes the user-centred approach in innovation research is the leading one but the organization and implementation of activities is a tricky task.

Living labs are innovation structures uniting research organizations, business and end-users in design and development of new product and services. The concept could be successfully implemented in national documents for assuring sustainability of innovation in agribusiness and tourism. As open innovation intermediaries, living labs take into account technological factors, as well as cultural, historical and geographical characteristics of regions in multidisciplinary collaborative work. The user-driven innovation approach put some important challenges connected to organizational concerns and participants' feedback. Living labs could function as open platforms in close connection to ICT innovations providing flexibility and sustainability. Collective innovation development by researchers, developers and end-users considers new forms of managing research and innovation. The issues of setting targets and boundaries, financing and outcomes, involvement of key actors should be discussed in close connection to specific sectors, regions or countries.

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„Żywe laboratoria” w zintegrowanych działaniach agroturystycznych. Siła napędowa innowacji dla zrównoważonego rozwoju obszarów wiejskich

Abstrakt: Spośród wielu metod i typów struktur proinnowacyjnych koncepcja żywego laboratorium nabrała w ostatnich latach rozpędu i jest jedną z najbardziej obiecujących w procesie rozwoju produktów i usług spełniających wymagania konsumentów. Aktywne zaangażowanie użytkowników końcowych w badania cyklu życia jest istotnym warunkiem podniesienia konkurencyjności i poprawy otoczenia biznesowego. Jest to również promocja przedsiębiorczości i sposób na pokonywanie trudności w zakresie zapewnienia bezpieczeństwa, jakości i stabilności we wszystkich sferach życia ekonomicznego. Artykuł przedstawia koncepcję żywych laboratoriów oraz analizę SWOT użytkowego podejścia do koncepcji żywych laboratoriów i ich wkładu

w rozwój zrównoważonego rolnictwa na obszarach wiejskich sektora turystycznego Bułgarii. Stawiane są kluczowe pytania w kwestii tworzenia i zarządzania takimi strukturami. W artykule rozważane jest stosowanie, w szerszym aspekcie, tej koncepcji poprzez jej rolę w pobudzaniu innowacyjności na rzecz zrównoważonego rozwoju obszarów wiejskich. Ożywienie rozwoju wspomnianych obszarów jest tematem wielu dyskusji w Bułgarii, trudno jednak znaleźć odpowiednio efektywne sposoby jego osiągnięcia. Dlatego też artykuł prezentuje możliwości dotyczące stosowania koncepcji żywych laboratoriów i jej wykonalności w zintegrowanych działaniach na rzecz rozwoju rolnictwa i turystyki.

Słowa kluczowe: żywe laboratoria, zrównoważony rozwój obszarów wiejskich, innowacje

Organizational culture oriented for innovation: Influencing variables

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Abstract: In order to lead employees to collectively innovate and thereby achieve business entrepreneurship, managers should project cultural values and implement them through appropriate human resource practices that affect the psychological cognition of employees. If they do it, the perceived organizational support of employees in relation to organizational behaviour-oriented innovation will increase. Human resource practices to support a culture of creativity and innovation of employees are essential for the company to achieve success and develop a sustainable competitive advantage. The aim of this paper is to identify the variables inherent in organizational culture capable of enhancing an organizational culture of innovation. It is believed that the ability of innovation can be learned and trained in the organization while diffusing cultural values, based on human resources management practices, capable of supporting an organizational behaviour by employees, oriented to innovation. The methods used in this article are analysis and synthesis, and methods of induction and deduction.

Key words: organizational culture, innovation, human resources management practices, success and competitive advantage

1. Introduction

It is recognized that competitive advantage can be achieved through a workforce of high quality that enables organizations to compete on quality and innovation. ‘Innovation is the basis of all competitive advantage: the means by which organizations anticipate and fill customer needs, the method by which organizations utilize technology’ (Schumann et al., 1994, quoted by Gudmundson et al., 2003, p. 1). Innovation has played and continues to play an increasingly crucial role in determining organizational success as a guiding performance and competitive advantage (Leskovar-Spacapan and Bastic, 2007). The Schumpeterian view of innovation focuses on how a company manages its resources over time and develops skills that influence their innovation performance. And innovation has been considered vital for all companies to grow and survive (Craig and Moores, 2006). Innovation is

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a key means by which an organization can achieve sustainable growth. The importance of innovation for competitiveness, productivity and profit factor is well documented in literature (Leskovar-Spacapan and Bastic, 2007).

It is an essential issue for many theorists and managers: if a company needs to develop its organizational culture and distinctive capabilities to be beneficial for its long-term development, what kind of organizational culture and distinctive capabilities can affect performance and competitive advantage of a company?

The aim of this paper is to identify the variables that contribute to the formulation of an organizational culture of innovation, namely which cultural values may be implicit in the practices of human resource management, able to lead the company employees to perceive that their organization adopts behaviours more stimulant for the development of innovation in the company.

We will carry on an analysis of literature that allows us to identify work done about which variables of organizational culture can influence the adoption of behaviours inducing innovation practices in companies, in particular, which cultural values underlie human resources management practices that contribute to the development of innovative behaviours.

2. Conceptualization of innovation

An increasing number of professionals and researchers define innovation as any idea, practice, or object that the individual or organization adopt and regard as new (Damanpour, 1991). Innovation has further been defined as ‘the willingness to place strong emphasis on research and development, new products, new services, improved product lines, and general technological improvement in the industry’ (Slevin and Covin, 1990, p. 43). Following the example of the Oslo Manual, innovation is defined as ‘implemented technologically new products and processes and significant technological improvements in products and processes’ (OECD, 1997, p. 31). Innovation is ‘a process that begins with a new idea and concludes with market introduction’ (Freeman and Engel, 2007, p. 94). Innovation is defined as ‘implementing new ideas that create value’. This general description refers to various types of innovation, such as product development, implementing new process technologies and management practices.

3. Models that explain the process of innovation

Several innovation models attempt to explain the innovation process. The interactionist model of organizational creativity (developed by Woodman, Sawyer and Griffin), included various individual, group and organizational characteristics and portrayed their theoretical relationship to creativity. The model of individual innovation at work (developed by West and Farr) included characteristics that were intrinsic to the job, group factors, relationships at work, and organizational factors. The relationship between these variables and innovation was moderated by individual characteristics. The conceptual model of the innovation process (developed by Hauser) suggested that organizational culture plays a key role in the innovation process. All these models included variables that represent various dimensions of organizational culture (Gudmundson et al., 2003).

4. Conceptualization of organizational culture

Organizational culture has generated significant interest since 1980 (Deal and Kennedy, 1982). It is commonly defined as a set of values, norms and beliefs within a company. Hofstede (1991, p. 262) defines organizational culture as ‘the collective programming of the mind which distinguishes the members of one organization from another.’ Hence, the differences in culture between organizations are largely a function of practices of human resource management and how they are perceived by organization members.

At both personal and organizational level, we believe that organizational culture provides a competitive advantage and has a considerable effect on the development of the relationship between employee and manager (Çakar and Erturk, 2010).

It is suggested that organizational culture provides a basis for the system of management of the organization that is, management behaviour reinforces the principles of culture. Thus, managerial strategies and processes are derived from the organizational culture.

5. Organizational culture and innovation

The culture has a profound impact on the innovation of a company or an organization. Possession of positive cultural characteristics provides the organization with the necessary ingredients to innovate (Ahmed, 1998). Culture has several elements that may serve to enhance or inhibit the tendency to innovate.

Also, according to another recent research, there exists a strong positive relationship between participative management practices and innovative culture in small companies (Gudmundson et al., 2003). Wang, Guidice, Tansky and Wang (2010) also emphasize the critical role that a culture of innovation can play in improving the ability of a firm to innovate.

In a study that asked 800 executives in 20 countries what they believed to be the most significant barriers to innovation (IBM Global Business Services, 2006) a culture of not support was mentioned as one of the main barriers.

Studies of the relationship between organizational culture and innovation have typically focused on a culture of innovation, finding a direct and positive relationship with innovation. Few have investigated more specific dimensions of organizational culture in relation to organizational innovation. Researchers also argue that organizational culture does not produce innovation per se (Covin and Slevin, 1991). Resources, both financial and human, are needed to make it happen. These investments in resources that help foster innovation and lead to a better long-term performance are also scarce.

Organizational culture can encourage (or discourage) a variety of behaviours and decisions, including those related to innovation. As Kanter (2000) suggested, it is important that executives learn to use the culture of their organization to mobilize and motivate members to be creative and innovative when the objective is to create new products, concepts and services.

Successful innovation depends on cultural adaptation. Thus, companies that consider innovation a strategic priority should cultivate and nurture a culture of innovation inducing a priority because the lack of alignment reduces the probability of success.

6. Characteristics of organizational culture oriented for innovation

As Barney (1986) notes, it is difficult to change the culture unless that culture becomes a source of sustained competitive advantage. Thus, companies engage in developing economically valuable characteristics in their cultures, such as innovation or other important organizational objectives. Human resource practices related to employee training, team-based production systems, incentive-based rewards systems and autonomy of an employee are believed to be particularly effective in improving company's performance (Chandler et al., 2000). Also, if the organization's culture is consistent with the external environment—conditions of rapid environmental change—the performance of organization will be enhanced. According to Leskovar-Spacapan and Bastic (2007), open organizational cultures (competitive and entrepreneurial), strongly oriented to the market and innovativeness, have a positive effect on performance.

In addition, companies that usually have scarce resources, relatively immobile and not easily copied by competitors, strive to achieve superior profitability and sustain competitive advantage over a long period of time (Day, 1994). Dynamic environments lead to an adaptation facilitated by a less formal control, increasing decentralized decision-making (Gonzalez-Padron et al., 2008).

Culture reputed to be innovation-oriented is the one that values and promotes behaviours such as risk taking, change, experimentation, innovation, tolerance of uncertainty, and exploitation of opportunity (O'Reilly et al., 1991). Others also characterized an innovation-oriented culture as one in which a consistent, coherent and comprehensive presence of values and norms promotes the 'fresh' thinking and fast execution, which is reinforced by incentives, socialization, role modelling and local for sharing information (Wang et al., 2010).

Concepts related to organizational change, growth and innovation are common in almost all cultural backgrounds. Innovation is at the centre stage when the organization promotes risk-taking and an attitude for continuous improvement exists in these innovative organizations.

Culture of innovation is a major determinant of an innovative company. Hauser suggested that culture can be divided into three dimensions: content, structural aspects and their strength. 'These three dimensions and their interactions define the final function of the specific culture within an innovation process' (1998, p. 3).

Conceptually, companies with cultures of innovation and entrepreneurship are those who properly use the rewards and tolerate failure, and in which members share values such as openness to new ideas, creativity, change, continuous learning, autonomy, collaboration, flexibility and informal communication (Amabile, 1988; Covin and Slevin, 1991; Hurley and Hult, 1998). A study by Chandler et al. (2000) revealed that an innovation culture is the one where employees perceive that workloads are not excessive and that the support of management and reward systems of the organization are consistent with a commitment to innovation. And excessive work pressure inhibits creativity.

Employees without the time or resources to complete assigned tasks are less likely to exhibit innovative behaviour.

Likewise, Gudmundson et al. (2003) showed that innovation is positively affected by the level of organizational support and the degree of autonomy of workers. In terms of benefits, it was found that companies with high levels of innovation culture and management commitment have greater success in developing new products than those with low ratings. A culture

of innovation helps to overcome the challenging and tenuous requirements for both control and flexibility. In short, a culture rich in innovation is an important, if not essential, ingredient in the production of innovation.

Given the importance of organizational culture for innovation, management practices and human resources practices associated with a 'culture of innovation support' become a subject of research interest (Chandler et al., 2000).

The results of the study by Wang et al. (2010) indicate that firms with high orientation for the team were able to make better use of financial investments and human capital to produce innovations than firms with low orientation for the team. The impact of education on innovation is higher with low stability and high teamwork and innovation orientation. The culture emphasizing outcomes and stability leads to lower levels of innovation, regardless of financial and human resources invested. A culture that has a lot of orientation for the outcome may result in a limited number of innovations. By rewarding innovative ideas and behaviours, companies can also reduce the likelihood of their culture being perceived as highly outcome oriented.

Ogbonna and Harris (2000) examined the relationship between leadership style, organizational culture and performance and found a positive relationship between participative leadership and innovation culture and a negative relationship between bureaucratic culture and innovative culture. Also Claver, Llopis, Garcia and Molina (1998) supported the positive relationship between worker autonomy and innovation.

Neely et al. (2001, quoted by Leskovar-Spacapan and Bastic, 2007) found in their study that innovative firms had a strong culture, a clear sense of mission and purpose, a well thought out strategy and business philosophy of continuous improvement, driven by total customer satisfaction and total quality management. The characteristics of the best practices of innovation are: visionary leadership; enthusiastic champions of change; knowing customers; constantly introducing new and differentiated products and services; providing products and services that exceed customer expectations; unlocking the potential of people through good communication, teamwork and training; promoting organizational pyramid and creating a customer-focused culture. Creativity/ innovation is truly enhanced when the entire organization supports it. Structures in creative companies tend to be flexible, with few rules and regulations, slight job descriptions and high autonomy. Companies should adopt flat structures as these allow important decisions to be made at all levels. Leadership style also influences innovation (Amabile, 1998). There is a consensus that a democratic, participative leadership style is supportive to creativity, whereas autocratic styles tend to decrease it.

As Snell (1992) showed through several examples from the perspective of organizational culture, if employees perceive that they are working in a shared and mutually communicative environment, they feel positive support of the organization. This will lead them to improve their performance and to be proactive and innovate on their own initiative. Gerhart (2009) noted that management practices and organizational culture are the mirror of the national culture. Employees in an environment with human resource practices will perceive strong feelings of support from the organization to which they belong, which will motivate them to make more contributions on behalf of that organization.

When a company's culture emphasizes teamwork, financial investment in R&D (research and development) is more likely to be used effectively (and perhaps more efficiently), be-

cause the personnel involved in the innovation process is likely to enhance interpersonal communication and cooperation and as a result, provide a better innovation. Therefore, it is expected that team orientation will strengthen the relationship between spending on R&D and innovation (Wang et al., 2010).

In Table 1 we can see a synthesis of the different cultural values underlying human resources management practices, that could contribute to the development of innovative orientation behaviour by employees in companies and improving the companies performance, achieving success, and develop a sustainable competitive advantage.

Table 1. Organizational culture variables influencing innovation orientation

Cultural values	Authors
Participative management practices Organizational support Autonomy of workers Management commitment	Gudmundson, Tower and Hartman (2003)
Cultural adaptation	Kanter (2000)
Employee training Team-based production systems Incentive-based rewards systems Autonomy of employee Rapid environmental change Workloads not excessive Support of management Reward systems Work pressure not excessive	Chandler, Keller and Lyon (2000)
Open organizational cultures Competitive and entrepreneurial Strongly oriented to the market and innovativeness	Leskovar-Spacapan and Bastic (2007)
Dynamic environments Less formal control Decentralized decision-making	Gonzalez-Padron, Hult and Calantone (2008)
Risk taking Change Experimentation Tolerance of uncertainty Exploitation of opportunity	O'Reilly, Chatman and Caldwell (1991)
'Fresh' thinking Fast execution Risk-taking Continuous improvement Education on innovation Low stability High teamwork Teamwork Financial investment in R&D (research and development) Interpersonal communication and cooperation Team orientation	Wang, Guidice, Tansky and Wang (2010)

Cultural values	Authors
Resources, financial and human Rewards Tolerate failure Openness to new ideas Creativity Change Continuous learning Autonomy Collaboration Flexibility Informal communication	Covin and Slevin (1991); Hurley and Hult (1998)
Participative leadership	Ogbonna and Harris (2000)
Worker autonomy	Claver, Llopis, Garcia and Molina (1998)
Strong culture Clear sense of mission and purpose Well thought out strategy Business philosophy of continuous improvement Total customer satisfaction Total quality management Visionary leadership Enthusiastic champions of change Know customers Constantly introduce new and differentiated products and services Providing products and services that exceed customer expectations Unlock the potential of people through good communication Teamwork Training Democratic, participative leadership style	Neely et al. (2001)
Flexible structures Few rules and regulations Slight job descriptions High autonomy Flat structures	Amabile (1998)
Shared and mutually communicative environment	Snell (1992)

Source: Author's own elaboration.

7. Conclusions

Determinants related to innovation and competitive long-term success are oriented culture for innovation, entrepreneurship and market orientation.

The antecedents of innovation include an orientation to learning, teamwork and decentralization or autonomy in decision-making. Styles of partnership management: participative, vision definition, democratic and collaborative, are effective in stimulating innovation. At-

tributes of autonomy, such as open communication, sharing of information, participation in decision-making, shared vision and common direction, are also key elements in promoting innovation. It is necessary that companies provide an environment that facilitates collaboration among employees and the generation of new ideas. Success in innovation typically requires strong management support and commitment of resources. Mutual trust and greater collaboration are also important factors for innovation in companies.

Leaders of innovative organizations tend to have a clear picture of the outcome they want to achieve and clearly articulate this vision, so that the members share the vision and are motivated to do more than just 'survive'. An organization oriented for the innovation encourages the introduction of new ideas and processes.

Thus, the innovation capacity of the company is its ability to mobilize the knowledge possessed by its employees and combine them to create new knowledge, resulting in product and/ or process innovation.

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Kultura organizacyjna zorientowana na innowacje. Determinanty

Abstrakt: Chcąc zachęcić pracowników do wspólnego wprowadzania innowacji, a tym samym osiągnięcia określonego poziomu przedsiębiorczości na szczeblu całej firmy, menedżerowie powinni wdrażać wartości kulturowe i realizować je poprzez zastosowanie odpowiednich praktyk z zakresu zarządzania zasobami ludzkimi, które wpłyną na psychologiczne podejście do pracowników. W takiej sytuacji wrośnie wsparcie dla pracowników ze strony przedsiębiorstwa, a to przełoży się na ich zachowania zorientowane na innowacyjność organizacji. Praktyki w dziedzinie zasobów ludzkich mające na celu wspieranie kreatywności i innowacyjności pracowników są dla firmy kluczowe, jeśli chce

ona osiągnąć sukces i utrzymywać przewagę konkurencyjną. Celem niniejszej pracy jest określenie zmiennych związanych z kulturą organizacyjną zdolnych do wzmocnienia kultury innowacji w przedsiębiorstwie. Uważa się, że umiejętności wprowadzania innowacji można się nauczyć, a sztukę tę doskonalić w procesie rozprzestrzeniania wartości kulturalnych. Ma temu służyć doświadczenie menedżerów w zakresie zarządzania zasobami ludzkimi, pozwalające na osiągnięcie innowacyjnych zachowań wśród pracowników, którzy będą zaangażowani w działania firmy. Zastosowane w niniejszym badaniu metody to analiza i synteza, a także indukcja i dedukcja.

Słowa kluczowe: kultura organizacyjna, innowacje, praktyki zarządzania zasobami ludzkimi, sukces i przewaga konkurencyjna

Profitable index on tourism promotion on Madeira: A financial model

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Abstract: As the resources for promotion are limited, it is important to create and implement a model to evaluate a priori the investments made and continuously monitor the return obtained. Concerning the valuation of the investments made, there is no evidence that, at a regional level, in Madeira, this politics actually exists as a previous valuation that can assist the decision to invest or not. When this rule for the profitable index of the promotion is applied, based on the valuation model created, we can verify that according to the strategic targets, and in harmony with the previous agreed plans, the value obtained for return on investment is under the historic level obtained, which is about 47 times. The model is created to generate a full process on establishing main objectives of political investment, fully related with the amount spent on investment.

Key words: tourism promotion, return on investment, tourism incomes, profitable index, profitable index matrix

1. Introduction

The clear need to allocate resources to the promotion, investment in infrastructure and to attract tourists to the regions invalidates any risk of wasting financial resources. In this sense, it is important not only to look into the past and verify with the investment that has been made if it has been possible to obtain the desired return or not, but also to have indicator that clearly identifies the amount to invest and the expected return on this investment, under the penalty provided that particular investment has been excessive or insufficient for the purpose and desired return. According to the study carried out by Seaton and Mathews (2003, p. 7), there is no single model of evaluation for each ONT. Instead of a single model, it is a matter for the selections of best practices which best address the needs of evaluation, objectives and budgets of each ONT, what they call a *taylor made* model.

With the growing corporate involvement in the activities of promotion of a destination, with the emphasis focused on the proper conduct of all defined strategic objectives, the need for

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an assessment of the resources to be applied and the corresponding actions established success is today a basic variable in the decision-making process to allocate financial resources. The permanent involvement of Governments in the financing of marketing activities of ONTs has been accompanied by increased pressure from a rigorous evaluation of the effectiveness of such activities (Faulkner, 1997, pp. 23–32).

1.1. Research objectives and research question

The main objective of this research is to develop a model to evaluate the return on investment in financial matters and a decision-making model for investment in tourism promotion.

So the research question for the investigation will be as follows:

1. Can investment decisions on tourism promotion be supported through a model of financial analysis of investments?

The other questions related will be:

2. Which financial models can be used in assessing the return on this investment?
3. Which decision variable evaluation model should be used?

The specific objectives are as follows:

1. To establish the framework of evaluation model of financial return, in assessing the decision to invest in communication.
2. To identify the result variables used to measure the financial impact of investments in communication.

This study is based on the following hypotheses:

1. Hypothesis 1: It is possible to determine in advance, through the use of models of business evaluation of return on investment in financial, namely optical DCF, the expected return of promotion to run.
2. Hypothesis 2: It is possible to determine accurately the return obtained from each campaign or promotional activity.
3. Hypothesis 3: It is possible to determine a result variable for investment decision of promotion plans.

2. Profitable index on tourism promotion on Madeira

2.1. Introduction

The analysis of return on investment in tourism promotion is based on two aspects:

- post-investment analysis—the one that occurs after promotion and action in which we compare the results against the objectives.
- pre-investment analysis—the one in which the decision to invest in a new promotional action is taken, based on the anticipated return to this particular action.

According to the existing models, pre-investment theories are basically referred to the post-investment analysis models history, i.e. a decision to invest in a new promotional action is taken, based on an analysis of indicators of recent promotional activities and not expected in return for this specific action.

The main objective of this model is the evaluation of return on investment in tourism promotion. Despite the promotion plans have clearly established their strategic objectives, there

is however uncertainty in the estimation of corresponding effects of the specific promotion campaign and in determination of cash flows derived by this. The importance established in this model is that it will follow a strategy Top-Dow, following various levels.

On the first level, we have the formulation of strategic objectives, which will be established based on the indicators of tourism and the macroeconomic environment, along with outbound market flows. Specified strategic goals are a second level, and they should be specified by market and by product, establishing specific objectives for each market. At the third level, the action campaigns are determined in order to establish for each target the amount to invest. Made these early levels, it is important to assess then the return obtained in accordance with the promotion campaign, that is, assess by market, by product or at the level of all the action of promotion.

Confronting the value obtained with the target value, it is time to define if we should accept or not the promotion plan. This non-acceptance of the plan will not result in a reject policy inherent in the full plan, but in a new analysis of the objectives established and amounts assigned. Upon acceptance of the plan it is of utmost importance to assess throughout its execution the indicators obtained, so that we can use this same feed again on redefining model, and for the use determine future strategic objectives to be established.

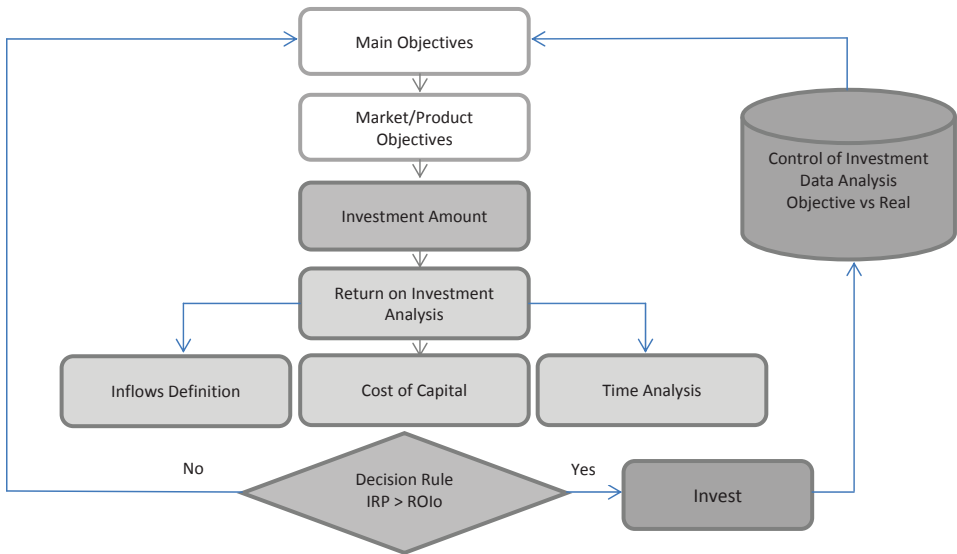


Figure 1. Valuation flow-chart model in prior-investment promotion analysis

Source: Authors' own elaboration.

3. Financial models on valuating investments

Over the years periodic studies of analysis methodologies used by financial decision-makers in evaluating projects were established. The first study was conducted by Gitman and For-

rester in 1976 and the focus of their study was on the main companies of the United States of America. In 1986 the study was reviewed and it was found that the main techniques of investment decision consisted in the recovery period of the investment (PRI) and the net present value (VAL). For Damadoran (2001, p. 312), none of the studies put an end to the discussion of the best technique of analysis of investment decision.

At the level of finance, proposed methodologies for the evaluation of return on investment are still subject to constant development. Within these, methodologies that assume the main highlight match the Discount Cash Flow model (DCF) and the model of Economic Value Added (EVA). Nevertheless, the foundation of these models are the models of market assessment—whether the DCF model, either the EVA model, its main objective is to identify the determinants of value created.

Brealey et al. (1998, p. 208) say that the use of techniques of valuating cash flows is important in investment analysis, however a correct investment decision can be taken only by the existence of correct and reliable data. However, it should be noted that before any investment be taken, there is always a decision to invest or not to invest.

This decision allows us to formulate a ‘systematized process and specify what condition or conditions are necessary to ensure that the investment is carried out’ (Damadoran, 2001, p. 285). These conditions or rules should have the following characteristics (Damadoran, 2001, pp. 285–286):

1. First, allow the right balance between enabling the decision-makers the introduction of subjective factors in the decision and ensure that different alternatives are evaluated consistently. Thus, mechanical or very subjective rules are good rules.
2. Second, allow the achievement of the objective based on maximization of enterprise value, or return on investment. I.e. investments accepted should provide increased value and not their destruction.
3. Third, the rules should be applied to a wide range of investment decisions. The investment may be of increased sales or reduced costs.

These rules are established and used as a result of each analysis model. So, let us analyze the model created, identifying in each the different inputs, as well as the rules of investment decision.

3.1. Discount Cash Flow model

The DCF model is based on the net present value rule, where ‘the value of any asset is a function of the present value of the future cash flows that the asset can generate’ (Damadoran, 1996, p. 9).

$$DCF = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t} \quad (1)$$

Where:

n —duration of investment

CF_t —cash flow of investment in period t

r —discount rate

Since expected impacts of investment in tourism promotion are the result of strategic objectives and proposed activities in investment plans, these will influence the inputs of the DCF model.

The use of the methodology supported in DCF, in particular the present value rule, is applicable to investment in tourism promotion, because as seen in bibliographic revision (Ehrenberg, 1959; 1968; 1969), the impacts of investment in tourism promotion have brought effects over several years.

3.1.1. Estimating cash flow of investment

In a financial perspective, cash flow in investment projects takes the perspective of free cash flow, in other words, it measures the recipes (in-flow) and expenses (out-flow) that have occurred over the life of the investment.

In the perspective of the investment in tourism promotion and more precisely of the investment in promotion carried out by NTO, cash flow will correspond to revenue generated by tourists.

The estimated revenue generated by tourists, during the years in which the promotion takes effect, is crucial, since it will always be necessary to apply this type of methodology.

The use of the revenue generated by tourists, as a crucial input to the model, is due to the fact of this indicator is one of the clear objectives of direct and indirect investment in promotion, and the basis of determining the return on investment generated by the promotion.

3.1.2. Duration of investment vs impact communication campaign

The duration of an investment in a financial perspective is the time that a particular investment will produce cash flows. Normally, and since corporate investments will have duration superior to the time of non-subjective cash flows estimated, it is usual to establish the last year of estimation of cash flows as the year of liquidation.

With regard to the tourism promotion, the option for the use of a liquidation value is very dependent on the type of the campaign, the objectives and target audience of the promotion, as referenced in the studies by Woodside and his associates (Woodside, Sherill, 1977; Woodside, Carr, 1998; Woodside, Lysonski, 1989).

Nevertheless the consideration of a residual value, the estimation of cash flows corresponds to estimate of the impacts of the campaign. In this sense, it is important to then subdivide in three stages of the cash flows estimation:

- definition of action plans according to each strategic objective in area of intervention;
- definition of the expected impacts of each campaign in the key variables of the strategic objectives;
- estimation of cash flows.

Thus, and in accordance with the first stage, we will have to establish the array of actions plans established in Table 1.

Table 1. Promotion plans and main objectives

Intervention scope	Main objective	Operational action plan
Guests	Growth in number of guests	Promotion plan A Promotion plan B ...
Overnight stays	Growth in overnight stays	Promotion plan A Promotion plan B ...
Revenues	Growth in revenues	Promotion plan A Promotion plan B ...

Source: Authors' own elaboration.

Established the strategic objectives, after analysis of the internal macroeconomic context and from market issuers, the next step will be the disclosure of all these objectives in areas of specific intervention. The action plans should be made in order to comply with this objective in the different areas of intervention.

The existence of this interconnection is very important, because the sum of all impacts set out in the action plans of each promotion should match the strategic objective established. Thus, for each action plan or promotion campaign an array of campaign impacts—as described in Table 2—will be prepared.

So at this stage, the main focus goes through establishing performance measures for each of the areas of intervention. The aim of establishment of this performance measures in each action is continuous monitoring and evaluation of the actions carried out that will allow developing more effective instruments for evaluation as well as establishing promotion plans more effective in terms of campaign.

The actions established and expected impacts for each of them should be in accordance with the set of action plans for the promotion, which in turn will match the strategic objectives established in each area of intervention. Reviewed the actions on each promotional action plan and established their impacts in terms of key variables, as well as the duration of the campaign, we are able to estimate the value of the cash flow with the promotion plan.

Table 2. Promotion plans and main objectives

	Promotion plan A	Main intervention	Performance measure	Realized	Objective
Action	Brand image	Guests			
		Overnight			
		Revenues			
	New air routes	Guests			
		Overnight			
		Revenues			
	Workshops and events	Guests			
		Overnight			
		Revenues			
	Tour operator sponsoring	Guests			
		Overnight			
		Revenues			

Source: Authors' own elaboration.

3.1.3. Estimating discount rate

The use of the present value at the base of the DCF model determines the need to update all the cash flows earned by the investment. The estimate of the discount rate is one of the crucial steps of the DCF model, since it is determined by risk and cash flows.

3.1.4. Discount rate of tourism promotion cash flows

The estimation of cost of capital in investments in tourism promotion is closely linked to cash flows considered and the form of financing the investment. Taking into account that an NTO promotion plan has in majority public capital funding, the discount rate should correspond to the capital cost of the assets without risk, i.e. risk-free rate.

The use of this rate corresponds to assume that either the public, private or community funding in the case of the RAM were always based on a global wealth creation for the economy and that the risk associated with your cash flow is identical to economy-wide risk, which varies in the same direction because there is a strong correlation between tourist revenues and GDP of the RAM.

Analyzing the market rates, for the year of beginning of promotion plans, the yield curve for the period of 10 years is the constant in the Table 3.

Table 3. Estimation of the yield curve

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Yield	3.34%	3.35%	3.56%	3.72%	3.90%	3.91%	3.95%	4.03%	4.07%	4.15%

Source: Reuters, 2006.

3.2. Investment decision rule in the evaluation of tourism promotion

Taking into account the limitation of available funds allocated for promotion, investment decision rule in the evaluation of tourism promotion should be based on the Index of Profitability, since the promotion plans shall be evaluated and selected according to the current value obtained by each monetary unit of investment.

In this sense, we should discount the cash flows associated to tourism promotion, which are tourist revenues, and the amount spent on investment in promotion, then determine the return obtained, through the index of profitability of promotion (IRP).

$$IRP = \frac{\sum_{t=0}^{t=n} \frac{RT_t}{(1+r)^t}}{\sum_{t=0}^{t=n} \frac{IPT_t}{(1+r)^t}} \quad (2)$$

Where:

RT_t —tourist revenues in period t

IPT_t —investment in tourism promotion in period t

n —period of impact of promotion campaigns

This indicator will allow the analysis of return obtained per unit of investment, based on the present value of cash flows. Matters then establishing the investment decision rule associated with the method of the IRP as well as confronting the value obtained with the return on investment objective (ROI_0) associated with the promotion plan.

The investment decision rule associated with the IRP method corresponds:

- if the $IRP > ROI_0$ —the promotion plan is accepted;
- if the $IRP < ROI_0$ —the promotion plan is rejected.

With multiple investments the decision to choose the investment in a promotion plan will rely on the biggest IRP.

The establishment of ROI as the indicator on the decision of investment is mainly due to the basis of this model having two strands: one by the supply side, through the number of accommodation places, other by the offer by the policy of promotion plans. This policy will focus on key indicators, both in number of guests, number of overnight stays, including the average length of stay and revenue per stay.

3.2.1. ROI objective estimation

The estimation of ROI objective is closely linked to the promotion plan subject to evaluation. Based on the promotion plan under consideration, the ROI is determined through three methods:

- historical ROI_0 of promotion plans;
- ROI_0 benchmarking with the main destinations;
- the sustainable ROI_0 .

3.2.2. Historical ROI of promotion plans

The use of historic ROI on the basis of the rule of investment decision results largely in assuming that future investments in tourism promotion should at least generate a return similar to that achieved in previous years. Once the promotion policy has as main objective generating a higher volume of recipes, either by increasing the numbers of guests, tourist revenue, overnight stays or average stay, it is important that the investments made have in their decision-making base an order to create more value.

Based on the data obtained for the 1998–2009 period, the ROI on the promotion level made in the region is presented in Table 4.

Table 4. ROI on investment in promotion on RAM 1998–2009

Historical data	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues/ promotion investment	49.7	135.6	121.7	64.8	67.9	65.9	53.8	28.5	34.5	38.1	39.8	26.9

Source: PIDAR and DRT, 1998–2009.

For the analysis of historical ROI, withdrew from the years of 1999 and 2000, the abnormal return obtained is compared with other values, by virtue of a reduced budget in these two years. Removing these values, the average value obtained is 47.

3.2.4. ROI benchmarking with the main destinations

Nevertheless the multiplicity of tourist products, markets issuers and objectives of each tourist destination in preparation of its promotion plans, in all of them there is a clear goal of maximizing the return on investment.

Since these common objectives exist at the level of investment, as well as the determination of identical policies at the level of promotion and evaluation methodologies, it is critical to examine the return obtained by competing destinations. Based on the Canary and Balearic Islands destination it is found that these destinations feature an ROI of 97 and 166 respectively (Gonçalves, 2004, p. 33).

3.2.5. The sustainable ROI

The lack of investments to generate a return higher than the historical value or in terms of benchmarking will lead the investment allocation away from tourism promotion. The lack of investment will condition the maintenance of revenue, which in turn will aggravate the objective values. In this sense, either on a basis of historical analysis of reference values, either through studies to develop—a goal ratio should be determined on the basis of a breakeven level.

In terms of RAM, with reference to the analysis period of 1998 to 2009, the year in which the ROI history reached the lowest level with the value of 26.9 was 2009.

4. Application of index of profitability on promotion to RAM

To apply the model of the index of profitability, we used the budgets of APM and the DRT for the years 2005–2008. Using the strategic objectives established in the plan of promotion of the APM, respective indicators were estimated, projected by the year 2010. As stated in previous points, we will assume the cash inflow for our model revenues in hospitality.

At the level of determination of investments, we used the base of 2005 on PIDAR to obtain the DRT investments in promotion for the years 2006–2008, deducting the co-participation of the DRT on APM.

Table 5. Estimation of strategic objectives

	2004	2005 E	2006 E	2007 E	2008 E	2009 E	2010 E
Overnight stays	5,493,475	5,713,214	5,941,743	6,179,412	6,426,589	6,683,652	6,950,998
Objective	—	4%	4%	4%	4%	4%	4%
Guests	984,195	1,018,642	1,054,294	1,091,195	1,129,386	1,168,915	1,209,827
Objective	—	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Revenues (thou. euros)	243,684	257,087	271,226	286,144	301,882	318,485	336,002
Objective	—	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

Source: Authors' own elaboration.

With regard to the values listed in the budget of APM for the years 2007 and 2008, because it has not been possible to obtain these data, the growth of 3% on the amount of the investment was estimated, valuing this close to the expected growth to inflation. The data obtained are listed in Table 6.

Table 6. Estimation of investment in promotion (in thou. euros)

Investment in promotion	2005 E	2006 E	2007 E	2008 E	2009 E	2010 E
APM	2,957	3,475	4,514	4,797	4,818	4,548
DRT	4,833	5,418	4,968	5,745	5,821	6,965
Total	7,790	8,892	9,481	10,541	10,638	11,512
Growth	—	14.2%	6.6%	11.2%	0.9%	8.2%

Source: Authors' own elaboration.

Based on the model of the IRP, the discount rate to be used should correspond in the case of promotion carried out by the DRT for APM, the risk-free interest rate, based on the rates of yield (yields) 10 years, reference being the rate obtained on the basis of the year 2016 of 4.15%.

Discounting the revenue and investment in promotion carried out for the time horizon under review, the IRP obtained is 30.16.

Table 7. Evaluation of the IRP in investment promotion (in thou. euros)

	2004	2005 E	2006 E	2007 E	2008 E	2009 E	2010 E
Revenues	243,684	257,087	271,226	286,144	301,882	318,485	336,002
Promotion investment	—	7,790	8,892	9,481	10,541	10,638	11,512

Discount rate 4.15%

Present value of revenues 1,529,991

Present value of investment 50,733

Profitability index on promotion 30,16

Source: Authors' own elaboration.

Analyzing the IRP 30.16 vis-à-vis the ROI that obtained the record of 47 (Table 7), it turns out that investing in promotion is generating a return lower than that obtained in the last 5 years.

And bearing in mind the rule of decision of the IRP, the action of promotion should be rejected, since the objectives set at the level of tourist revenue in relation to the amount of investment reduce the payback to levels below the historic level and lower than the figure obtained in 1998.

Since it is not possible to analyze the impacts foreseen for each promotion plan individually and their corresponding distribution by country and type of campaign, it is impossible to determine what where the plans that reduce the ROI for these levels.

It turns so, that the use of these templates is possible, by means of the correct assessment of the indicators for each action to perform and their impact on key variables.

Although there are limitations to the level of base indicators estimation for all campaigns performed, it is important to determine the impact of each campaign or, in a comprehensive way, the impact per-destination or per product. The lack of these indicators determines impossibility to estimate the investment to be carried out based on the objectives outlined, and which investment adds value or not.

In this model, it was assumed that the investment had as main impacts the revenue of the year itself. Once again the information obtained did not allow us to estimate with accuracy the timeframe in which the campaigns established would have its impact.

Concerning these values, we need then to re-evaluate the campaigns planned and their impacts and, if necessary, redefine the strategic objectives, so that they reflect the need for a continuous and growing return improvement.

4.1. Model sensitivity analysis

Noting that for the level of the objective established the ROI obtained is less than historic, it is important then to analyze for what level of evolution of revenues this ROI is achieved. Basing on this model and analyzing the evolution of revenues (Table 8), one can see that the promotion plan would only be accepted if the estimated goal of tourist revenue growth was 18.9%.

Table 8. IRP Model Sensitivity Analysis

Revenue growth	IRP
18.90%	47.00
5.50%	30.16

Source: Authors' own elaboration.

4.2. Conclusion

The insufficiency of financial resources allocated to promotion and the need for their proper application reveal the importance of the use of pre-investment analysis models. The direct link established between the different variables on which the investment promotion policy focuses and the direct relationship of these with the regional economy emphasize the great importance that tourism offers to the regional economy and the clear need for direct targets to be achieved with investment in promotion.

The underlying difficulty to estimate all cash flows and assessment of all impacts of different policies require the development of specific objectives, the establishment of indicators by the applicant and the need to assess and monitor.

The establishment of a model such as the IRP in terms of investment in promotion requires a rethink constant throughout the true impacts of each promotion campaigns to be achieved with the same financial and human resources allocated to these.

The determination of an ROI objective is a measure that requires a deeper analysis, since the changes at the level of direct effects result in contextual surroundings on historic ROI analysis. Despite being well present all the difficulties associated with the development and implementation of this type of methodology, results will arise as the entire organization gets involved in the need to set goals and objectives and in its constant monitoring.

5. Conclusions and recommendations

5.1. Introduction

Tourism promotion policy currently assumes an important role in boosting the economies of the countries where tourism presents greater representativeness. The ability to influence demand, in particular the flow of tourists, is the main weapon of the promotion policy in an increasingly globalized tourism market.

Taking into account the scarcity of resources to promotion, it becomes essential to obtain the return on each action plan and promotion. So, it is important to set targets in terms of mar-

kets and products, in line with the overall strategic objectives of the promotional activities. In spite of difficulties in preliminary analysis of the evolution of the main indicators of tourism, it becomes essential to stimulate and develop the preliminary analysis in order to continuously carry out the monitoring of key indicators of the promotion action.

The present study had as main objective the application of a financial evaluation model that will support a decision on investment in promotion.

5.2. Specific conclusions

This research has identified a financial evaluation model of pre-assessment of investment in tourism promotion and support resource allocation decision on investment in tourism promotion. After the review of the bibliography and analysis of the results obtained with interviews made, it is possible to verify whether or not the veracity of the theoretical and practical hypotheses formulated at the beginning of this research work.

1. **Hypothesis 1—answer:** Based on the study the hypothesis no. 1 is true, once by applying the index of profitability of promotion it is possible to determine the return to obtain the promotion carried out, being only necessary to establish the prior form of the impacts of foreseen estimation.
2. **Hypothesis 2—answer:** Based on the literature review carried out, the hypothesis no. 2 is false, since only you can determine a set of specific campaigns accurately the return obtained, there are however serious difficulties in assessing the long-term promotion.
3. **Hypothesis 3—answer:** Based on the study, the hypothesis no. 3 is true, since through the establishment of an ROI objective it is possible to accept or reject the promotion plan.

5.3. General conclusion

The specific conclusions based on research hypotheses lead to the conclusion that it is possible to apply business models at the level of investment in promotion, establishing the possibility of creation of preliminary indicators that will support decision to invest.

In short, it's now much more clear that the establishment of specific objectives for each market/ product, in accordance with the strategic objectives, will allow a prior analysis of each action included in the promotion plan, creating monitoring indicators and also evaluation of the campaigns carried out. This ongoing process will contribute positively to the future analysis of promotional activities to be carried out, thus enabling a natural selection of best practices by market and by product.

5.4. Recommendations

With a view to improve the template created, as well as the effectiveness of investments made in promotion, you can draw attention to a few key points:

- establish evaluation studies of return obtained in each promotion campaign, allowing the establishment of an investment return objective;
- establish a quarterly barometer of the evolution of the confidence of the main operators and travel agents by destination, in order to introduce more dynamic adjustments to the model of evaluation of return on investment. This type of barometer should be based on the evolution of the number of reservations for the next three months and demand for alternative destinations;
- proceed to regular evaluation of an indicator of average spending, based on a representative sample of main markets. The development of this indicator will allow the evolution of the average issuer market spending, evaluating how continuously the evolution of tourist revenue and the profile of tourists obtained by campaigns performed;
- establish promotional contracts with operators according to an investment return objective, establishing the objective number of tourists needed so that the support is granted. This type of contract, although difficult to implement given the weight that the operators represent in the context of the current promotion and issuing tourists to the destination, will involve more actively the operators in setting up appointments.

5.5. Future investigations

Based on this work, further investigation in this area can be carried out, in particular as it regards:

1. The application of Economic Value Added (EVA methodology), in assessing the return on investment in tourism promotion.
2. The introduction of real options in the analysis of promotion plans and in establishing contracts with operators and in the negotiation of new airlines.
3. Determination of a matrix scoreboard that allows monitoring of the impacts of investment in tourism promotion.

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Wskaźnik rentowności promocji turystyki na Maderze. Model finansowy

Abstrakt: Ponieważ fundusze na promocję są ograniczone, ważne jest stworzenie i wdrożenie modelu wyceny *a priori* dokonywanych inwestycji oraz ciągłego monitoringu uzyskanego zwrotu. W kwestii wyceny dokonywanych inwestycji nie ma dowodów, że na poziomie regionalnym na Maderze ta polityka rzeczywistości istnieje w postaci uprzedniej wyceny, która może pomóc w podjęciu decyzji, czy inwestować, czy też nie. Kiedy stosowana jest zasada wskaźnika rentow-

ności promocji w oparciu o stworzony model wyceny, możemy zweryfikować, że zgodnie z celami strategicznymi oraz w harmonii z uprzednio uzgodnionymi planami uzyskana wartość na zwrot z inwestycji jest poniżej uzyskanego poziomu historycznego, to jest około 47 razy. Tworzony jest model mający umożliwić wygenerowanie pełnego procesu dotyczącego ustalenia głównych celów inwestycji politycznych, w pełni powiązany z kwotą wydaną na inwestycję.

Słowa kluczowe: promocja turystyki, zwrot z inwestycji, dochody z turystyki, wskaźnik rentowności, macierz wskaźnika rentowności

Erasmus exchange programme on cross- and multicultural education

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Abstract: Nowadays, we do not consider concepts from a single point of view but with an interdisciplinary approach. Researchers working in different domains treat concepts from multiple perspectives by cooperating in a scientific discipline. Educational sciences, like other areas of science, have adopted this interdisciplinary approach. Intercultural education and multicultural education is one of the best applications of the interdisciplinary approach in the domain of education. Erasmus exchange programme has particularly contributed to cross-cultural education. This study aims at analyzing studies that have investigated these contributions. We think that cross- and multicultural studies from different countries are important to have a clear and comprehensive vision. To this end, we reviewed studies in literature examining the effects of Erasmus exchange programme on cross-cultural education. We interpreted the results of these studies by qualitative research techniques and made suggestions for further studies. Consequently, it is a clear fact that exchange programmes are useful and students have a chance to communicate interculturally.

Key words: Erasmus, cross-cultural education, multicultural education

1. Introduction

One of the most important elements for a community during the phase of becoming an information society is technological advancement. Paralleling with technological development, globalization progress has accelerated and individuals' perspectives have changed (Kasapoğlu-Önder and Balci, 2010). During the process of becoming an information society, changes have occurred in the culture of society due to the technological developments.

Culture is an abstract term which explains people's life styles in a social group, social values, shortly—how they organize their lives (Eßer, 2006). Today cultures are born and grow up like a living being; they change and develop constantly. Together with this change, different ways have been needed to describe culture. One of these ways, which is mostly used, is multiculturalism. There are different descrip-

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tions of multiculturalism according to different points of view. Even though, there have been some attempts to explain multiculturalism with the factors such as race or ethnicity, in the research having been conducted in recent years it includes variables such as race, ethnicity, class, sexual orientation, religion and age (Başbay and Bektaş, 2009). Pedersen (1991) and Valentiin (2006) also emphasize that culture should be dealt with from a broad perspective. Pedersen (1991) describes culture in a way to cover formal and informal relationship, variables related to status such as social, education and economic, demographic variables like gender and accommodation, along with the ethnographic variables including race, nationality, ethnicity, language and religion.

With multiculturalism becoming such popular, it was inevitable that this notion came into prominence in education volume. Multicultural education is about the obstacles in front of the cultural equality in an education process (Rego and Nieto, 2000). The top problem in removing these obstacles is communication barriers, and cross-cultural education is about these barriers. Among the tools that both the multiculturalism and cross-cultural education can use the social media and student exchange programme are the primary. With exchange programme, the students are trained to get cross-cultural proficiency in possible situations when the students may come across with a new culture. This proficiency goes through developmental process which can be explained in six steps as follows: refusing the differences, defending self culture against the differences, putting forward the common cultural characteristics, accepting the differences, accepting to adapt to the different cultures and accepting to live with different cultures (Hammer et al., 2003).

Although there are many students exchange programmes and scholar opportunities aiming at multicultural and cross-cultural education (Erasmus, Comenius, Fulbright, Mevlana, etc.), the most universal ones are clearly Life Long Learning (LLP) programmes. Life Long Learning programmes, known as with the names of the philosophers like Erasmus, Comenius, and Socrates, gather the students and academicians from different cultures and stand by to bring about and develop respect, tolerance, understanding and peace.

Socrates programme was changed into Life Long Learning Programme (LLP) in 2007. And since 2007, Erasmus programme was structured as an under branch activity area of lifelong learning programme. Erasmus programme named European Community Action Schema for the Mobility of University Students, is a programme within the lifelong learning programme, oriented to the collaboration of higher education (European Commission, 2013). The programme started as piloting scheme in 1976 for the first time as a result of the activity programme prepared in educational area and has been conducted actively since 1987. Among the goals of the programme, there are important issues like: to enhance the quality of education in Europe; to develop common projects by ensuring that the higher education institutions of European union countries and candidate countries cooperate together; to exchange student, staff and instructor and to make the studies and the points done and gained abroad academically known after returning to one's own country.

Although Erasmus programme is one of the biggest exchange programmes in the world, it is believed that there is not many studies on it. In the literature, there are some studies about the problems faced during mobility, student views, and evaluations, but these seem to be very limited in number. That is why it is believed collecting the studies on the Erasmus pro-

gramme is useful. In this respect, this study aims to determine the contribution of Erasmus programme to multicultural and intercultural education and to offering suggestions to further studies by identifying the structure of the boundaries.

2. Method

Cohen, Manion and Morrison (2007) emphasized in their study that there is a research technique consisting of content analysis, organizing and classifying texts, and drawing theoretical conclusions from texts. The resources used in the content analysis may be chosen by depending on rules or by incidentally finding answers to research questions; the important point here is to be parallel with the aims of the study.

For this aim, the literature was sought with these key words on 14 April, 2014: Erasmus Student Mobility, Erasmus Student Exchange Programme and Erasmus Culture. According to this search, the articles were chosen randomly with respect to being shown as reference in other studies, being recently published, and serving the purpose of the current study. In this study, it was decided that random content analysis method was chosen because this is not a meta-analysis or a general scanning study.

Consequently, related articles in SSCI (2014), Ebscohost (2014), and Google Scholar (2014) databases have been scanned in order to find answers to the research questions. Out of the 65, the more related articles that are contemporarily published have been chosen. According to the selection features, 56 articles have been included in this study.

3. Results

After content analysis, it was found that the studies related to Erasmus Student Mobility aimed to make general evaluations about the programme (Altbach and Teichler, 2001; Altınbaş, 2009; Corbett, 2003; Tauch, 2004), and moreover, these studies (mostly qualitative studies) were generally based on students' views (Bozkaya and Aydın, 2010; Ersoy and Günel, 2011; Figlewicz and Williams, 2005; Guo et al., 2009; Kasapoğlu-Önder and Balçı, 2010; Keogh and Roberts, 2009; Magos, 2007; Malewski and Phillion, 2009; Norberg, 2000; Şahin, 2008; Sancak, 2009; Sigalas, 2010; Teichler and Janson, 2007; Yuen, 2010).

Almost all of the studies have focused on the problems that students face, their satisfaction level and the benefits of the programme. The lack of orientation programmes, course equivalence value, communication and sheltering problems and insufficiency of grant amount are the topmost problems. Moreover, culture element has been emphasized as another important problem (Ersoy, 2013; Ersoy and Günel, 2011; Demir and Demir, 2009; Kasapoğlu-Önder and Balçı, 2010). It has also been emphasized that prejudice against the culture of the country they visit or against their own culture during their visit is the main source of this problem. However, it has been found out that this prejudice has disappeared after the exchange.

The positive progress in students' perceptions of their own and other cultures as a result of their intercultural experiences has been found as a significant evidence for the end of this prejudice. In addition, it has been found out that students' experiencing intercultural problems personally on language, culture and prejudice issues has helped remove this restriction.

The studies conducted by Ersoy (2013), Ersoy and Günel (2011), Guo, Arthur and Lund (2009), Magos (2007), Malewski and Phillion (2009), McKenzie and Purdy (2010) have found that thanks to students' intercultural experiences they realize the features of their own cultures better, they know their culture better, they compare their own culture with other cultures, and they criticize their own culture.

Figlewicz and Williams (2005) have stated the students' satisfaction levels as high in their study on students' satisfaction levels. The reason why these satisfaction levels are high has been associated with Erasmus students' being able to visit other European countries during recognizing cultures and mobility time.

Bracht et al. (2006), Gonzalez, Masanza and Mariel (2011) emphasized in their studies that people who have oversea experience and know other cultures thanks to these exchange programmes have become more successful in future due to the increase in their self-confidence and entrepreneurial abilities.

In addition to these studies, it has been found that the effect of intercultural education programmes on language has also been investigated (Sirok et al., 2007; Teichler and Janson, 2007). In all of these studies, it has been investigated that exchange programmes have a positive impact on students' foreign language improvement; especially English language is at the top of the list. However, it was found out that while students' speaking skills improved, some students' grammar accuracy deteriorated. It was interpreted that the deterioration resulted from the other students' language skills attending the exchange programme. It was concluded that, in terms of language skills which is one of the main components of multiculturalism, Erasmus programme is useful for students' language development.

Though it is stated that Erasmus programme has positive effects in general according to the research studies that were conducted, some studies reveal a number of limitations of the Erasmus programme. The most important limitations are the difficulty of matching the contents of the lessons and assessing students' academic success. Although the accordance of ETCS is asserted within the programme, there might be still some problems related to the content of the lessons. As a result of such problems, it is maintained that students sometimes cannot be competent adequately on the topics covered in the lessons. Moreover, it has been stated that students' evaluation of Erasmus programme wasn't carried out objectively and it resulted in mistakes in students' evaluations.

4. Conclusions

After the research studies, it has been concluded that Erasmus programme plays a significant role on multi- and cross-cultural education. The major reasons of this fact is that students experience new cultures like their own cultures and impose their own cultural values while experiencing other cultures. For that reason, necessary regulations should be carried out in order to aid students in benefiting from that kind of Exchange programmes. Especially it is considered that it will be useful to organize some activities after students return to their country to teach other students the culture they experienced and observed.

For the study, qualitative data collection method was used. However, it is clear that a general scale should be developed in order to evaluate the effectiveness of the exchange pro-

gramme with quantitative data analysis as well. For that reason, it is thought that it will be useful to develop an evaluation scale which will enable to evaluate students' satisfaction, a scale which will help to demonstrate how much students have benefited from the programme and a scale to evaluate the effectiveness of the programme.

It is considered that it will be useful to make university students responsible for taking some elective courses as a result of globalization and the prejudice problem which was revealed in the study. In that way, it is thought that students who can't have the opportunity of going to a foreign country thanks to Erasmus programme will have the chance of getting to know other cultures.

Consequently, it is a clear fact that exchange programmes are useful and students have chance to communicate interculturally. It should not be forgotten that this communication chance is not only international but also interzonal as culture may vary from city to city or region to region even in the same country. As a result, it is thought that student exchange programmes can be beneficial in interzonal settings. This will lead students to be able to compare different instructors and also to widen their horizons. The student exchange programme which is being conducted in Turkey and some other countries is recommended to European Union countries.

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Program wymiany Erasmus jako edukacyjna współpraca międzykulturowa

Abstrakt: We współczesnym podejściu do koncepcji edukacyjnych uwzględnia się różnorodne aspekty

interdyscyplinarne. Naukowcy działający w różnych dziedzinach rozważają koncepcje edukacyjne na wielu

płaszczyznach, współpracując w ramach swojej dziedziny nauki. Pedagogika, podobnie jak inne obszary nauki, również dostosowuje się do tych trendów. Edukacja międzykulturowa jest jednym z najlepszych rozwiązań w ramach interdyscyplinarnego podejścia do edukacji, a program wymiany studentów Erasmus szczególnie przyczynia się do jej rozwoju. W artykule zaprezentowano badania wpływu wymiany międzynarodowej w ramach programu Erasmus na edukację. Badania obejmowały różne kraje uczestniczące w pro-

gramie, co miało ukazać rzetelny obraz badanej dziedziny. W tym celu analizie poddano dostępną literaturę, stosując odpowiednie techniki badania jakości, zinterpretowano wyniki oraz sformułowano wnioski i sugestie odnośnie do dalszych badań. Rezultat końcowy potwierdził, że programy wymiany studentów mają ogromny wpływ na edukację międzykulturową oraz dają możliwość międzynarodowej komunikacji interkulturowej studentów z różnych krajów.

Słowa kluczowe: Erasmus, edukacja wielokulturowa, edukacja międzykulturowa

The interdisciplinary programme model and an evaluation of the practices in education

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Abstract: This study which evaluates teachers' views with regard to the practices of interdisciplinary programme model in education aims to identify primary and secondary school teachers' suggestions about the interdisciplinary programme model, the practices in education processes, and the effective implementation of the model. The participants were 29 teachers, 18 females and 11 males, from five different branches. The data were collected through a semi-structured interview form consisting of 6 questions and analyzed descriptively. The participants were found to be in favour of establishing connections between the courses. They were found to believe interdisciplinary instruction had many educational advantages and report that they could establish interdisciplinary connections with other courses. Some constraints mentioned by the teachers regarding the method were causing chaos in the lesson, drifting away from the topic, prolonging the time allocated for the topic, and not understanding the borders of the disciplines. It is recommended to take necessary actions in order to help teachers to use the method effectively in educational practices; to give importance to interdisciplinary education programmes in both undergraduate education and in-service trainings; and to redesign educational environments in a way to support interdisciplinary instruction.

Key words: Interdisciplinary instruction model, integrated programmes, planning education, constructivism

1. Introduction

The most important fact which distinguishes information society from industrial society is that information changes rapidly and thus increases the knowledge and skills to be attained by individuals in that. Only Internet by itself has opened a new world to the technological skills needed to help students find their ways in the complicated information society. Therefore, in today's world in which information changes so rapidly, educators need to think very carefully about the things students should learn as well as the skills and values they should be given in the future (Drake, 2007). Thus, which information and skills should be the focus of the education programmes and models has become an important issue.

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Every education model has a design. Instructional design includes analyzing, selecting, and ordering aims, content, learning-teaching processes, and evaluation aspects separately. According to Tyler who laid the foundations of programme development models, the main source and the determiner of the aims of the programme model should be the individual, the society and the topic while designing a programme. In line with this, if the programme puts students in the centre, it should prioritize individual development of students. If it puts society in the centre, then it should prioritize solving the problems of the society. If it puts topic in the centre, its focus should be on teaching and learning that topic completely (Oliva, 2005). The modern globalizing world is facing various and embedded problems such as terrorism, health, famine, energy resources, racism, inequality, and injustice. When viewed from this perspective, designing programmes on more than one field and relations rather than on single topic and source emerge as necessity. As one discipline is not adequate anymore, many countries in the world are trying to explain developments in science and technology as well as phenomenon and events with more than one discipline. Therefore, interdisciplinary education practices play an important role in today's education system (Drake, 2007).

Interdisciplinary education has a long and rich historical background. In *Principles of Psychology* Herbert Spencer used the term 'integration' for the first time. In *L'Enseignement Integral*, published in Paris, Alexis Bertrand developed the Integrated Instruction Theory. The term 'Integrated Education Programme' emerged together with the project approach in 1920s, core programme movement in 1930s, and problem-centred core curricula in 1940s and 1950s. In 1980s and 1990s, most innovative approaches related to more than one subject or discipline were commonly and excursively called as integrated programmes (Klein, 1996). Therefore, interdisciplinary approaches which date back to Plato, Aristotle, Kant and Hegel (Vidaaurri, 1996) and which have attracted notice in the education programmes of many countries since the beginning of the 20th century have now gained an increasing importance.

Discipline as a concept refers to only one field while 'interdisciplinary' expresses the relationship between more than one field (Apostel, 1970). Jacobs (1989) defines discipline as a 'scientific field' which is a body of knowledge and which has its unique content, instruction, and method. To him, interdisciplinary is an integrated approach which consults knowledge of more than one discipline in order to examine one main theme, case, problem, subject, or experience.

Disciplinary approach aims to attain information and skills with regard to a specific discipline. Therefore, this approach does not mention interdisciplinary relations; the disciplines are independent of each other. However, in the interdisciplinary approach, the disciplines are handled in an interrelated way, there is integrity between them. The disciplines that come together in a common ground work together. This comparison can be concreted with the concept of 'management'. Taking the 'management' concept scientifically in its borders and examining the main concepts of management as well as how it is and how it should be and will be is a disciplinary approach. However, associating the concept of management with many other fields such as sociology, psychology, economy, business, and education is an interdisciplinary approach.

Interdisciplinary programmes are designed in various ways. Some examples include standard based integrated design, concept based interdisciplinary design and problem based inter-

disciplinary design (Drake, 2007; Erickson, 1995). Standard based programmes are designed according to some previously identified aims and criteria while problem based designs are designed according to real life problems. Concept based approach chooses a concept and creates the conceptual integration of this concept in various disciplines (Erickson, 1995). For instance, the content in relation to concept of cycle is composed of all the related information sources. Butterfly cycle, season cycle, water cycle, plant life cycle, population cycle, recycle and people effect on cycle. The focus of this approach is to create the main concepts about the course.

Today, information, methods and techniques specific to one discipline are not enough for making sense of the concepts to be learned. Therefore, it is necessary to integrate more than one discipline. This integration should involve a synthesis of disciplines rather than the disciplines independent of each other. In line with these statements, interdisciplinary programme notion can be considered to have emerged as a natural result of the needs of today's information society. Taking a specific concept or problem as a base with an interdisciplinary design, the topic can be integrated with knowledge and skills of various fields that can shed light into that topic from different angles. This way enables both the instruction of knowledge and skills in specific disciplines and the meaningful use in an integrated way (Yıldırım, 1996).

In line with the above mentioned purposes, the study aims to find answer to the following question: What are the views of teachers on the instruction practices of interdisciplinary programme model?

1.1. Purpose of the study

The purpose of the present study is to identify teachers' views on the instruction practices of interdisciplinary programme model. In line with this purpose, the study aims to find answers to the following questions:

1. What are the teachers' views on interdisciplinary programme model?
2. What are the teachers' views on the practices of interdisciplinary programme model in the education processes?
3. What are the teachers' suggestions on the effective implementation of the interdisciplinary programme model?

2. Method

2.1. Research design

This study which is descriptive in nature and aims to identify the present situation on the issue was designed using qualitative research techniques. As the purpose of the study was to identify views, the data were collected using semi-structured interview technique, which is one of the qualitative data collection methods. This technique enables time flexibility in practice. Researchers can ask previously prepared questions and include more questions in the interview process with a view to obtaining in depth information (Bogdan and Biklen, 2007; Yıldırım and Şimşek, 2006).

2.2. Participants

The study was conducted with secondary school teachers working in the city centre of Adana, Turkey. The teachers were selected using one of the purposeful sampling methods—maximum variation sampling method. Maximum variation sampling method aims to identify common points and similarities among diverse groups, rather than make generalizations about the target population through variation (Yıldırım and Şimşek, 2006). Maximum variation was enhanced by choosing teachers from 5 different branches and schools with different socio-economic levels. Table 1 summarises the information about the teachers.

Table 1. Frequency of the participants according to gender and years of experience in profession

Branch	Years of experience	Female	Male	Total
English (E)	4, 8, 9, 9, 14, 15, 17	5	2	7
Turkish (T)	8, 9, 12, 12, 14, 15,	4	2	6
Mathematics (M)	4, 8, 13, 14	3	1	4
Science (S)	3, 4, 8, 9, 15, 20	3	3	6
Social Studies (SS)	7, 7, 8, 14, 17, 21	3	3	6
Total		18	11	29

Source: Author's own elaboration.

As seen in Table 1, the study was conducted with 29 teachers, 18 females and 11 males, from 5 different branches. The teachers' experience in profession ranges between 4 and 21 years.

2.3. Data collection tool

The data were collected using a semi-structured interview form consisting of 6 questions. The form included such questions as the teachers' general views on interdisciplinary programme model, advantages and disadvantages of interdisciplinary practices, problems they experience in interdisciplinary practices and ideas regarding possible solutions.

2.4. Data analysis

Data collected from the semi-structured form were analyzed using descriptive methods. Teachers' views on interdisciplinary programme model were identified in line with the questions in the form. In some cases, quantitative values such as percentages and frequencies were given with a view to making interpretations easier. Once the teachers were grouped according to the initial letters of their branches (E for English, S for Science, SS for Social Studies, M for Mathematics, T for Turkish), their views were presented with their original expressions given in quotation marks.

3. Findings

3.1. Findings in relation to the teachers' views on limiting a course with its own borders and associating it with other courses

As indicated by the evaluation of the findings regarding the teachers' views on limiting a course with its own borders and associating it with other courses, the teachers agree with the idea that the courses should be associated with each other. Teachers' views parallel to this notion are as follows:

'Absolutely, the courses should be associated with each other. A course should not be limited with its own field only. Once courses are associated with each other, students can understand the topic better; and learning becomes easier' (E1, E4, T1, T4, T5, T6, M1, S2, S3, S5, S6, SS1, SS3, SS4, SS5, SS6). 'Associating the topic covered with different courses helps students to understand the topic in an integrated way and enables them to have a broader point of view. Integrating Science with Mathematics and Social Studies makes learning easier' (S4).

As it can be seen in these findings, 'associating, integrating, understanding, making it easier, learning, and looking from a broader perspective' are the highlighted points on the issue.

'Courses should absolutely be associated with each other. Information in many courses affects each other. English is related to Turkish, and Maths is related to Science. If your Turkish is good, you learn English more easily' (E2). 'You cannot understand a course well enough without associating it with other courses' (E3). 'In order for a student to solve a problem, s/he should understand the question. This case is directly related with reading comprehension, namely Turkish lesson' (M2). 'My branch is Mathematics. This field is related to both Turkish and Science. A student can only solve the problem after understanding what s/he has read' (M3). 'No borders remain between courses when you support the information you give with the examples from other courses. For instance, we benefit from Mathematics and science while teaching 6th grade geography and map information topics' (SS2). 'While teaching parallel and meridian topics and identifying the location of somewhere in the world in Social Studies, we have to associate them with Mathematics' (SS3).

This finding suggests that teachers try to make concrete explanation of the effects of connections between courses on reasoning and comprehension. It is important to note that especially Turkish and Mathematics courses are believed to form a basis for other courses while Science is thought to be related to real life.

'Courses should be holistic and comprehensive. For instance, while solving problems in Mathematics, many interdisciplinary connections can be established (e.g reading, understanding, writing well, grammar, and daily life)' (T4). 'Interdisciplinary connections

should be established, but they should be appropriate to the aims of the course' (E6). 'As constructivist approach is dominant in Turkey, it is impossible to limit a course with its own borders' (T2). 'Courses should be associated not only with each other but also with life'(T3).

This finding suggests that teachers highlight the importance of appropriateness of real life connections to the attainments of the course.

3.2. Findings in relation to the teachers' views on the advantages and disadvantages of associating a course with other courses

Teachers' views on the advantages and disadvantages of instructing a course by associating it with other courses are analyzed under two sub-dimensions as advantages and disadvantages.

All the teachers participating in the study state that associating a topic with other courses brings advantages. Views of teachers on this issue are as follows:

'There are many advantages because a child's knowledge affects his success in other lessons as well' (E2, M1, M4, S1, SS3). 'I associate English with Social Studies through Atatürk and national holidays topics, and with Mathematics through numbers and problems topics. The course becomes more interesting and informative then' (E1). 'Instruction becomes more meaningful and effective. As people perceive life in a holistic way, interdisciplinary connections save teaching from artificiality. [...] No disadvantages occur as long as the connections are established correctly' (E3). 'There are no disadvantages of establishing interdisciplinary connections; on the contrary, the reverse case may cause disadvantages. If the student sees and understands the relationships among courses in real sense, s/he learns the topic permanently. He improves his research and exploration skills' (E4, S2). 'If one course is associated with other courses, students can handle the topic with all aspects and concretize the topic. They are motivated and become aware of the importance of the lesson. They have the advantage of looking from different perspectives and thus compare and examine' (E5, E7, T5, T6, M2, M3, S4, S6, SS4, SS5, SS6). 'I believe it has more advantages than disadvantages. Everything is connected in the universe; and the same is true for the courses. They help learners to refrain from memorizing and they make concepts easier' (T1). 'They also enable to transfer what is learned to various lessons and thus contribute to the meaningful learning' (T2).

In line with the above mentioned views, interdisciplinary instruction is thought to bring many educational advantages such as increasing academic success by combining the knowledge in one course with another, freeing instruction from memorization and artificiality by transferring knowledge to different courses, motivating students by making the lesson interesting and informative, developing research and exploration skills by looking at the topic from different perspectives, and concretizing the topic.

As for the disadvantages of interdisciplinary instruction, teachers were found to focus more on the wrong practices and the limitations of the interdisciplinary instruction than the disadvantages. Teachers' views on this issue are as follows:

'Each topic should be learned as a discipline in its own field. If the student learns the topic well in its own field, he can make connections with other courses much more easily. Otherwise, there can be many problems in learning and teaching' (SS2). 'I do not think that it has disadvantages, but it may cause confusion if it is not used right' (E1). 'Interdisciplinary associations make learning more concrete, but there can be some problems while learning abstract topics' (T3). 'Establishing connections between courses and thus making learning permanent are an advantage; but if it is not the teacher's field of expertise, some difficulties can be experienced. The teacher can overcome this problem by making some research and prior preparation' (T4). 'The advantage is that a student can increase his success by using the knowledge he gained in other courses. As for the disadvantages, it can take a lot of time; you may drift away from the topic, which causes confusion among students' (S1, S2, S3, S5). 'The course may lose its unique basic qualities. If the instruction goes beyond its aims, students may ignore the lesson. Therefore, it is more beneficial to establish connections by sticking to the main course' (SS5).

In line with the findings mentioned above, the teachers seem to focus on some disadvantages or limitations of interdisciplinary instruction. Some examples regarding disadvantages of interdisciplinary instruction as perceived by the teachers include disciplinary information that may be learned wrongly, it may cause confusion regarding the scope and limitations of the courses, constantly trying to make topics more concrete makes teaching abstract concepts more difficult, it can take a lot of time, there is a risk of wrong information transfer because the topics are not the teachers' field of expertise, and it may cause chaos in the class as a result of drifting away from the topic.

3.3. Findings in relation to the things teachers take into account while they establish interdisciplinary connections

Of the 29 teachers who participated in the study, 28 teachers stated that they could establish connections with other courses. The teachers' views on the issues they consider while establishing these connections are as follows:

'I use tools such as art and music to help comprehension. I am also trying to attract students' attention by using the computer' (E2). 'I give research tasks so as to help students to see the connections between the courses' (T5).

In line with the finding above, teachers seem to give importance to visuality, interest, technology, and research while establishing connections with other courses.

‘It is easier to try to establish connections between the courses with similar scope. For instance; in my courses (English), I establish more connections with Turkish, which is another language course’ (E4). ‘While learning a foreign language, students can benefit from their own language a lot. I use language-culture and language-society relations while teaching English’ (E6). ‘When the student learns other courses well and has enough readiness level, it is much easier to establish interdisciplinary connections. Otherwise, it is very difficult to establish these connections. For instance, a student who is good at Turkish grammar learns English grammar faster and more easily’ (E7).

Views in these findings show that the teachers try to establish connections with fields that are close to each other.

‘While establishing connections, I try to make students see the relations generally, without going into details’ (T1). ‘In line with students’ prior knowledge, I try to establish connections through questions and answers, without going into details’ (T2). ‘I exchange ideas with other teachers before establishing interdisciplinary connections. I try to make connections through concrete experiences’ (T4).

These findings suggest that some teachers tend to make general connections without getting into details. Besides, exchanging ideas with other teachers is another remarkable finding.

‘While analyzing the problem, I establish connections with Turkish lesson in terms of language and expression, with Social Studies lesson by drawing conclusions for real life, and with Art lesson by making students draw geometric shapes’ (M4).

This finding also suggests that some teachers are quite aware, conscious, and careful about interdisciplinary relations and can systematically establish these connections.

‘I try to draw attention to contemporary real life topics and establish concrete connections’ (S3, S4, SS2, SS3). ‘By putting my course in the centre as the purpose, I put other courses around as tools’ (E3). ‘I try to establish connections by discussing how my course is handled in other courses’ (S6). ‘I try to establish connections through the other topics students learn in other courses’ (E1).

This finding shows that contemporary topics are made more concrete and the main course is put in the centre. Another important point in these views is that teachers take students’ opinions while establishing interdisciplinary connections.

As mentioned before, one of the participants stated that he could never establish interdisciplinary connections; and one other teacher said she could establish connections with only one course. Teachers’ views and their justifications are as follows:

‘I can establish interdisciplinary connections only with topics that require calculations because I do not have time to review the programmes of other courses and establish connections’ (S1).

‘No, I cannot establish interdisciplinary connections. There are not enough materials at school, and the crowded classrooms do not have adequate equipment. Generally, indiscipline in education causes problems in establishing connections between courses’ (SS5).

In line with the two views mentioned above, knowledge level of teachers about other courses and the school equipment has effects on making interdisciplinary connections.

3.4. Findings in relation to the teachers’ view that interdisciplinary connections can be established in every course

Of all the teachers participating in the study, 23 teachers stated that interdisciplinary connection could be established in every course. The views on this finding are as follows:

‘I agree. Lessons are like domino. If one of them falls down, the others will fall down, too. If a student’s reading skills have not developed, he cannot comprehend what he reads’ (E2). ‘Interdisciplinary connections can be established in every course because interdisciplinary does not mean to mention each course a little. For instance, it does not mean to mention a little science and a little Social Studies in Mathematics lesson. It is the effective integration of information from different fields while instructing knowledge and skills’ (E3). ‘I totally agree. One cannot think that there are no connections between the courses. These connections should absolutely be established so as to make learning permanent. We cannot separate English from Turkish. We cannot think of Science without Mathematics’ (E4). ‘Interdisciplinary connections can be established in every course because education is integration. All courses are the interrelated parts of the integrity called life’ (E5, E7, T5, T6, M2, M4, S3, S4, S6, SS2). ‘Each course has an aspect that can be associated with another course. I am trying to see these aspects’ (T1, T2, T3). ‘In fact, each course forms a basis for understanding other courses. A student who learns how to read and write well in Turkish course can better understand the other courses. A student who is good at Maths performs better in Science’ (T4). ‘As a Science teacher, I try to make connections with Mathematics while solving problems, with Social Studies while teaching such topics as minerals and fossils, and with Music while teaching sound propagation’ (S2). ‘Interdisciplinary connections can be made in every course. If we are good at Turkish grammar, we can learn English grammar more easily. Everything in life is interrelated with each other’ (SS3).

Three participants said that interdisciplinary associations could be established in every course; however, they also mentioned that some problems might be experienced. Their views on this are as follows:

‘I believe that it should be made, but I have some problems with students’ knowledge level in some classes’ (SS1). ‘There can be some problems in establishing the connections appropriate to the students’ levels’ (S4). ‘I agree, but it does not have the same effects or benefits in all courses’ (E1).

Three teachers stated that interdisciplinary instruction could not be applied in every course. Their views are as follows:

‘No, interdisciplinary connections cannot be established in every course. Numerical and verbal courses have topics that are not related with each other’ (M3, S1). ‘No complete connections can be established between core courses and talent courses’ (SS5).

3.5. The teachers’ views on the courses they thought most appropriate for interdisciplinary instruction

Findings in relation to the teachers’ views on the courses they thought most appropriate for interdisciplinary instruction are analyzed according to the teachers’ branches. For a general review, the frequency of the courses that the teachers thought most appropriate for interdisciplinary instruction is analyzed according to the teachers’ branches.

Table 2. Frequencies and percentages of teachers’ views on the courses they thought most appropriate for interdisciplinary instruction

Branch	Frequencies according to the courses								Total
	Turkish	Science	Social Studies	Mathematics	Music	Art	English	Physical Education	
English	5	2	2	3	2	1	1	2	18
Turkish	5	2	3	2	2	2	–	–	16
Mathematics	3	3	1	3	–	–	–	–	10
Science	5	6	5	4	3	2	1	1	27
Social Studies	3	3	4	2	1	–	3	1	17
Total	21	16	15	14	8	5	5	4	88
%	24	18	17	16	9	6	6	4	100

Source: Author’s own elaboration.

As seen in the table above, teachers find Turkish lesson most appropriate for interdisciplinary connections (24%). Beside Turkish, the other highly preferred courses are Science (18%), Social Studies (17 %) and Mathematics (16%). Music (9%), Art (6%), English (6%) and Physical Education (4%) are also the courses that are associated with interdisciplinary instruction.

Teachers’ views on the courses that are most appropriate for interdisciplinary instruction are English, Turkish, Mathematics, Science, and Social Studies respectively.

‘Science, Mathematics, English, Social Studies, Turkish (E1, E4, E5). Turkish is related with English, and Science is related with Maths. In fact, Visual Arts, Information Technologies, and Music are related to many courses. These courses make comprehension easier in other courses’ (E2). ‘Since Music and Art courses address more than one sense, they are the most appropriate courses’ (E3). ‘Physical Education and Mathematics are appropriate; body and mind control can discipline the person’ (E6). ‘First Turkish, then Social Studies because they are the courses about language, history, and life’ (E7).

‘Turkish, Social Studies, Mathematics, Science, English, Art, and Music are the most appropriate courses’ (T1, T2, T5, T6). ‘The most appropriate course is Turkish because reading texts include fundamental information about life and courses at school. Sentences we use while teaching grammar are associated with other courses’ (T3). ‘The courses can be divided as numerical and verbal. For instance, the Turkish course can be connected with Social Studies, Music, and Art courses’ (T4, M4).

‘Turkish, Mathematics, Science, and Social Studies courses are the most appropriate ones for interdisciplinary instruction. The topics in these courses are not independent of each other’ (M2). ‘Mathematics, Science, and Turkish are the courses that can be used for effective interdisciplinary connections. For instance, we cannot expect a student who does not know the ratio and proportion topic in Mathematics to calculate elongation of the springs in Science lesson. The effects of Turkish lesson are seen in all courses. If the student’s reading comprehension is not good enough, he does not perform well in other courses, either’ (M1, M3).

‘Some connections can be established between Turkish and Social Studies and Science and Mathematics’ (S1). ‘Science-Social-Mathematics, English-Turkish and Science-Music courses are appropriate’ (S2). ‘Connections can be made between Science-Mathematics, Music-Art, Turkish-Social Studies’ (S3). ‘Connections can be made between Science-Social and Turkish-Social’ (S4, S5). ‘Turkish, Science, Art, Music, Physical Education, Mathematics’ (S6).

‘Mathematics, Science, Turkish, Social Studies courses are interrelated with each other. A student who is successful in one becomes successful in the others as well’ (SS1). ‘It is possible to establish connections between Social Studies and all the other courses’ (SS2). ‘Social Studies, Science, English-Turkish’ (SS3). ‘Mathematics-Science-Technology Design-English, Social Studies-Turkish-English-Religion, Technology Design-Visual Arts-Music-Physical Education courses can be associated’ (SS5).

3.6. Findings in relation the teachers’ suggestions on how to conduct interdisciplinary instruction effectively

Findings in relation the teachers’ suggestions on how to conduct interdisciplinary instruction effectively are as follows:

‘Teachers should be prepared and aware of interdisciplinary instruction. They can be provided with trainings on the issue’ (E1, SS2). ‘Interdisciplinary instruction is not just combining the contents of two courses. It means a qualitative integrity between the

courses. Teachers should be provided with trainings to improve their awareness and skills on the issue of interdisciplinary practice' (E3, T5). 'While planning the lesson, we should identify with which courses we would establish connections and make preparations accordingly' (T1). 'The topics should be reviewed by the teachers and the points to be associated should be identified beforehand' (M2).

The statements above indicate the teachers' need for in-service training opportunities on the interdisciplinary instruction. Teachers' views seem to focus on understanding interdisciplinary instruction, preparing the lesson, and improving practice skills.

'It is important that the teaching environment is physically convenient, that students have enough readiness level, and that teachers from different branches work cooperatively' (E4, S4, SS1). 'We can have meetings with the teachers whose branches are going to be associated with ours. Teachers from different branches can be invited to our classes and these teachers can explain the parts related to their branch' (T4, S3). 'Interdisciplinary connections should be established with concrete examples. Teachers should work cooperatively' (T2, T6, S1, S2, S5).

These statements emphasize the importance of cooperation among the teachers. In addition, the participants mentioned the importance of readiness level and suggested that interdisciplinary connections should be established with concrete examples.

'Curriculum and course books can be prepared in accordance with the interdisciplinary instruction. However, the core knowledge in the main course should be taught accurately first. Connections between the units should be made correctly' (T3, S1, S3, S6, SS3). 'Weekly schedule of the courses should be prepared considering the interdisciplinary associations' (S1) 'The attainments in the main course should be considered while establishing connections because there is a risk of getting away from the purpose' (M2). 'Units should be parallel to each other in the curriculum' (S2). 'Numeric lessons and verbal lessons should be associated within each other. Physical Education course is especially important for discipline and order'(SS6).

Teachers' views on the statements above are related to curriculum, content, courses, and the way the connections should be established. There are concrete suggestions especially about the ways connections should be established.

'Connections should be established benefitting from the technology and explained using tools such as pictures, figures, videos, etc.' (S3). 'Schools should have a very rich substructure. Classrooms, ateliers, sports halls, laboratories, and technological equipment should be very good and they should be used effectively. The classes should not be crowded' (SS5).

This finding draws attention to the importance of the school equipment in interdisciplinary education practices. As it is known, technology and other school facilities are of great importance in every education environment.

4. Discussion

All the teachers participating in the study agree with the idea that the courses should be associated with each other. Only three teachers stated their concerns about the process of establishing interdisciplinary connections. Teachers think that associations among courses unify the courses, help students to have a look at the topics to be learned with a broader, thematic understanding, make learning easier, and help students to make analytical connections by synthesizing. According to Humphreys, Post and Ellis's (1981), interdisciplinary practices help students to expand knowledge about many aspects in their environments; they enable students to improve their knowledge, skills, and practice in more than one field. Interdisciplinary instruction can therefore be said to integrate disciplines by eliminating the borders between them, and this integrity makes learning and transferring easier.

Teachers focus especially on the effects of interdisciplinary associations on comprehension and reasoning. This case is appropriate to the nature of interdisciplinary instruction because one of the important aims of interdisciplinary instruction is to make comprehension easier by integrating the disciplines. Besides, teachers mentioned courses such as Turkish, Mathematics, and Science as the foundations of the other courses, which can be explained with the perception that Turkish is important in comprehension, Mathematics is important in thinking, and Science is important in interpreting life. Findings in this issue seem to be parallel with the notion that Jacob's (1989) interdisciplinary curriculum helps teachers to design motivating learning experiences for students and find new options in implementing curriculum.

Teachers' emphasizing the appropriateness of the interdisciplinary connections with the attainments of the course can be explained by their role to develop disciplinary scientific knowledge. Interdisciplinary approach does not mean that disciplinary instruction should be eliminated completely. Learning about language, knowledge, and skills that are unique to specific subjects is of great importance in thinking effectively and searching in that specific field. Interdisciplinary approach is not the antithesis of disciplinary instruction, rather, it should be considered as an approach that can be applied together with disciplinary approach (Yıldırım, 1996).

All of the teachers participating in the study believe that interdisciplinary instruction brings more advantages than disadvantages. Teachers stated that interdisciplinary instruction had important advantages such as helping transfer, increasing success, making the topic more concrete and comprehensible, making learning meaningful and permanent, motivating students by making the course more interesting and informative, and improving research and exploration skills. These views seem to be consistent with the first finding. Research on neurophysiology indicates that human brain improves with variety and works more effectively with the connections established. Every operation in the brain concerns the whole brain; the production is obtained as a result of brain's working as a whole (Hebb, 1959). Interdisciplinary approach not only increases students' interest in school and active participation in the

lesson but also eliminates undesirable student's behaviour (Sullivan, 2000). Therefore, interdisciplinary instruction is effective in such cases as transfer and permanent and meaningful learning.

As to the disadvantages of interdisciplinary instruction, teachers mentioned such problems as the long time allocated for such instruction, insufficient or incorrect teaching and learning of a discipline topic and confusion about the borders of the course. Teachers think these kinds of concerns might have resulted from the notion that unique borders of the disciplines cannot be learned. Interdisciplinary instruction does not eliminate any discipline; conversely it brings its function by integrating with other disciplines.

Of the 29 teachers who mentioned establishing interdisciplinary connections in their course, 28 stated that they featured such properties as visuality, interest, technology and research. They also said they tried to establish connections between the fields that are related to each other. This case is consistent with interdisciplinary philosophy and its understanding of learning and teaching. Integrating Art, Mathematics, Natural Sciences, and Social Studies increases cognitive development, abstract thinking, creativity, and problem solving skills (Perkins, 1994).

Some teachers were found to make general associations without getting into details, which indicates that they are cautious about the borders of interdisciplinary connections or they relate detailed information about one field with disciplinary instruction. Besides, exchanging ideas with other teachers, making the topic more concrete with contemporary issues, and putting the main course in the centre indicate that they consider life, discipline and interdisciplinary balances.

Of all the teachers participating in the study, 23 mentioned that interdisciplinary connections could be established in every course because the courses formed base for each other, they united in a large field, and life was integrity. As interdisciplinary associations help students to see and understand the variables about real life as a whole (Drake and Burns, 2004), teachers might have associated interdisciplinary relations with the integrity of the whole universe.

Three teachers participating in the study stated that interdisciplinary connections could be established in every course, but it might cause some problems. These teachers seem to be aware of the importance of interdisciplinary instruction but have some worries and hesitations about practices. Other three teachers participating in the study stated that interdisciplinary connections could not be established due to the differences in the field and the different functions of the courses in the curriculum. Those who have hesitations about practicability or who say that the approach cannot be used in every course might think so due to such factors as their notion of education, their experience in interdisciplinary education practices, physical conditions of the schools, and the problems about students' readiness levels. Teachers who apply this approach put it into practice by cooperating with other teachers in the same classroom, at the same time. Generally, planning this model requires great effort and devotion with a view to making associations between time and programme content. Getting monotonous is eliminated, so teachers can review programmes from a new and different perspective. However, it might bring extra workload to the teachers. This fact might have affected teachers' attitudes towards interdisciplinary instruction in a negative way.

Teachers think that interdisciplinary associations can be used most conveniently in the Turkish, Science, Social Studies, and Mathematics lessons respectively. This finding might result from the fact that these courses are the core ones in primary and secondary schools. Spicer (2001) points that interdisciplinary approach helps to improve reading and writing skills in numeric and verbal sciences. English teachers participating in the study find Turkish and Mathematics courses appropriate to interdisciplinary instruction. This finding might result from the fact that Turkish is a language course like English; and Mathematics is a course related to abstract concepts.

Views of Mathematics teachers show that they found Mathematics, Science, and Turkish courses more appropriate to interdisciplinary instruction. Mathematics is important for Science, and Turkish is important both for Science and Mathematics, which might have affected the teachers' opinions. Besides, although Science teachers found their course appropriate to interdisciplinary practices, they also found Mathematics, Turkish and Social Studies courses appropriate at high levels. On the other hand, findings about Social Studies teachers seem to be parallel to the ones about Science teachers. Although Social Studies teachers also stated their own course primarily, they found Science and Turkish courses more appropriate for interdisciplinary instruction.

The teachers made some suggestions about the deficiencies in understanding, planning and implementing interdisciplinary practices. In this regard, teachers need to have in-service training courses about interdisciplinary instruction. The importance of cooperation is remarkable among the suggestions with regard to interdisciplinary instruction. Another remarkable suggestion is the importance of readiness level, curriculum, content, course books, the way courses are associated, and the use of concrete examples in making interdisciplinary associations. In this regard, the design of interdisciplinary instruction should be made by considering many variables about education. The appropriateness of the education teachers received, curriculum, books, and students' readiness levels for interdisciplinary instruction play an important role in designing integrated programmes.

5. Conclusions and recommendations

The results of the present study which aimed to identify teachers' views on interdisciplinary programme model and its practices are summarized below.

All the teachers participating in the study believe that courses in primary and secondary schools should be associated with each other. They also think that interdisciplinary instruction brings many educational advantages such as increasing academic success, transferring knowledge to different courses, enhancing meaningful and permanent learning, drawing attention, motivating, concretizing, and developing research skills. Some important constraints of the interdisciplinary instruction mentioned by the teachers included causing chaos in the lesson, drifting away from the topic, prolonging the time allocated for the topic, and not understanding the borders of the disciplines.

Teachers can easily establish connections between their courses and other courses. While doing so, they use such methods as problem solving, discussion, and question and answer. Some other methods used with a view to establishing connections include cooperating with

other teachers, using contemporary issues, and integrating disciplines in a general field without going into details.

According to the 23 teachers participating in the study, interdisciplinary connections can be established in every course while 6 teachers think it is not possible because the topics are not related with each other. Teachers think that connections can be established mostly in Turkish, Science, Social Studies and Mathematics courses. They believe that there should be more in-service training courses regarding interdisciplinary instruction. Given the above mentioned statements, it is recommended to provide teachers with trainings to help them use interdisciplinary instruction effectively. Therefore, practical trainings on integrated programmes should be planned in the undergraduate programmes and in-service trainings.

Just like in every education environment, it is important to have a rich education environment in terms of materials in interdisciplinary instruction. It is important to redesign places such as laboratories, libraries, research centres, ateliers, sports halls and art galleries which can make important contributions to interdisciplinary education in a way to support these services.

Teachers should instruct their courses by establishing connections with real life. They should use strategies, methods, and techniques such as trips, observations, experiments, cooperative works, and performance and project tasks which would associate different courses with each other.

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Model interdyscyplinarnego programu edukacyjnego oraz ewaluacja jego wprowadzania do procesu nauczania

Abstrakt: Artykuł zawiera analizę badań poglądów nauczycieli na model interdyscyplinarnego programu edukacyjnego oraz ich sugestii dotyczących możliwości efektywnego wdrożenia tegoż programu do procesu nauczania. W badaniu uczestniczyło w sumie 29 nauczycieli, w tym 18 kobiet i 11 mężczyzn uczących pięciu różnych przedmiotów. Odpowiedzieli oni na 6 pytań w formie ankiety, która następnie została poddana drobiazgowej analizie opisowej. Ankietowani ogólnie uznali za słuszną ideę integracji międzyprzedmiotowej, wskazali na jej dobre strony, ale także zauważyli wady.

Były to między innymi pewne ograniczenia w sposobie prowadzenia lekcji, który wprowadzał chaos, oddalenie się od właściwego tematu a co za tym idzie – wydłużenie czasu przeznaczonego na jego realizację. Ankietowani stwierdzili również, że uczniowie nie zauważają granic pomiędzy konkretnymi przedmiotami. Po końcowej analizie ankiety zaleca się szeroko pojęte wspomaganie nauczycieli w zakresie korzystania z metod interdyscyplinarnych oraz pomoc przy wdrażaniu nauczania zintegrowanego do pracy dydaktycznej.

Słowa kluczowe: interdyscyplinarne metody nauczania, zintegrowane programy nauczania, edukacja, planowanie procesu edukacji, konstruktywizm

Child–parent relationships determinant of social status in the child group

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Abstract: The material presents a study of child–parent relationships in contemporary Bulgarian families as a determinant of the social status of the child in the child group and their impact on self-assessment. Essential parameters determining the parental position, the confidence of the child in the family and the relationships between them are being explored.

Data interpretation is directed towards characterizing the correlations between: relationships and the social status of children; relationships and the self-esteem; social status and the self-esteem of children for design of the educational potential of the family and proper upbringing and education of the children.

The significance of the results that have been obtained is groundwork of projecting educational potential of the family for adequate upbringing and education of children who are pro-socially oriented. On the other hand the data are a basis for rethinking about the connection between the social organizations—the family and the kindergarten for togetherness in the actions and understandings of the upbringing and development of the child.

Key words: family, child-parent relationships, parental position, self-esteem of the child, social status

1. The relationships in the family—determinant of the education and development of the child's personality

The family is of great significance for building the child's personality. It laid the foundation of the child's behaviour, the relationship with the surrounding world. It is by the family that the child joins society and becomes its member. The experience gained from child-parent relationships largely determines the nature of subsequent life.

Pedagogical and psychological literature points that the impact of child–parent relationships reflects development of self-esteem (Stolin, 1981), interpersonal relationships of the child, the occurrence of activity (Baumrind, 1991).

This problem is particularly important because in the field of upbringing and education, there is a behavioural crisis be-

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tween generations. A need for detailed study of their child, reconsidering the relationship with him/ her and adoption of adequate strategies for the age and characteristics of the child to influent, arises in the parents.

Special features of family education are predetermined by the dynamics and changes in social life. The face of the family as a personal environment and social institution, the parent and child generations are being changed.

In ontogenesis especially the first seven years in child's development are important. The experience during that period leaves a lasting mark in the individual and determines his/ her realization and his mental stability.

The proposed development presents a study designed to explore the characteristics and nature of child–parent relationships as a determinant of social status and self-esteem of the child in the peer group, which orientates towards the development of the educational potential of the family.

A leading component in the educational potential of the family are internal family relations, insofar as the family as a social community represents as a system the links and interaction between the members. They arise to meet diverse needs. The internal family relations manifest themselves as interpersonal relationships at different levels: parent–parent; parent–child; child–child. Interpersonal relationships are examined by a number of researchers such as social-psychological mechanism for shaping the individual.

In the theory and practice convincing evidence is shown that families with lasting positive contacts, with respectful attitude towards the child assist him/ her to form positive qualities such as kindness, ability to empathy, ability to overcome conflicts, etc. In these families the child more adequately realizes his/ her own Self, his/ her integrity and sense of human dignity is being build.

The understanding of parental relationships is about system, set of emotional relationships of the parent to the child, parental perception of the child and the means of action and behaviour between them. Parental attitude is a part of the specificity of the parental relationships. It directly influences the attitudes and behaviour of the children. As significant features of the parental relation are indicated their emotional, cognitive, activity-related aspects.

Child–parent relationships are a case study of the humanistic psychology of C. Rogers, the social learning theory (D. Baumrind, E. S. Schaefer), the Russian school of psychotherapy (A. C. Spivakovska, A. Varga and others), the authors of the clinically oriented literature (C. I. Garbuzov, E. Aydemiller, J. Bowlby and others). Parental respect is multidimensional education, in which structure, according to A. Varga, contains the following parameters: acceptance or rejection of the child; interpersonal distance with the child ('symbiosis'); control (authoritarian hypersocialization); social necessity of the behaviour (Andreeva, 2007).

The active position of the child in relationships with parents is a key attribute that characterizes family upbringing. In this sense, child–parent relationships include the impact and acceptance by the child forms of interpersonal relations with parents. The notion of relations with parents within the child has adjusting, directing and controlling nature and determines the tactics of interaction with parents.

At present the problem of child–parent relationships in the family is important and significant, especially when sociologists, pedagogues and psychologists report crisis in the Bulgar-

ian family connected with education, relationships with adolescents, and their personal development. The issues and difficulties in the upbringing of the younger generation have been accumulated over decades—years of transformation and vague image of public relations. In those decades a generation that takes on new functions—as parents, has been developed. The accumulated educational deficit in young parents makes it difficult to adequately upbringing and develop their children. ‘The picture’ of relationships between parents and children is the starting point for determining the highlights of the functioning of the modern family.

The adequate solution to the current problems of family education and development of child’s personality is dependent on the characteristics of the society and its impact on family relationships, which raises the need to examine these phenomena.

2. Conceptual bases of the research

The formulations displayed here navigate into the construction of the conceptual basis of the research.

An object of the study are child–parent relationships of children at preschool age and their correlation with social status of the child in the peer group.

A subject of the research are the connection and characteristics of the relationships child–parent to the characteristics of the parental position, self-esteem of the child in the family and its implementation as a subject in the child group.

The aim of the study is to: research the characteristics and nature of parent–child relationships as a determinant of social status and self-esteem of the child in the child group.

Tasks of the study:

1. Study the characteristics of the parental position and attitude to children, i.e. the style of the relationships.
2. Investigation of the dependence between:
 - relationships parent–child and the social status of children;
 - relationships parent–child and child’s self-esteem
 - the social status and child’s self-esteem.

The experimental study was conducted with children at the age 6 to 7 years old and their parents in 2013 and in February–March, 2014. The sample is random in nature and involves people from different regions in Bulgaria: Plovdiv, Sliven, Sofia, Stara Zagora, Haskovo, Yambol.

Contingent of the study are 180 Bulgarian families and 20 Bulgarian Roma families whose children attend kindergarten.

Authors and modified methodologies adequate to the purpose and the tasks: a questionnaire about the style of parents’ education; projective methods of drawing ‘My Family’; ‘the ladder’ methods; test-questionnaire to study the parent relation (on A. Varga, V. Stolin); sociometric methods (J. Moreno); polls; lectures; complex methods of mathematical statistical processing of empirical data (SPSS for Windows, 10.0) have been used in the study.

3. Characteristics of the style of the relationships in the family

The style of parent education outlines a certain trend in contemporary Bulgarian family (priority from southern Bulgaria). The survey of parents conditionally is differentiated into two groups: Roma families and families with a wide representation (Bulgarian families).

The ethnic differentiation is provoked by problems that the interviewers present (graduate teachers and teachers in Masters programmes, students in Bachelor's degree programmes) when working with the indicated group of families.

The study presents small but diverse internal family relations in Roma community. The social profile of the Roma families is 'diverse' and reflects the type of family relationships.

The patriarchal type of family in which the role of the elderly parent—father or grandfather—regulates family relationships comes to the fore. The results show that the authoritarian style of behaviour (50%) is typical for Roma families. The dynamics of the Roma life, travel and work abroad do not change the closed nature of the families. The adults have an attitude to strict control, prohibitions, reprimands and physical punishment. There is a noticeable maternal tendency towards 'understanding' behaviour, but the authoritative fathers stick to the selected type of parental authority. This type of parents establishes rules of life requiring strong internal family cohesion and awareness of the roles in the family.

The democratic style of upbringing occurs in some nuclear Roma families (15%) where parents are educated, have good jobs and career. The parents encourage personal responsibility and autonomy of their children according to age capabilities. They try to help them and require meaningful behaviour.

The chaotic style of upbringing has the same amount (15%) of the surveyed Roma families. They have low social status, with temporary or non-labour activities, overcoming the social and living problems with difficulties, unsustainable. They are not interested in educating and preparing their children for a meaningful life. The contact with the child institution does not exist, and parental responsibilities are transferred to older siblings. They refuse to participate in the survey. Trends of indifference of the parents emerge in this group.

Similar trends are found in the liberal style of education represented in 20% of the families. Children are left to 'freedom'. The parents feel reluctant to guide them.

While in the other group (Bulgarian families) the liberal style of relationships is found in child-oriented families, in Bulgarian Roma it is in two social unsuccessful and two disorganized families, almost leading a nomadic life. The attention of the family (as far as it can be considered as one) is to the physical survival of children and kindergarten (according to the interviewers) an alternative for these families.

The status of family education in the other group of Bulgarian families is with different characteristics, seemingly better (note).

The democratic style of behaviour have 40% of the surveyed families. The parents say they feel responsible for the development and education of their children; they require meaningful, prosocial oriented behaviour and strive to create order (discipline) in the daily behaviour of the child. They tend to take the initiative for cooperation, exhibited by the children.

Parent-child relationships are bound by the subject-subjective communication.

The authoritarian style of education occurs in 20% (36) of the surveyed families. Authoritarian parents adhere to the traditional form of communication with the child, expressing the need for authority and power of the parents and unquestioning obedience of the children. Verbal communication is weak and parental tactics of education is accompanied by the use of sanctions and prohibitions. It is required from the child to be disciplined, to follow his/ her parents' wishes, because they are in his/ her favour. Parents express an opinion that they do not have to justify their requirements.

From the drawing test conducted with children from the families in which the authoritarian style dominates, detachment and solitude are visible. Children are oriented and tend to stick to embody the authority and power in the family: father, mother or uncle, etc.

The liberal style of education is in 25% (45) of the studied Bulgarian families. It occurs mainly in nuclear, young families at not high, average, social status. The education and professional realization are not in correlation. The parents are representatives of children oriented families where the children are not engaged. According to some authors, this style is 'casual', 'indulgent'. The parents' position is 'aside'. Children feel emotionally accepted and with little level of control. The parents share a penchant for the remission of errors; the rules for necessary behaviour are not needed.

As a result of parental situational actions children do not master permanently the rules of conduct. Inconsistency in feelings towards children is also exhibited. The education is not subject to parents, as most of them assume that the child is free to express him-/ herself and his/ her activities should be directed to the search and expectation of pleasure. Parental beliefs are that 'everything will come with time'. In the drawings of children from families with a liberal style shines inadequacy, confusion in behaviour.

The indifferent style of behaviour unfortunately exists in 15% of families from the second group (Bulgarian). Surveys reveal that parents accept life experience, but not that the intentional influence (through education) is important in a child's life. They reject the manifestation of commitment. Therefore, the problems are solved chaotic, lacking predictability that could orient the child. The characteristics of indifferent parenting style is similar to liberal but non-engagement in the upbringing of children is strengthened by negligence. The survey has shown that there are no clear requirements for the child or that there are contradictions, differences in the choice of educational resources from parents.

In the drawings of children involved in this type of relationships increased anxiety, insecurity, aggression and self-effacement (small, solitary figure of the child in cold shades) are revealed, which is a prerequisite for social disadaptation.

This group includes families from different social composition: with a very high social status, also with a lower one, but all in very good financial condition, as opposed to the group of Roma families.

The summarized data for the studied families show that dominant style of education is the democratic one, which is considered the most successful (37.5%). Interpretation of aggregate expression (62.5%) of other styles of education—considered as negative—is shown in Shneyder (2000) and Karcelianska-Stancheva (2009).

The position of the children in the society outside the family environment is a circumstance determining the development of child's personality and socialization.

This landmark research seeks to determine the social status of the child in the group and its self-assessment to interpret the correlation between: the style of family relationships and social status; the style of family relationships and self-esteem of children; the social status and their self-assessment.

In this type of study, the children do not differentiate by ethnicity.

4. Connection between the relationships in the family and the social status of the children

The data from the survey on the individual status give an idea of the popularity of each child. Comparing the results of different versions of sociometric survey reveals the sustainability of the child's status. Depending on the index of sociometric status of the child three groups are separated in the kindergarten:

Group I—leaders, with social status (St) higher than 0.20;

Group II—one of the favourite, with social status between 0.07 and 0.17;

Group III—unpopular (not adopted) children, with social status lower than 0.06.

Sociometric pattern of mutual choices in child's group indicates that the group of leaders includes 40 children (20%). Referencing the style of relationships in the family yields the following distribution:

– from families with democratic style—20 children;

– from families with authoritarian style—12 children;

– from families with liberal style—8 children.

The social profile of the families revealed that children with liberal style of relationships are from nuclear, child-oriented families where the ego of the child is tolerated and it has the power position.

The analysis of the results shows that the correlation can be defined as a straight, positive—high social status in the group have children who are a priority among democratic type of relationship.

5. Connection between the relations parent–child and the self-esteem of the children

The child's personality is represented not only by social status, but also by the attitude towards him-/ herself, i.e. the level of self-esteem.

The diagnostic method 'the ladder' has presented different types of self-esteem:

1. *A d e q u a t e s e l f - e s t e e m*. It implies skill for objective presentation of their dignity and disadvantages. The children show kindness and responsiveness. In this group there are priority children from the democratic style relations within the families (few children, large families, extended families) and some of the authoritarian type. Typically in these families the role and the position of the child is clear—being a subject.
2. *R e d u c e d s e l f - e s t e e m*. These children are characterized by underestimation of their abilities, not having high rigor to themselves. They are often passive or aggressive and distance themselves from their peers. Representatives of this type of self-as-

assessment are children from authoritarian relationships and a small portion of the liberal and indifferent styles. In fact, these are the children with a sense of uselessness and isolation who are not satisfied with interpersonal contacts and having negative experiences in internal family relationships where a clear educational programme lacks.

3. **Inflated self-esteem.** Children do not have a clear idea of their abilities and show arrogance and confidence. They are mostly from liberal and indifferent type of relationships. They favour their own successes and do not notice the problems of others. The high self-esteem provides a good social adaptation and fiduciary relationship between children and parents. The requirement of discipline is bound to respect and autonomy.

The analysis shows a positive correlation between self-esteem of children at preschool age and the style of child–parent relations.

6. Dependence of the social status upon the self-esteem of children

The ratio, which can be summarized, is that in the group of leaders the type of self-esteem is of two types—adequate in democratic relationships, and increased—in children, representatives of liberal and authoritarian style behaviour.

In the group of popular kids three types of self-esteem can be observed:

- realistic and inflated in democratic relationships;
- realistic and reduced in authoritarian relations in the family;
- reduced and inflated in liberal and indifferent relationships.

In the group of unpopular also three types of self-esteem could be found:

- 1 child under realistic and equally increased and reduced in authoritarian relations;
- reduced and increased (equally) in liberal;
- increased in children from families with indifferent style of relationships.

7. Conclusion

The study has shown that the nature of parent–child relationships determines, i.e. is a determinant of the social status and self-esteem of the child in the child group.

The most favourable conditions for development of positive, realistic self-esteem are when between parents and children are built democratic relationships characterized by emotional involvement, clear rules, governing behaviour, but without preventing the child autonomy.

The social adaptation and the level of the social status of the child in the group is directly dependent on the atmosphere in the family, on the type of relationships that dominates.

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Relacje między dziećmi a rodzicami determinantą statusu społecznego w grupie dzieci

Abstrakt: Artykuł przedstawia studium relacji między dziećmi a rodzicami we współczesnych rodzinach bułgarskich jako determinanty statusu społecznego dziecka w grupie rówieśników oraz ich wpływ na samoocenę. Badane są podstawowe parametry określające pozycję rodzicielską, pewność siebie dziecka w rodzinie oraz związku pomiędzy dziećmi a rodzicami.

Interpretacja danych ukierunkowana jest na charakterystykę korelacji pomiędzy: relacjami a statusem społecznym dzieci; relacjami a poczuciem własnej wartości; statusem społecznym a poczuciem własnej wartości

dzieci, co ma się przyczynić do projektowania potencjału edukacyjnego rodziny oraz właściwego wychowania i edukacji dzieci.

Istotność wyników, jakie uzyskano, jest podstawą projekcji potencjału edukacyjnego rodziny dla właściwego wychowania oraz edukacji dzieci, które są zorientowane prospołecznie. Z drugiej strony dane te są podstawą do ponownego przemyślenia związku pomiędzy organizacjami społecznymi – rodziną i przedszkolem – w celu wspólnego działania i rozumienia wychowania i rozwoju dziecka.

Słowa kluczowe: rodzina, relacje w rodzinie, pozycja rodzicielska, poczucie własnej wartości dziecka, status społeczny

Advertizing activities in social media and the creation of a community belonging in the digital era

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Abstract: The promotion of brands, services and products using forms of digital advertizing is nowadays employed strategically by organizations in order to reach customers. This kind of advertizing uses digital media for the distribution of marketing and communication messages in attempt to promote interactivity and raise effectiveness. In that way, both servicing and engaging customers are the aim. This paper argues that social media may create a virtual community which spreads the ‘sense of belonging’ to such a community for potential customers in order to feel part of it even if they have never met. Social media have a significant role to play on the creation of the experience—brand experience on the Internet and the engagement of the consumers to this process with the provision of an ‘e-experience’ and their participation which can be of outmost importance. Managers in charge of social media management may be part of the consumer discussions in a manner that is consistent with the organization’s mission; the creation of blogs and networks that bring customers together may enforce the creation of e-communities which can be accomplished using specific symbols and a language that is familiar to this online group. The integration of social media into the marketing programme of an organization or a company as tools consists of an innovative procedure for the co-creation of experience with the consumer.

Key words: social media, innovation, advertizing, communication activities, online imagined communities

1. Introduction

Social media’s strategy implementation and application of services provided on social media such as pre-scheduled posts, ad hoc post launches, comments’ replies, competitions via apps or wall contests from companies is a successful way to manage to implement such services.

We argue that in fact social media may offer the opportunity for companies to create an online ‘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 (Anderson, 1991). This concept, in fact, may well be

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used to the environment of social media offering the opportunity for companies to create an 'imagined community' among their targeted groups all over the world transcending in that way physical boundaries (Danas and Kavoura, 2013).

The social media networking have a lot to offer to a company's innovative activities for advertizing 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 social media such as Facebook and Twitter, allow the exchange of data; 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 (Noff, 2011).

This paper aims to illustrate that social media may create a virtual community which spreads the 'sense of belonging' to potential customers in order to feel part of it even if they have never met, sharing a specific language and symbols. Examples of best practices from social media's use and the advertizing that takes place on social networks are provided. These show that social media have a significant role to play on the creation of the experience-brand experience on the Internet. The paper succeeds in making a theoretical contribution in regard to the way special symbols and a script language used in social media may engage the consumer to this process of community belonging.

2. The role of advertizing and social media in creating the sense of belonging in the digital era

Advertizing is not communication for its own sake; it has a capacity to communicate cultural meaning and resonate ideological tenets with consumers (Kilamby, Laroche and Richard, 2013, p. 48). Nowadays, companies are increasingly using social networks in their advertizing strategies.

Thus, advertizing has to shift from a message intended for a specific audience from a specific person, state, stakeholder who promotes this message, towards an 'effective community of minds' in order for the message to be received, taking into consideration the prior knowledge of the target group (Kilamby et al., 2013, p. 49).

We argue that advertizing may contribute to the creation of potential experiences one may have, stimulated by slogans, websites and other media communications (Brakus, Schmitt and Zarantonello, 2009) in relation to a product or a service. These experiences can be real, direct and existing where the person may already have personal knowledge of what is advertized and promoted or indirect. This latter may be experiences that are developed on a virtual and digital environment without someone to have actually physically taken part (see for example the way Carinthia, Austria is branded virtually on the Internet providing experiences to the potential visitors [Kavoura and Bitsani, 2013]).

Virtual communities, as is the case with traditional communities, are used to exchange information and ideas, to share common interests, to entertain people, to offer support, to promote products and services, to create and support relations and emerge when all agree to be part of them with the aim to use the products and services on offer (Siomkos and Tsiamis, 2004; Kavoura and Bitsani, 2013). Virtual communities allow the support of interrelations

among people, they differ from the traditional ones in that they offer multiple ways of communication and in that their members share the sense of belonging to the community (Siomkos and Tsiamis, 2004). Internet allows the communication on one-to-one basis, one-to-all-to-one basis and one-to-all basis (Siomkos and Tsiamis, 2004, p. 206).

Interrelation exists for virtual communities even if people do not meet and the sense of belonging among each other is created. This is the case for products and services. Kavoura, Pelet, Rundle-Thiele and Lecat (2014) for example found that direct community belonging increases behavioural loyalty using as a case study wine, where implementing communities, promoting and advertizing them via a social media communication programme may offer an important means to build behavioural loyalty towards wine.

Research in tourism also illustrated the effort made by companies to make online invitation for the participation of the tourists' senses, in other words, emotion and sense of belonging to an exclusive community in relation to branding of rural tourism in Carinthia, Austria as a destination memorable to visit and experience (Kavoura and Bitsani, 2013). Thus, brand experiences may have a role to play in the company's–customers' relationship on an online, digital environment that social media may create and enforce (Stavrianea and Kavoura, 2014).

We define social media websites, the web-services platforms that allow people to: (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 the profiles of 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 (Papacharissi, 2009; Danias and Kavoura, 2013). Social media platforms are databases of personal information, they become tools for (personal) storytelling and narrative self-presentation (van Dijck, 2013, p. 200). To participate in this storytelling, other people may use specific symbols and a specific form of language, using key words and special symbols (such as the use of hashtags, #, @) (Marwick and Boyd, 2010). Those who are able and willing to participate in this community belonging need to share special language and use symbols that are 'sacred' because they belong to this and only this community.

3. Social media strategy implementation and application of services provided on social media—economic considerations, trends and future outlook

People are connecting with their favourite businesses on Facebook at a massive scale and telling their friends which businesses and products they love. Over 1 billion people are on Facebook while 3 billion likes and comments are generated daily. This may show the tremendous capabilities social media may offer and illustrate the innovation potential that companies may have from employing social media (Cutler, 2012). Social advertizing market may reach \$11 billion by 2017, up from \$4.7 billion in 2012 (Salesforce.com, 2013). Revenue was \$2.50 billion and the revenue from advertizing was \$2.27 billion, the first quarter of 2014, up

72% and up 82% respectively the same period in 2013 (<http://investor.fb.com/releasedetail.cfm?ReleaseID=842071>).

Figure 1 presents visualization of Facebook friendships as it was created by Paul Butler in 2010 while Figure 2 provides information on days of week that posts and comments are happening on Facebook.



Figure 1. Facebook friendships as visualized by Paul Butler

Source: (Facebook Photobucket, 2010).

After the company is provided with information on days of week that posts and comments are happening on Facebook, economic issues need to be taken into consideration from the company in regard to the advertizing costs and the effective media strategy it may follow. Table 1 highlights the total cost divided by number of clicks per advertisement, economic issues that a company needs to take into consideration before setting off to initiate innovative activities with the contribution of social media. One may see that with 0.08\$, cloth and fashion have the lowest click per advertisement in 2013 and at 0.34\$, travel and leisure have the highest. Then, the company should get financial advice over the efficiency of social media and advertizing campaigns and tools to manage these campaigns are available (<http://www.salesforcemarketingcloud.com/>).

Ethics are also essential and need to be carefully managed for online marketing and advertizing decisions and strategies since access to the Internet is wide and information provided there may not be valid thus, security issues can be a major drawback (Perkel, 2006 or see for example what in September 2011 the magazine *Bloomberg BusinessWeek* broadcasted in regard to the existence of a large market of fake reviews, with review authors located in several locations across the world. The writers were hired through the Web by companies or travel agencies [Weise,

2011]). That is why guidelines for advertized products and services should exist for advertizing on social media as it exists on Facebook (see for example advertizing gambling and lotteries which provides a well defined example for Facebook: Advertising on Facebook, 2014).

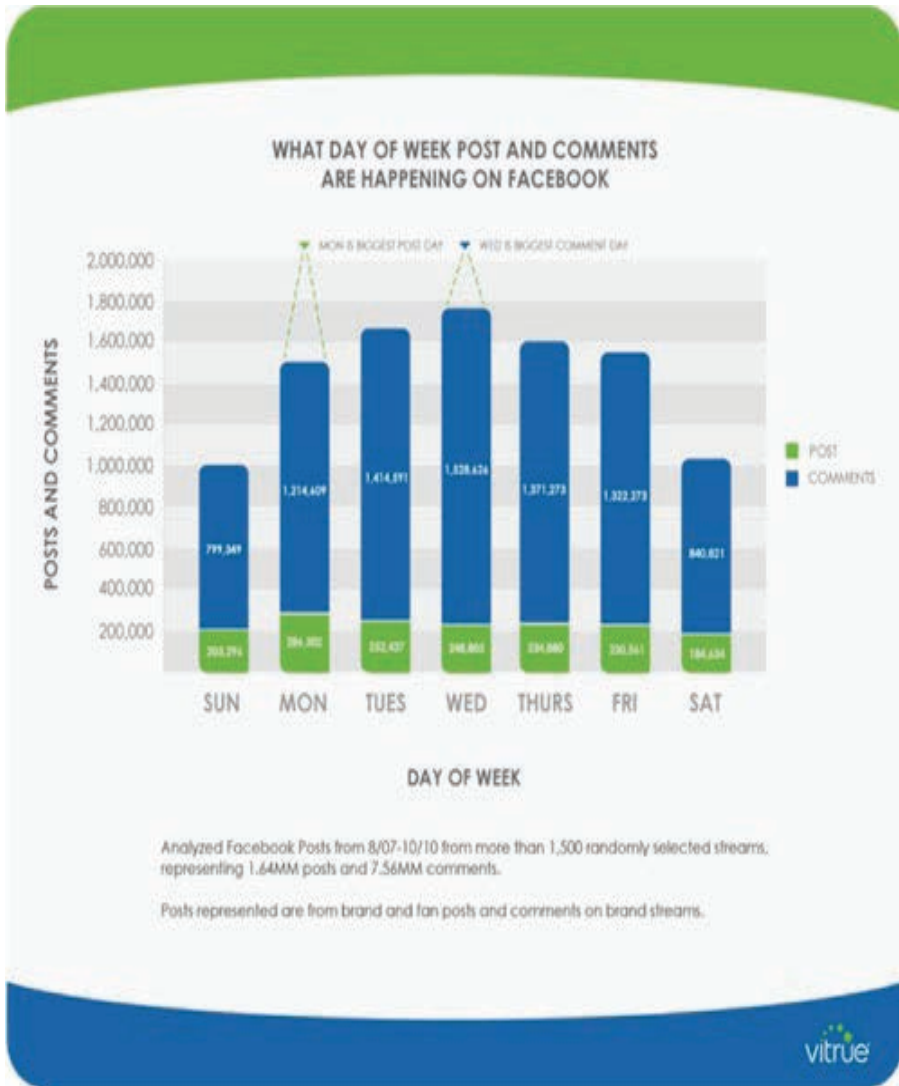


Figure 2. What day of week posts and comments are happening on Facebook

Source: (Warren, 2010).

Table 1. Cost per click per advertisement by industry in 2013

Industry	Cost per click (in dollars)	Industry	Cost per click (in dollars)
Advertizing and consulting	0.22	General retail	0.31
Automotive	0.34	Health and beauty	0.36
Clothing and fashion	0.08	Non-profit	0.19
Consumer packaged goods	0.30	Other online services	0.23
Dating	0.38	Publishing	0.22
Deals	0.39	Sports	0.36
Entertainment	0.26	Technology	0.20
Finance	0.21	Telecommunications	0.34
Food and beverage	0.21	Travel and leisure	0.35
Gaming	0.30		

S o u r c e : (Salesforce.com, 2013, and data elaborated by the author).

The environment has a significant role to play and influences the way advertizing affects digital media. Companies and organizations which aim to be in contact with customers and establish and maintain fruitful relationships with online customers need to take into consideration social, political, economic, legal and ethical issues that may emerge in regard to the use of social media and the communication through them.

Innovation can exist for Start Ups/ Entrepreneurship by following 4 steps:

Step 1: Build the Facebook Page.

Step 2: Identify and connect people with ads.

Step 3: Engage the audience with quality content and reach the ones who are mostly related to the company.

Step 4: Influence the friends of the company's fans and maximize the impact (Facebook basics, 2014).

When the organization or company employs social media as its tool for advertizing and communicating its products and services, emphasis should be put upon the connection of people all over the world in the digital era, creating in that way a community based approach. Experiences occur when a consumer attaches feelings and/ or moods towards a brand experience and this may take place virtually on the Internet and the company's websites (Kavoura and Bitsani, 2013). The steps described above in fact argue for communicating information that is of relevance to the users of social media in an effort to create an online community of like-minded people. Then, people with similar interests may be able to communicate and participate in such a community at their own will.

The use of specific language requirements (for example, hashtags, #, @, likes, etc.) in order to get in touch with a specific online community and be part of the discussion for a specific subject, offers the possibility to people and company's customers to bind together under these

specific references and key words, sacred and shared from the members of the online community.

There are many ways which may contribute to the consumers' active participation to a company's co-creation of a community online framework. Replies to the comments are innovative in a way that may bring the consumer to a community targeted for him/ her and aiming to satisfy and fulfill his/ her needs.

The company provides suggestions, advice, tips in regard to the use of the product/ service and the consumer engages in a community s/he wishes—see for example, Pampers, a brand of baby products marketed by Procter and Gamble (Timeline Photos Pampers, 2014).

The creation of cover photos and images where the company shows its gratitude towards its fans consists of another way to engage consumers to the community social media may create. It is typical that a Greek small and medium-sized company communicated with its customers and created a fan photo for New Year in 2014 on Facebook, including the number of its 100,000 fans—which is a big number of social media fans for a company (Figure 3). Interactivity exists and organizations may well take that into consideration.



Figure 3. Cover image on Facebook of a small and medium-sized enterprise celebrating New Year's Eve

Source: (Cover Photos, 2014).

4. Conclusion and managerial implications for the use of social media by companies and organizations

This paper examined the significance of the creation of a virtual community in social media. This online community: a) spreads the 'sense of belonging' to the potential customers in order to feel part of it even if they have never met; b) creates and shares experiences/ brand experiences on the Internet; c) engages the consumer and his/ her participation to this process; d) brings together people with similar interests who participate in such a community at their own will; e) is close to those members who use specific language requirements (for example, hashtags, #, @, likes, etc.) in order to be part of the discussion for a specific subject, offers the possibility to people and a company's customers to be together under these specific references and key words, sacred and shared from the members of the online community.

If an online community is created between a company or an organization and its customers with the contribution of social media, the online community that is created provides a database for the company itself: a) to reinforce such a community; b) to do research on people's habits and behaviour in regard to the company's activities, products and services; c) to make the customer both an ambassador and a participant to the company's views and ideas which may be communicated through the specific language use of social media to the rest of the world.

In order for companies not to spend advertising money on the social advertising market, the measurement of one's own performance and costs against such performance is of utmost significance so as to focus optimization efforts within a particular market (Salesforce.com, 2013).

Different forms of digital advertising are nowadays employed strategically by organizations in order to reach customers. This kind of advertising uses digital media for the distribution of promotional messages in an attempt to promote interactivity and raise effectiveness.

Apart from employing social media as a tool for advertising the organization, social media allow for the creation of the sense of belonging and customers are offered the opportunity to actively engage with the company's website. Social media may thus create a virtual community and experiences for customers, yet empirical research should take place to specify potential relations existing in association with online imagined communities.

Managers in charge of social media management may shape consumer discussions in a manner that is consistent with the organization's mission via the creation of blogs and networks, innovatively integrating social media into the marketing programme of an organization or a company. They may create the sense of belonging to a community where people from different parts may join, feel they have a kind of membership, which allows them to purchase and consume as members of this group.

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Działalność reklamowa w mediach społecznościowych a tworzenie społeczności należącej do ery cyfrowej

Abstrakt: Promocja marek, usług oraz produktów przy użyciu form reklamy cyfrowej jest obecnie strategicznie stosowana przez organizacje, aby dotrzeć do klientów. Ten rodzaj reklamy wykorzystuje media cyfrowe do dystrybucji przekazów marketingowych i komunikacyjnych, aby promować interakcyjność i podnieść efektywność. W ten sposób celem staje się zarówno obsługa, jak i angażowanie klientów. Niniejsza praca dowodzi, że media społecznościowe mogą tworzyć wirtualną społeczność, która rozpowszechnia „poczucie przynależności” do takiej społeczności wśród potencjalnych klientów, aby czuli się jej częścią, nawet jeśli nigdy się nie spotkali. Media społecznościowe mają do odegrania istotną rolę w kreowaniu doświadczenia –

doświadczenia marki w internecie – oraz angażowaniu w ten proces konsumentów, umożliwiając „e-doświadczenie” i ich uczestnictwo, które może mieć pierwszorzędne znaczenie. Menadżerowie odpowiedzialni za zarządzanie mediami społecznościowymi mogą zabierać głos w dyskusjach konsumenckich w sposób zgodny z misją organizacji; tworząc blogi i sieci integrujące klientów, mogą oni wymusić tworzenie e-społeczności, które można urzeczywistnić przy użyciu określonych symboli oraz języka znanego danej grupie internetowej. Integracja mediów społecznościowych w programie marketingowym organizacji lub spółki jako narzędzia składa się z innowacyjnej procedury współtworzenia doświadczenia z konsumentem.

Słowa kluczowe: media społecznościowe, innowacja, reklama, działalność komunikacyjna, internetowe wspólnoty wyobrażone

Recognition of the determinants of innovation capacity of enterprises

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Abstract: The aim of this article is to present the concept of analysis aimed at evaluating the innovative capacity of enterprises. The starting point for its estimation is the innovative potential of the surveyed enterprises, while reference is made to the innovation system of enterprises. The aim of the research outlined in this way required the development of the concept of diagnostic analysis aimed at evaluating the innovative potential and capacity of an enterprise. An important research tool is the analysis of the relationship between the resources and the capacity, which shows the cause-and-effect relationship between these categories.

The following arguments have been assumed in the presented concept: 1) innovative capacity is both a function and a criterion for the evaluation of the innovation system of an enterprise, as well as for the projection of the possibility of expanding innovative activities; 2) innovative capacity can be seen in parts as well as in an aggregate structure for a given enterprise or the entire industry; 3) the value of innovative capacity (innovation potential, innovation system) can be classified at the following levels of quality: low, medium and high, using the method of categorization. The research procedure has four steps: 1) determination of the object and scope of analysis; 2) formulation of dimensions (criteria) of the innovation potential; 3) measuring the quality level of innovative capacity; 4) verification. For illustrative purposes, an example of the innovation capacity of enterprises was shown. The research included 316 enterprises from the Małopolska Region.

Key words: innovativeness of enterprises, innovation, innovative capacity

1. Introduction

It is often emphasized in already large and extensive literature that innovation of organizations increases their competitiveness and sustains the development of these organizations. Innovative capacity is the basis for innovation and a reference to its estimation at the same time. Innovative capacity in general is a criterion for the assessment of a given system, which can be an enterprise, institution, region or national economy.

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In its complexity, innovation is understood and defined in various ways. In this article, innovation is understood as any change in different areas of organization's activities, favourable as a rule, leading to progress in relation to the existing situation, assessed positively according to the criteria of a given organization. It is also assumed that examination of the innovation system of an organization requires the extension of the field of analysis to the problem of innovative potential on the one hand and to the issues of innovative activities, i.e. innovative capacity as well as invention and diffusion of innovation, on the other. Thus, innovation of an enterprise is the function of innovative potential and innovation activities of the enterprise, determined by innovative capacity (see Figure 1). Innovation system is in turn the systematization and location of actors, i.e. companies and other organizations that participate in generating, diffusion and application of useful novelties (the foreground), leading to economic benefits in the manufacturing process (Hall and Williams, 2008, p. 24).

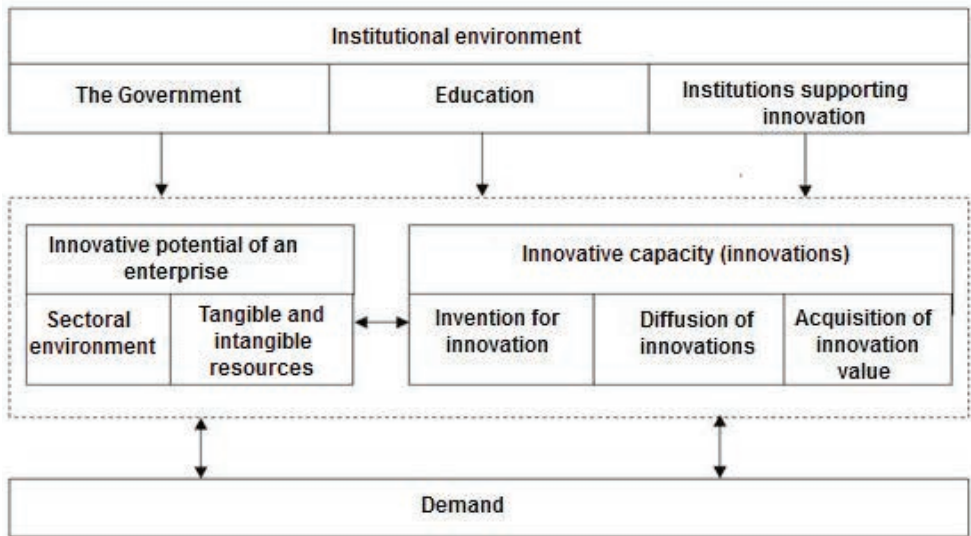


Figure 1. The innovative potential and innovative capacity within the innovation system of an enterprise

Source: (Koziol, Wojtowicz, Karaś, 2014, p. 49).

Innovative potential of an enterprise is defined as a set of socio-economic features, shaped within the development of a given enterprise, constituting the basis for its innovative activity. In particular, these are resources, processes, structures and factors inherent in the enterprise. Those elements which are regularly and effectively used for the creation of commercially important innovations constitute the innovation capacity of the enterprise.

Innovative potential is also determined by the sectoral environment, mainly the market, i.e. the enterprise with its customers, competitors, suppliers and cooperators (including in particular the relationship of the enterprise with its key stakeholders), since innovations especially appear at the interface with the market.

According to the researchers dealing with this issue, heterogeneity and dynamism are major indications of the development of the innovative potential of an enterprise. Without the differentiation of factors, functions and decisions, applications and subjective assessments of phenomena and processes, there is no innovative creation of wealth. On the other hand, dynamism means changes, i.e. both opportunities and uncertainty—key concepts for innovative activities (Arend and Bomiley, 2009, pp. 75–90; Foss et al., 2007, pp. 1165–1186; Bratnicki and Zbierowski, 2012, p. 80).

In conclusion of the short presentation of the issue of innovative potential and innovative capacity, it can be noticed that resources earned by an enterprise in the past affect the innovativeness of the enterprise and indirectly its innovative capacity, which is a variable controlling the innovation process implemented by the enterprise, and, above all, a regulator of the processes of invention and diffusion of innovations.¹

2. Key points of the concept of evaluation of innovative capacity determinants and research stages

The issues presented in the introduction are the basis for further analysis, in particular for the description of the concept of innovation system and innovation processes, identification and characteristics of innovative capacity determinants of enterprises in the Małopolska Region, the assessment of innovative capacity and innovativeness of these enterprises.

The aim of this article is to present the concept of analysis focused on the evaluation of innovative capacity of an enterprise. The starting point for its estimation is the innovative potential of the studied enterprises, while reference is made to the innovation system of an enterprise.

The basic problem described in this paper is the recognition of determinants of the innovative potential and the evaluation of their effectiveness as an indication of development of innovative activity and the promotion of innovativeness of enterprises, as well as formulating the model of innovative capacity of an enterprise.

The purpose of the research outlined in this way required the development of the concept of diagnostic analysis aimed at evaluating the innovative potential and capacity of an enterprise. An important research tool is the analysis of the relationship between the resources and the capacity, which shows the cause-and-effect relationship between these categories.

The following arguments have been adopted in the presented concept:

1. Innovative capacity is both a function and a criterion for the evaluation of the innovation system of an enterprise, as well as for the projection of the possibility of expanding innovative activities.

¹ Moderation occurs when the impact of the independent variable (X) on the dependent variable (Y) differs depending to the level of the third variable (Z), the so called control variable (moderating variable, moderator), which interacts with the independent variable (Baron and Kenny, 1986, pp. 1173–1182). The moderator affects the direction and/ or strength of the relationship between the innovativeness of an organization and its selective determinants, specifies the conditions in which the independent variables (resources) affect the dependent variable (level of innovation of the organization). In other words, the moderator decides on the increase, decrease or no change in value of the dependent variable (Pichlak, 2012, pp. 128–135).

2. Innovative capacity can be seen in parts (corresponding to the determinants of this capacity) as well as in an aggregate structure for a given enterprise or the entire industry.
3. The value of innovation capacity (innovation potential, innovation system) may be classified at the following levels of quality: low, medium and high, using the method of categorization.

The research was divided into the following steps:

1. Determination of the object and scope of analysis.
2. Formulation of dimensions (criteria) of innovation potential.
3. Measuring the quality level of innovative capacity:
 - a) conducting of verification assessment,
 - b) categorization of enterprises.
 - c) verification.
4. Object of the study

For illustrative purposes, an example of innovation capacity of enterprises from the Małopolska Region was shown. The research included 316 economic entities.² The SME sector dominated among the respondents—79%, then, very large entities—14%, and large entities—7%. Nearly 40% of the respondents limited their activities to the region under analysis, 33% operated on the domestic market and 29%—on the international market. A half of the respondents were service providers, the rest were engaged in trade and manufacturing. A survey questionnaire was used as a research tool.

2.1. Identification of the subject and scope of analysis

In the light of the foregoing, innovative capacity was analyzed in an aggregate form. Aggregate innovative capacity is a synthetic criterion of evaluation of the maturity of innovative potential of an enterprise (a given system), which merges the partial forms of innovative capacity presented in Table 1 into a single formula. The innovative potential in its scope may be regarded as partial or overall. The partial range corresponds to different distinct types, such as competences of employees, organization of work, modernity of IT, types of innovations, etc.

2.2. Formulating the dimensions (criteria) of innovative potential

The issue of development of the enterprise innovation system is regarded in two specific dimensions: innovative potential and innovative capacity, and it involves mainly the creation of new products (invention of innovations) and their application in practice (diffusion of innovation). The correlates of both these dimensions are areas containing specific references to

² The research presented in this article was conducted in 2010–2012 by a Team of Employees of the Management Department for the purposes of their project *Innovative activities of enterprises from Tarnów and Małopolska Region*.

the form of innovation. The determinants of the development of enterprise innovative potential are presented in Table 1.³

Table 1. Determinants of the development of innovation potential of an enterprise

Determinants	Components
Competences of managers and employees	Level of education, investment in training, time and types of training, knowledge of foreign languages, ability to use modern technologies
Modernity of infrastructure	Databases, type and layout of the IT system, the degree of use of infrastructure, methods of communication within the company
Organization of work	Types of employment agreements, solving problems in teams, innovation culture, infrastructure supporting the decision-making process, rewarding for innovations, forms of work organization, internal relationships between positions, the existence of the R&D department
External cooperation relating to innovations (knowledge alliances)	Cooperation with other entities, scope of cooperation, sources of knowledge, the number of cooperators
Knowledge protection	Access to innovations, legal forms of protection used, outsourcing, database types

S o u r c e: (Kozioł, Wojtowicz, Karaś, 2014, p. 53).

On the other hand, the determinants of changes in and development of the innovative capacity of an enterprise are those from among the determinants of the innovative potential, which are efficiently and effectively used to create innovations. Above all, a characteristic class in this sphere is represented by innovations, whose detailed forms are the number and types of innovations, such as product, process, organizational and marketing innovations, results achieved in the short and the long term and other.

Those detailed forms of the sphere of changes and development of innovativeness of an enterprise are also the criteria for the evaluation of the spheres mentioned.

2.3. Measuring the quality level of innovative capacity

Verification assessment

Verification assessment is aimed at indicating the extent to which an enterprise realized its objectives (functions) and fulfilled certain requirements. The verification assessment formula is expressed by the relation of the factual status of an enterprise (S) to the model status (M). Thus defined verification assessment is also a tool for the normalization of the assessment criteria, whereby the aggregate evaluation is possible.

³The presented set of determinants of innovative potential was isolated from among many environmental variables and the organizations' resources, using the analysis of influence factors. Indicated were those of them whose cause-and-effect relationships with innovation had been and will be relevant. Several different sources of information were used in the process of their identification. The ones relating to the environment include statistical data, special reports, results of previous studies and experts' opinions. With regard to the resources of organizations, the opinions of managers and specialists of the surveyed enterprises were used. The collected comments and statements were the basis for the selection of determinants of the innovation potential of an enterprise.

Normalization of point aggregation type was used in the procedure of evaluation of innovative capacity. It was adopted that the scoring system of the model for each evaluation sub-criterion (component) was 1 (positive scale) and 0 (negative scale). If at least 30% of scores of components of a given determinant were positive (positive scale, i.e. 1), the qualification of this determinant of innovative potential of an enterprise was positive.

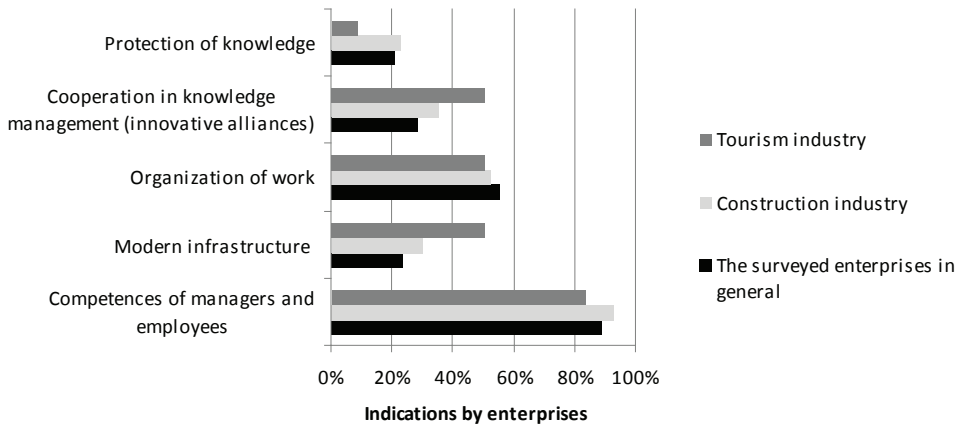


Figure 2. Determinants of innovation capacity of enterprises in construction and tourism industries (in the aggregated form) against the determinants of innovative capacity of entities from the Małopolska Region

Source: Authors' own elaboration.

The analysis of the collected data indicated that 281 surveyed enterprises employed suitably qualified personnel who have special qualifications in the field of innovation (Figure 2). The organization of work was pointed out by 176 of the surveyed enterprises as the second significant determinant of creating innovations. The fact that cooperation in the knowledge management is vital was shown by 90 enterprises (see also Koziol et al., 2013; Wojtowicz and Koziol, 2012), and modern infrastructure and taking actions for the protection of knowledge was indicated by 74 and 60 enterprises respectively.

Further analysis allowed to determine that an important factor differentiating the configuration of individual determinants of innovative potential was, among others, the industry in which the enterprise operated.

Categorization of enterprises

Categorization is a research procedure which aims at establishing the quality level of innovation capacity of an enterprise. Categorization of enterprises was carried out with respect to the levels of innovative capacity of these enterprises, comparing them with the innovations introduced (innovative activities); enterprises with low, medium and high level of innovative capacity were distinguished. It was adopted that a low level of innovative capacity was characteristic of entities which met 1 determinant of innovative capacity, medium level of capac-

ity—using 2–3 determinants by an enterprise, high level of innovative capacity—meeting 4–5 determinants. Conditional inference was used to assess whether a determinant was met.

A low level of innovative capacity is a characteristic of 115 enterprises, medium—137 (this is the dominant category of enterprises). As much as 64 entities can be classified as having a high level of innovative capacity.

In the process of assessing the innovative capacity of enterprises from the Małopolska Region, it was established that each enterprise (including those with a low innovative capacity level) was able to create and implement innovations.

Verification

Verification involves comparing the quality level of the innovation capacity of an enterprise (category) to the number of implemented innovations and their generic structures. It seeks to confirm the thesis that innovative capacity affects innovative activities (innovations) as the number and type of innovations or as a demonstration of absence of innovations.

Table 2. The number of implemented innovations according to the level of innovative capacity

Types of implemented innovations	Innovative capacity level						Total number of innovations
	Low		Medium		High		
	Number of innovations		Number of innovations		Number of innovations		
	In general	Per 1 entity	In general	Per 1 entity	In general	Per 1 entity	
Product innovations	2	0.02	15	0.1	23	0.4	40
Process innovations	28	0.2	38	0.3	39	0.6	105
Organizational innovations	73	0.6	79	0.6	56	0.9	208
Marketing innovations	34	0.3	87	0.6	57	0.9	178

Source: Authors' own elaboration.

The analysis of data in Table 2 shows that the most frequent type of innovations introduced by the enterprises were organizational innovations (208), then, marketing innovations—178, and process innovations—105. However, relatively few innovations of the most valuable type—product innovations—were introduced, only 40. Enterprises with high innovative capacity created 23 product innovations, and enterprises characterized by a medium capacity—15. Only 2 product innovations were introduced by enterprises with a low level of innovative capacity. In terms of the number of implemented innovations per 1 enterprise, the most efficient in innovation activities were enterprises with a high innovative capacity level. Enterprises characterized by a medium level of innovative capacity introduced a relatively greater number of innovations than enterprises with a low capacity for innovation. Moreover, they created relatively more product innovations, which are the most valuable. It is noteworthy that the analysis of the data indicates that enterprises with a relatively low level of innovative potential, or capacity, can and do create innovations.

The number and types of introduced innovations were used to determine the innovation level of the studied enterprises: 55 of them did not introduce any innovation, 100 of them were characterized by a low innovation level (they introduced 1 innovation of any type except for product innovations), 82 enterprises were characterized by a medium innovation level (they implemented 1 product innovation or 2 from among organizational, process and marketing innovations). A high innovation level characterized 79 enterprises, which introduced 3 or 4 innovations.

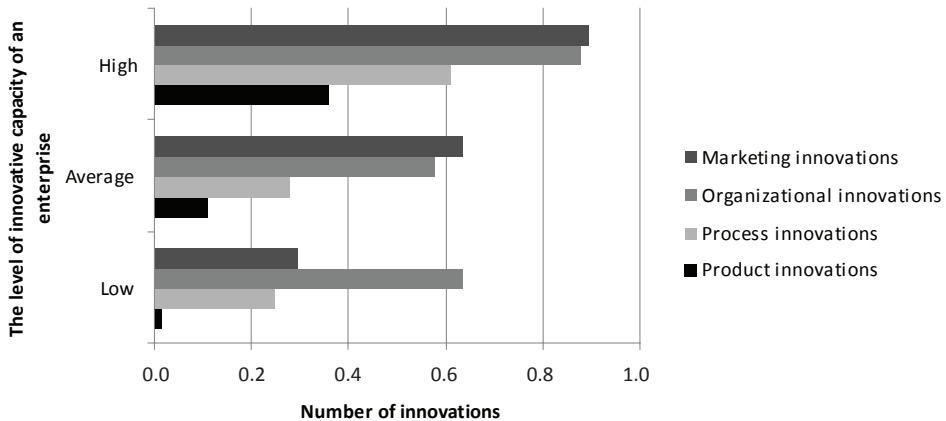


Figure 3. Number of innovations per one enterprise according to the level of innovative capacity

Source: Authors' own elaboration.

As shown in Figure 3, enterprises with a high innovative capacity used their potential most effectively. Almost 3 innovations are attributable to each one of them. Enterprises with a medium innovative capacity implemented ca 1.5 innovations, and companies with a low innovation level—only 1 innovation in general.

The research results presented in the first part of the article show that enterprises from the Małopolska Region are capable of innovations, and what is significant, for the most part, this innovative capacity is used effectively in the process of creation and diffusion of innovations.

3. Final remarks and conclusions

Studying the innovative capacity of an enterprise is a special area of analysis of innovative activities of this enterprise; it is a field of research aimed at assessing the progress in all or in certain spheres of innovative activities of the enterprise as well as programming changes and development of such activities.

This article presents a new concept of innovation system of an enterprise, the essential elements of which are innovative potential and innovative capacity of an organization as determinants of invention and diffusion of innovations. Such an approach to innovativeness on the one hand allows to assess the progress in all or in the selected areas of innovation in an enterprise, and on the other hand it allows to programme and plan the dynamics and shape of this

innovativeness in accordance with the strategy and business model of an organization. Also, a research procedure measuring the level of innovative capacity of enterprises was described and a procedure for its verification was provided.

As demonstrated by the studies presented in this article, there is a connection between the potential for innovation and innovative capacity, although it is not a directly proportional relationship. There is also a correlation between innovative capacity and innovative activities (innovations), but also in this case, this is not a dependency with a similar relationship to both figures. Furthermore, the analysis of the data shows that enterprises with a relatively low level of innovative capacity can and do create innovations.

Considerable innovative potential of the studied enterprises is used to a small extent, especially in the field of organization, technology and knowledge protection. The intensification of the use of these determinants will provide a development of innovation in the future.

The principal determinants of creation and development of innovative capacity in current ages are:

1. Managers' and employees' competences, especially knowledge from experience and knowledge gained from the outside.
2. Organization of work, in particular its features such as teamwork, innovation culture, rewarding for innovations or the existence of the R&D department.
3. Cooperation in terms of knowledge, i.e. building knowledge alliances with customers and other stakeholders, as well as using open sources of knowledge or possibly the purchase of technology.

The enterprises based the development of their potential mainly on the so called soft resources, i.e. human resources and knowledge alliances. To a large extent, the enterprises rely on absorptive capacity, which proves the use of an adaptive approach instead of a strategic approach to innovation.

In the light of the results of own empirical research as well as the outcomes of previous studies, it can be stated that enterprises compete with one another by means of the innovations created as well as by their innovative capacities. It is the development of these capacities that rises to the rank of the primary determinant of survival and growth of enterprises. Therefore, the evaluation of innovative capacity may be useful in determining competitive and strategic positions of enterprises in a given sector.

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Identyfikacja determinant zdolności innowacyjnej przedsiębiorstw

Abstrakt: Celem artykułu jest przedstawienie koncepcji analizy ukierunkowanej na ewaluację zdolności innowacyjnej przedsiębiorstwa. Punktem wyjścia do jej oszacowania jest potencjał innowacyjny badanych przedsiębiorstw, natomiast odniesienie stanowi system innowacyjności przedsiębiorstwa. Nakreślony w ten sposób cel badań wymagał opracowania koncepcji analizy diagnostycznej ukierunkowanej na ewaluację potencjału i zdolności innowacyjnej przedsiębiorstwa. Istotnym narzędziem badawczym jest analiza relacji między zasobami a zdolnościami, która ukazuje związek przyczynowo-skutkowy między tymi kategoriami.

W prezentowanej koncepcji przyjęto następujące tezy:

1) zdolność innowacyjna jest funkcją i zarazem kryterium oceny systemu innowacyjności przedsiębiorstwa, jak również projekcji możliwości dynamizowania dzia-

łalności innowacyjnej; 2) zdolność innowacyjna może być rozpatrywana w postaciach cząstkowych, jak też można ją ująć w formule agregatywnej dla przedsiębiorstwa lub całej branży; 3) wartość zdolności innowacyjnej (potencjału innowacyjnego, systemu innowacyjności) może być kwalifikowana na następujących poziomach jakościowych: niskim, średnim i wysokim, wykorzystując w tym celu metodę kategoryzacji.

W postępowaniu badawczym wyróżniono następujące etapy: 1) określenie przedmiotu i zakresu analizy; 2) sformułowanie wymiarów (kryteriów) potencjału innowacyjnego; 3) pomiar poziomu jakościowego zdolności innowacyjnej; 4) weryfikacja. Dla potrzeb poglądowych przedstawiono przykład zdolności innowacyjnej przedsiębiorstw. Badaniami objęto 316 podmiotów gospodarczych z regionu Małopolski.

Słowa kluczowe: innowacje, innowacyjność, zdolność innowacyjna przedsiębiorstw

Estimation of investment attractiveness for enterprises in Ukraine

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Abstract: The article deals with comprehensive analysis of an investment climate in Ukraine and the influence of different factors on it. The author investigated the directions of improvement of economic assessment of enterprises in Ukraine with the purpose to attract new investments. Methods and ratio system for estimation of investment attractiveness of enterprises are characterized, the integrated approach is offered for determination of the most attractive ventures for investing. Such estimation can be done by thorough study of economic activity: analysis of their property conditions, capital turnover, profitability and financial stability, liquidity and market activity. And their ranking to the unique integrated index will allow discovering the most attractive for investing subjects. The simplest method of ranking is a construction of rating row with an appropriation to each of the probed enterprises of the concerned place on separate indexes or directions. The summing allows setting the final place of every enterprise in the system of rating.

Key words: investments, investment climate, financial reporting, profitability

1. Investments and investment climate in Ukraine

It is impossible to present existence and development of any country without investments. On the modern stage, involvement of both internal and external investments is the decisive factor of economic policy of the state. Character of investment processes, their intensity and efficiency depend on an investment climate, which was formed in a country, i.e. on the condition of legal, financial, socio-economic and political environment, which predetermines a degree of investment attractiveness.

An investment climate is an aggregate of factors which are taken into account by an investor during decision-making about investments. Ukrainian legislative acts determine an investment climate as an aggregate of economic, legal, regulatory, political and other factors that eventually determine the degree of risk of investments and possibility of their effective use (State Agency of Ukraine of Investments and Development, 2012).

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At macroeconomic level the investment climate of Ukraine engulfs the constituents of political, economic and social investment environment which are determined with such factors as political stability economic conditions and prospects of its development, legislation; government control; tax rates and economic stimuli for investors; cost of labour and natural resources; capital inflow; foreign currency risk; industrial and market infrastructure; investment activity of population.

At microeconomic level an investment climate is exposed in bilateral relations between firm-investor and certain state authorities, economic suppliers, customers, financial and credit establishments (commercial banks, insurance, leasing, factoring companies, etc.), as well as local trade unions and company personnel.

The important factor of attraction of foreign investments is a country image on the international scale, its position in leading ratings, experience of other investors in local activities, etc.

The analysis of known approaches to the estimation of investment attractiveness and climate of country shows that international organizations and agencies, which make up ratings, use macroeconomic indexes as basic parameters such as dynamics of growth and structure of gross domestic product, conditions of national balance of payments, financial market, pay-out of internal and external debts. Among the different international methods of estimation of investment attractiveness one has to highlight the assessments of Group of the World Bank, World Economic Forum (WEF), Heritage Foundation / *The Wall Street Journal*, Transparency International, rating agencies Standard & Poors, Moody's, Fitch Ratings, European Business Association and others (Hayduts'kyi, 2004, p. 6).

Estimation of investment climate for the last few years in Ukraine by means of the international business rating is presented in Table 1.

Table 1. Ukraine in the international rating of investment attractiveness

Index	Constituents of estimations	Years						
		2006	2007	2008	2009	2010	2011	2012
Corruption index of organization <i>Transparency International</i>	Index of corruption	99 th place among 163 countries	118 th place among 180 countries	134 th place among 180 countries	146 th place among 180 countries	134 th place among 178 countries	152 th place among 182 countries	144 th place among 183 countries
Rating of running business <i>The Doing Business</i>	Starting business, licensing, staff hiring, registration of property, crediting, investment protection	124 th place among 155 countries	118 th place among 179 countries	139 th place among 178 countries	145 th place among 181 countries	147 th place among 183 countries	145 th place among 185 countries	152 th place among 185 countries
Rating of competitiveness <i>World Competitiveness Yearbook</i>	Economic conditions, efficiency of government, business efficiency and infrastructure conditions	46 th place among 55 countries	46 th place among 55 countries	54 th place among 55 countries	54 th place among 56 countries	57 th place among 58 countries	56 th place among 59 countries	49 th place among 59 countries

Index	Constituents of estimations	Years						
		2006	2007	2008	2009	2010	2011	2012
Index of economic freedom <i>Heritage Foundation</i>	Business, commercial, financial, money-and-credit, investment, labour freedom from government, corruption, protection of ownership rights	99 th place among 157 countries	125 th place among 161 countries	133 th place among 157 countries	162 th place among 179 countries	152 th place among 179 countries	164 th place among 179 countries	163 th place among 183 countries
Index of global competitiveness <i>World Economic Forum</i>	Quality of institutions, infrastructure, macroeconomic stability, development of financial market	69 th place among 125 countries	73 th place among 131 countries	73 th place among 131 countries	82 th place among 133 countries	77 th place among 133 countries	82 th place among 142 countries	76 th place among 144 countries

Source: Authors' own elaboration.

Due to exposed ratings Ukraine is down of the table that indicates unfavourable investment climate and unattractiveness for foreign investors. Although in 2012 there was spotted some positive dynamics (corruption index, rating of competitiveness, index of economic freedom and global competitiveness), currently the ratings deteriorated after the events of late 2013 and early 2014 caused by revolutionary transformations, annexing of Crimea by Russian troops, by separatist events on the east of Ukraine.

Statistic data show that current investments volume is insufficient for the acceleration of scientific and technical progress and growth rates, which went down in 2013 (Figure 1).

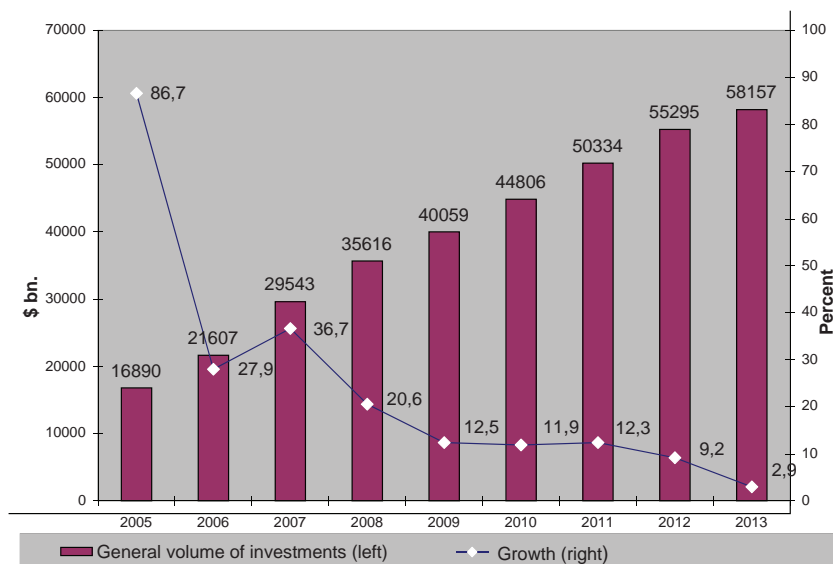


Figure 1. Dynamics of investments into fixed assets during 2002–2013

Source: Authors' own elaboration.

Net inflow of direct foreign investments to Ukraine in 2013 made up \$ 2.86 bn. that is twice less than in 2012. The number of countries-investors diminished in a fourth quarter. The basic investors of Ukrainian economy are Cyprus (\$ 19.036 bn.), Germany (\$ 6.292 bn.), the Netherlands (\$ 5.562 bn.), Russian Federation (\$ 4.287 bn.), Austria (\$ 3.258 bn.), Great Britain (\$ 2.714 bn.), Virgin Islands (\$ 2.494 bn.), France (\$ 1.826 bn.). There is only \$ 1283 of foreign investments per capita in Ukraine, while in Czech Republic there is \$ 7418, in Bulgaria—\$ 6226, Poland—\$ 3155, Romania—\$ 2350 (DSSU, 2014, p. 2).

Therefore, it is very important now to raise the international rating of Ukraine and investment attractiveness of Ukrainian enterprises. The purpose of this article is to summarize the international experience and suggest improvement evaluating the attractiveness of Ukrainian enterprises to attract additional investment resources.

2. Investment attractiveness of enterprises: interpretation and assessment approaches

The investment attractiveness of certain projects or ventures under economic, political and social view-point are currently of particularly important value in Ukraine due to considerable restrictions of investment resources, absence of effective state support and necessity of external investments.

One has to admit that in modern economic literature there is no clear idea about the essence of investment attractiveness and system of its estimation. Many specialists equate investment attractiveness with the estimation of efficiency of investment projects. The most efficient projects must be included in an investment portfolio. However, on the early stages of its formation an investor is always able to estimate each of the investigated projects. Calculation of efficiency of investments is a difficult process which requires considerable information where a potential investor cannot always get at primary research of large aggregate of projects.

Eduard Shilov, Oleg Kukhlenko, and Anatiliy Goyko under the investment attractiveness of companies and firms understand ‘expedience of realization of capital investments in expansion and technical rearmament of operating enterprises which are examined as potential objects of investing’ (Shilov, Kukhlenko and Goyko, 1996, p. 14). The definition is oriented to the real projects. It does not take into account the actions of an investor directed on a search of prospect projects of financial investment and it does not co-ordinate the requirements and possibilities of investor.

Full enough, to our opinion, the Ukrainian scientist Igor Blank exposed this concept. Separate companies (firms), according to him, are attractive objects of future investing as long as considering prospects of development, volume and prospects of sale of products, efficiency of the use of assets and their liquidity, state of solvency and financial stability (Blank, 1995, p. 400).

The widest understanding of investment attractiveness is an aggregate of objective and subjective terms, external and internal factors which promote or hinder the process of investing of facilities in the economy of country on macro-, mezo-, and microlevels. The estimation of investment attractiveness is the system of actions of potential investor, directed on a selection to the investment portfolio of the most effective projects being relevant to the financial resources.

There are attempts to conduct the estimation, analysis of the financial supply and investment attractiveness within certain industries and regions of Ukraine in modern economic literature, and also separate enterprises, firms, companies.

In world and Ukrainian practice a number of methods were elaborated for estimation and analysis of investment attractiveness of subjects of economic activity which are based on financial indexes.

It should be noted that their main features are:

- they are based on many indexes united in certain groups and directions of analysis;
- indexes characterizing profitability, property and financial state of object of investing are taken into consideration;
- a lot of methods include analysis of indexes of investment risk and exposition of different economic indicators to the present moment by means of the system of discounting;
- determination of relative meaningfulness of certain indexes by means of ranking or determination of their share;
- aggregation of various indexes into universal system of estimation through determination of one or a few integral indexes.

Among Ukrainian methods of financial analysis of objects of investing it is possible to highlight the following:

1. Estimation of investment attractiveness of certain companies and firms offered by Professor I. Blank.
2. Method of estimation of efficiency and attractiveness of investment projects developed by the group of scientists of Kiev State Technical University of Construction and Architecture (KSTUCA).
3. Indexes are estimations of investment attractiveness recommended by resolution of Coordinating Council of Investment Activity at Prominvestbank of Ukraine #7, dated from 4 March 1999.
4. Method of integral estimation of investment attractiveness of enterprises and organizations approved by the order of Agency of Bankruptcy of Enterprises and Organizations #22, dated from 23 February 1998.

Table 2 contains comparative description of criteria of estimation and analysis of investment attractiveness.

Table 2. Directions of financial analysis of investment attractiveness of enterprises

Directions (criteria) of estimation	Method of Igor Blank	Method of KCTUCA	Method of Prominvestbank	Method of APZBPO
Estimation of the property of object of investing				+
Analysis of asset turnover	+	+		
Analysis of profitability	+	+		+
Estimation of profitability			+	
Estimation of business activity				+
Analysis of financial stability	+		+	+

Directions (criteria) of estimation	Method of Igor Blank	Method of KCTUCA	Method of Prominvestbank	Method of APZBPO
Analysis of involved loans		+	+	
Analysis of liquidity of assets	+	+	+	+
Estimation of market activity				+
Market estimation of shares			+	
Analysis of financial efficiency of investment projects		+		
Determination of integral index of investment attractiveness				+

Source: Authors' own elaboration.

Majority of mentioned assessment methods for business ventures were built on determination and analysis of economic indicators due to certain directions: to assets turnover, profitability, financial stability, liquidity of objects of investing, etc. Each of mentioned directions contains a few indicators which substantially influence and comprehensively represent an area of activity of enterprise. The biggest problem is to aggregate information directions and indexes to the unique denominator, to define the universal integrated index of investment attractiveness.

3. Integral estimation of investment attractiveness

Application of integral estimation in the analysis of activity of enterprises in economic literature has been seriously criticized for a long time. The most substantial lacks of this method of analysis are:

- possible errors at the choice of certain aggregate of indexes for the calculation of the universal integrated index;
- possibility of the subjective approach to determination of index share in general mass of information;
- complication in determination of extreme limitations (minimum, maximal or optimum values of that or other index), and also directions of their action (optimizations are on a minimum or maximum);
- absence of clear standard values of integrated indexes, which results in the fact that such method can be effective only for the comparative estimation of certain aggregate of objects and cannot be used for determination of attractiveness of certain venture.

These lacks mainly are peculiar during the complex analysis of an enterprise. Under conditions of permanent search of new objects of investing these lacks are partially smoothed out at the expense of estimation of the certain amount of alternatives by means of principles of comparative analysis.

From our point of view, for determination of investment attractiveness of an enterprise or separate investment projects, a similar method can be useful due to such considerations:

1. It allows carrying out the operative estimation of different directions of activity of future object of investing in accordance with unique criterion.
2. By comparative analysis a potential investor has possibility to define operatively the preferable options for investment portfolio which promotes the improvement of investment diversification.
3. With the help of integral estimation a certain enterprise can be recognized to be investment attractive regardless of its subordination, location, or investment unattractiveness of other subjects, region, and industry.
4. Similar methods, as a rule, are based on well-known indexes which are well worked out in domestic practice and satisfy the requirements of international and national standards of book-keeping. Most of them are contained in the official financial reporting, they are opened and accessible for any user of information.
5. Subjectivism in determination of extreme limitations of directions of action, share of indexes is removed due to the fact that there is a number of scientific issues, practical methods for the analysis of financial reports by means of coefficients for the detailed estimation of the most indexes.
6. Calculations are based on the simple mathematical methods with the use of rules of rank correlation and easily processed by computer on the base of typical software.

Practical implementation of these methods of integral estimation of investment attractiveness of certain aggregate of enterprises must be the following:

- selection of necessary input information is on each of the investigated subjects;
- grouping and analytical processing of information;
- classification (ranking) of the subjects is after the certain ratings systems.

On the first stage they carry out the selection of necessary input information for the analysis. As a rule, these must be the indexes of the official financial and statistical reports which are accessible for any user. It enables attracting as many as possible objects for the researches.

On the second stage they make grouping of input information and calculation of values of analytical indexes. Analytical indexes comprise the most important ratios, which characterize production and financial potential, profitability and business activity, financial stability and liquidity. For deeper detailing of a large number of indexes, they are united in homogeneous groups corresponding to directions of analysis.

To our mind, during research of investment attractiveness it is necessary to conduct the analysis of their activity in such directions:

1. Analysis of the property conditions of object of investing consider the real value of tangible and intangible values and their intangible property;
2. Analysis of capital turnover;
3. Analysis of profitability of object of investing;
4. Analysis of financial stability;
5. Analysis of liquidity of assets;
6. Analysis of market activity of object of investing.

The most difficult is organization of work on the last stage of integral estimation, where it is necessary to choose the optimum rating system which would allow aggregating all heterogeneous criteria to one denominator.

The simplest method of ranking is a construction of rating row with an appropriation to each of the probed enterprises of the concerned place on separate indexes or directions. The famous American expert in the field of investment Michael Branwich investigated the need of ranking business and building a number of rating at that time (Branwich, 1996, p. 115).

The summing allows setting the final place of every enterprise in the system of rating. This chart of rating can be complicated by introduction to it the criteria of share for each index.

More difficult is the system of calculations with the use of matrix methods. It is based on comparison of the probed enterprise after each of selected indexes with a conditional standard enterprise (by the maximal, minimum, optimum value of index).

4. Conclusions

For regeneration of Ukrainian economy considerable foreign investments are needed in a post-crisis period. Except for political, social factors for potential investors in the improvement of economic indicators of activity of enterprises can play a positive role. For rising of rating of Ukrainian entrepreneurship it is important to have an objective estimation of investment attractiveness of an enterprise. Such estimation can be done by thorough study of economic activity: analysis of their property conditions, capital turnover, profitability and financial stability, liquidity and market activity. And their ranking to the unique integrated index will allow discovering the most attractive for investing subjects.

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Ocena atrakcyjności inwestycyjnej przedsiębiorstw na Ukrainie

Abstrakt: Artykuł prezentuje kompleksową analizę klimatu inwestycyjnego na Ukrainie, biorąc pod uwagę różne czynniki, które mają na niego wpływ. Autorzy dokonali analizy obecnych możliwości poprawy oceny ekonomicznej przedsiębiorstw na Ukrainie w celu przyciągnięcia nowych inwestycji. Scharakteryzowano sposoby i system szacowania wskaźnika atrakcyjności inwestycyjnej przedsiębiorstw. Przedstawiono również zintegrowane podejście do oceny najbardziej intratnych przedsięwzięć inwestycyjnych. Takiej oceny można dokonać poprzez dokładne zbadanie aktywności ekonomicznej. Brane są wówczas pod uwagę: analiza wa-

runków majątkowych przedsiębiorstwa, obrót kapitału, rentowność i płynność finansowa oraz obecność firmy na rynku. Określenie pozycji rankingowej przedsiębiorstwa według tego unikatowego, zintegrowanego indeksu pozwala na prawidłową ocenę jej atrakcyjności inwestycyjnej. A zatem najprostszą metodą rankingową jest skonstruowanie szeregu wskaźników ratingowych odnoszących się do wybranych przedsiębiorstw oraz odpowiednie odniesienie się do nich pod względem kierunku ich rozwoju i indywidualnych uwarunkowań. Suma wszystkich określonych wskaźników plasuje przedsiębiorstwo na odpowiednim miejscu w rankingu.

Słowa kluczowe: inwestycje, klimat inwestycyjny, sprawozdawczość finansowa, rentowność przedsiębiorstwa

Corporate Social Responsibility in Bulgaria: Advantages and challenges

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Abstract: Corporate Social Responsibility (CSR) is a part of business contribution to sustainable development. The corporate social responsibility is a new socio-economic phenomenon and its manifestation in Bulgarian companies business is current and little researched topic. There are various definitions for CSR, but the common issue is the responsible obligation of business to make contribution to sustainable economic development, to working labour relations, their families, local communities and society, improving the quality of living. CSR is considered as form of corporative management, regulating relationships between companies and the surrounding world. The paper outlines the genesis of CSR conception, turning into a successful business strategy for sustainable development and its manifestations, concrete practices of responsible social behaviour. The article reveals important aspects of the implementation of the corporate social responsibility in Bulgaria. Some specific characteristics of CSR are observed, related to public and social activities, environmental protection, human capital, labour conditions, etc. There are presented the author's views on them and the results of their empirical studying.

Key words: corporate social responsibility, CSR, enterprise strategies

1. Introduction

In the last years in Bulgaria, the interest for corporate social responsibility has considerably increased. As a part of the so called New Europe, the state and Bulgarian business in particular start to pay more attention to the ecological and social aspects in the company management. Gradually, the Bulgarian business starts to realize the increasing importance of applying corporate social responsibility's principles and policies, which affects directly over the company's competitiveness, harmonization process, as well as the presence of bigger trust and transparency in the relationships between interested sides: employees, providers, state institutions, non-government organizations and the whole society.

According to the authors of the book *Man, teams, leaders* (Asenov, Khadjiev and Kamenov, 2000, p. 100), every company or organization, except effective use of its resources, has

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social responsibility, which emanates from the statement that without public environment the company activity could be meaningless.

The Bulgarian companies start to realize the necessity of applying corporate social responsibility policy, pursuant with the internal business or ethical codex.

2. Conception for corporate social responsibility

The essence of business conception for social responsibility acquired popularity, as corporate social responsibility (CSR) is an object for many disputes in the scientific community in the recent decades. The bold slogan in *The New York Times Magazine* of the Nobel Prize winner Milton Friedman, that ‘the social responsibility of the business is to increase its profits’ (1970), meets resistance in the face of *Harvard Business Review* articles, as ‘The Society of Organizations’ (Drucker, 1992) and ‘Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility’ (Porter and Kramer, 2006), in *Strategic management: A stakeholder approach* (Freeman, 1984), in *Business Horizons* magazine article ‘The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders’ (Carroll, 1991) and many others, as well as the business reality itself. In the current format, the main principles of socially responsible business behaviour are systematized in 1999 during the UN World economic forum.

The position of the European commission concerning the importance and the nature of CSR is declared in 2001 in the so called Green Paper *Promoting a European Framework for Corporate Social Responsibility*, defining CSR as ‘conception, according to which voluntary companies show concern for the community and engagement for environmental protection at its business operations and at relationships with its partners’ (EC, 2001). The importance of CSR is displayed on new level by the International Standardization Organization, with the introducing of ISO 26000—Social responsibility in 2010. It defines CSR as ‘responsibility of the organization for influence on its decisions and actions over the society and the environment, by means of transparent and ethical behaviour, which contributes for: stable development including health and wellbeing of the society; compliance with the interested people expectations; keeping up the laws and international standards of behaviour’ (ISO 26000—Social responsibility, 2010).

The business success is reality, because of not only the good management practices, but also their integration on voluntary basis with public responsibility and social commitment. Corporate social responsibility reflects the commitment of the business in accordance with the society’s expectations. Individual social responsibility includes the commitment of every single human to the society he lives in, which may be expressed as a show of interest to what happens in the society, as well as active participation in resolving some of the local problems. Corporate social responsibility is part of the business and management conception of each organization.

There is a practice some organizations conduct individual social checks. They are formal and detailed analysis for effectiveness of the organization’s social activity and normally it is conducted by its high directors. The social checks require clearly defined organization’s social targets to determine how much those targets have been accomplished and to make recommendations for which sphere needs additional attention. Such checks are made by small number of organizations, due to scarcity of funds and time for their execution. In the

future it is possible for more organizations to make efforts for evaluating results of the social responsibility, which they take.

The main activities of the social check are: monitoring, measuring and evaluating of all aspects from the organization's presentation regarding its social responsibility. The most often spheres for conduction are:

- **Industrial sphere.** Here is made an evaluation which shows whether organization executes activities, as making goods and services necessary for the people, opening new jobs, paying fair wages and providing safety at work.
- **Living quality.** At this sphere the check should seek to define whether organization increases or decreases the total living quality in the society. Making high quality goods, good relationships with the employees and customers and efforts for environment protection could be indicators that the organization keeps or makes better the total living quality.
- **Social investments.** This sphere shows how much organization invests materials, financial or human resources to solve public problems. Social responsibility organization can help public groups, which encourage education, art and culture, charity and others.
- **Solving problems.** The check in this sphere should be focused on how much the organization deals with social problems.

3. Corporate social responsibility applying directions

One possible look to integral approach for introducing CSR practices in all spheres of the business and public life, shown in the forum meeting 'CSR Europe Contribution to the European Multi Stakeholders—Making Europe a Pole of Excellence on CSR', on 10 February 2009 in Brussels could encompass directions, as follows (Figure 1):

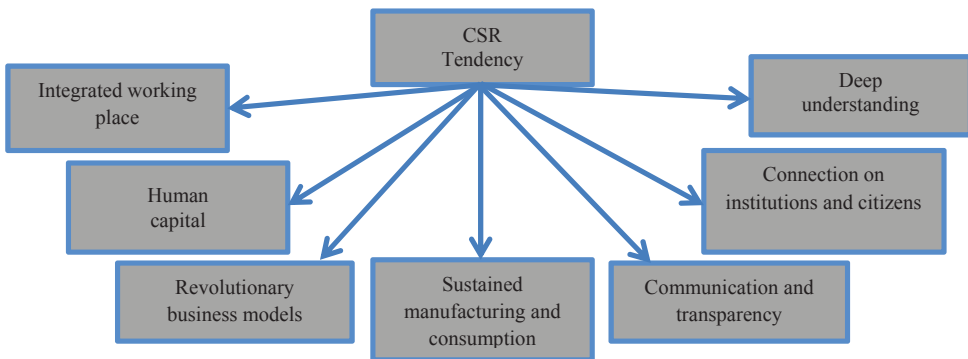


Figure 1. Directions for CSR

Source: Author's own elaboration.

- **Integrated working place**, where differences are respected and equality of genders is guaranteed, ethical attitude to personnel, including all groups of workers and integration of migrants and disadvantaged people, ensuring working place prosperity.
- **Human capital** with given opportunity for continuous improvement of the knowledge and skills, closely aligned with the needs of them, for career development, for vol-

untary inclusion of CSR initiatives, with cooperation and exchange of knowledge with scientific and academic spheres and partnership with social and organized public society structures. In this direction, key challenge is the stimulation of entrepreneurial spirit and encouragement of entrepreneurship education.

- **Revolutionary business models**, allowing sustained business development with partnership and respecting the society needs, outspreading CSR through the whole supply chain, overcoming the financial exclusion of the groups in disadvantaged situation, active engagement of the business for encouragement of regional cohesion and for development of local level employment. Producing, applying and outspreading of these models will be successful only, if it is supported by innovative nets, including SMEs and all interested sides, especially social partners and structures of organized civil society.
- **Sustained manufacturing and consumption**, based on ecological efficiency and stable marketing.
- **Communication and transparency**, by means of real market evaluation of the financial and non-financial company presentation, proactive behaviour from all interested sides and encouraged disclosing of information and voluntary reports for different aspects of CSR activities of companies, including increased policies of open doors.
- **Necessary condition**, for adequate answer of the upper challenges to come true, is satisfaction the continuous need of ‘connecting national (and also European) institutions and policies with citizens conducted by them, by offering centralized resource for researching support and outspreading the knowledge in the CSR sphere’, for encouraging their real application and increasing the quality.
- **Deep and wider understanding** for CSR will encourage better interaction between business and society, according to ‘Recommendations of the European Academy of Business’ (EABIS, 2012). Except everything else, it will help the developing of more successful approaches for use of limited resources for achievement of better social and ecological conditions in the EU, as stimulating strategic connections of the union with the rest of the world.

4. Good practices in the Bulgarian companies

As response of different social, ecological and economic challenges, increasing number of Bulgarian companies start to support strategies connected with corporate social responsibility. Their purpose is to send a signal to all interested sides which interact with employees, shareholders, investors, clients, public institutions and non-government organizations. Doing this, the companies invest in the future, believing the voluntary engagement they take will succeed to ensure bigger return and benefits.

The company ‘MONBAT’ JSC officially joins the Bulgarian net of the global UN agreement about respecting and keeping the corporate social responsibility principles. The organization shares and decides to keep the global agreement principles, as applying in its activity social responsible practices in the following directions:

- respect and support for keeping the human rights;
- guarantee for untying with actions, violating human rights;

- accepting the freedom of association and effective recognition of the right for collective negotiation;
- removal all forms of violent and forced labour;
- effective removal of child labour;
- extermination of discrimination regarding right for labour and profession;
- support for preventive approaches for preserving the environment;
- taking initiatives, stimulating bigger responsibility for the environment;
- encouragement of the development and dissemination of technologies, preserving the environment;
- support for anticorruption initiatives and transparent policy.

Good practice made by ‘MONBAT’ JSC about revelation of non-financial information of investors is being reflected favourably over the company’s whole vision and presentation. There is enough evidence in global scale, the companies joined with the corporate social responsibility principles are among the most succeeded, because the social responsibility is a big advantage in the process of globalization of company activity.

Corporate social responsibility of ‘Mini Maritsa Iztok’ Ltd is connected with values for stable development. The company accepts engagement, striving to improve the work standards, for social development, preserving the environment, its personnel and society standard of living. The company treats responsibly the society and institutions not only on the territory where it is located—The East-Maritsa trove, but all national and noble cause. Priority in the programme for corporate social responsibility of ‘Mini Maritsa Iztok’ Ltd is supporting young people. These initiatives increase their chances for success and realization and give them possibility for more successful future.

It can be assumed that social responsible activities of the companies will increase, as initially they will be oriented towards personnel cares, following one paternalistic model of validation the private authority including compensation of social favours (children in institutions, the sick, old people, etc.).

5. Advantages and challenges of CSR in Bulgaria

The main advantages related with application of corporate social responsibility in Bulgaria come true in the taken from the government activities for creation of needful law frame. It is shown in the developed and accepted ‘Strategy for corporate social responsibility’ (CSR), which is political engagement of the government for creation of favourable place for realizing social responsible practices in Bulgaria.

This strategy is based on key documents on international and national level and approved initiatives in the CSR. As key normative documents in this sphere can be pointed International tools of the UN, relating to human rights protection, the ones Bulgaria has accepted. Our country has ratified fundamental conventions ILO (29, 87, 98, 100, 105, 111, 138 and 182), as well as three of the four prioritized conventions on the organization (81, 122, 144); Convention no. 29 about forced or mandatory labour; Convention no. 122 about employment policy, 1966; Convention no. 138 about minimum age for labour, 1973; Development of ISO 26000—‘Directions for social responsibility’.

The activity of making needful conditions for CSR application is related and with taking of various initiatives such as: Global agreement—the biggest platform for dissemination and share of CSR practices; standardization of companies on ISO 14001—their number these days is approximately 400; many companies applied ISO 26000; in October 2007 National codex for corporate management, accepted by 58 Bulgarian public companies, was developed; besides Bulgaria has accredited a handbook of good practices on corporate social responsibility, which is applied today in the activity of 130 Bulgarian companies; Bulgarian forum of business leaders created ethical codex and constituted annual awards for social responsible business.

Social responsibility brings many advantages for the organizations using it. They are shown in:

- respecting the interests of interested people;
- counting business influence over economy, society, environment;
- lowering of state regulation;
- increasing reputation of the business organization;
- contributing for economic stability in the region, where organization operates in;
- accent over stable use of natural resources;
- adhesion to the highest standards of business ethic.

The integration of corporate social responsibility, as a key tool in the strategies for company development, and the active dialog with all interested persons can cooperate for long-term stable progress and increasing the value of relevant companionship, and according to the book *Corporate social responsibility and its influence over the company's value* (Gogova, 2011) it can realize competitive advantages:

- improving producing effectiveness;
- realization of product decentralization and innovations;
- better satisfaction of the company client's needs;
- better management of the company risks;
- improving the personnel competence and increasing the value of intellectual capital by development of human resources;
- improving the trade reputation and company image;
- achievement of higher share price of the social responsible companies.

Independently of the taken actions and created preconditions, corporate social responsibility of the Bulgarian companies is accompanied with settling problems like:

- passive attitude of the organization's managers towards market's attitudes;
- lack of information for regulation of social responsibility, not knowing the procedures and values of the certification favours;
- lack of resources for execution of certain activities by the social policy;
- organizational problems of the business organizations, as not regulated property, draining of funds, etc.;
- problems with sharing information for social responsible activities of organization.

The main challenges at application of corporate social responsibility are connected with:

- lack of the so called 'administrative capacity';
- lack of leading state structure, which guides and coordinates actions of the single government institutions and collaborates with business, civil society, media, and academic community;

- economic crisis, industrial restructuring, climate changes, demographic crisis—in global aspect;
- in national aspect plus those in global scale, combined with specific for the country difficulties:
 - insufficient dissemination and not knowing the conception for corporate social responsibility;
 - distrust of the community, syndicates, users and others;
 - prejudices in business;
 - myths and realities for the benefits from social responsible practices;
 - pseudo-social responsible practices.

6. Conclusions

Systematized view of the main questions, which currently the EU and its members include under the name CSR, highlights the common, different and upcoming in the future development of the national public policies for encouraging responsible business behaviour in Bulgaria and gives us the reason to make the following common conclusions:

1. First, it's being formed a tendency to enlargement of the object and the themes, addressed in the initiatives of the public sector for popularization and encouraging of corporate social responsibility in Bulgaria.
2. Second, as in the other countries—members of the EU—in Bulgaria starts movement of informational and partnering tools to slim development of economic and financial government initiatives and enlarge the scope of law tools of public policies (application of 'mild regulation').

As it can be seen, the government policies in Bulgaria—as well as in the others countries, the EU members—do not just constitute a place where the companies choose whether to be responsible or not, but they introduce policies in explicit form directly pointed to encouraging the CSR.

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Odpowiedzialność społeczna biznesu w Bułgarii. Korzyści i wyzwania

Abstrakt: Społeczna odpowiedzialność biznesu (CSR) jest częścią działań podmiotów gospodarczych, która przyczynia się do ich zrównoważonego rozwoju. Odpowiedzialność społeczna korporacji jest postrzegana jako nowe zjawisko społeczno-ekonomiczne, którego obecność w strukturach bułgarskich przedsiębiorstw nie jest dostatecznie często badanym procesem. Istnieją różne definicje CSR, jednakże wspólne pozostaje przejęcie odpowiedzialności oraz dopełnienie przez przedsiębiorstwo obowiązku przyczyniania się do zrównoważonego rozwoju gospodarczego, budowania właściwych relacji wśród pracowników i ich rodzin, społeczności lokalnych oraz poprawy jakości życia. CSR jest uważane za formę zarządzania korporacyjnego, której za-

daniem jest regulowanie stosunków pomiędzy firmami we współczesnym świecie. Artykuł przedstawia genezę koncepcji CSR jako udanej strategii biznesowej na rzecz zrównoważonego rozwoju oraz konkretnych praktyk odpowiedzialnego zachowania społecznego. Praca wskazuje na ważne aspekty wprowadzania społecznej odpowiedzialności przedsiębiorstw w Bułgarii. Niektóre specyficzne cechy CSR można zaobserwować w działaniach publicznych i społecznych oraz w działaniach na rzecz ochrony środowiska, kapitału ludzkiego, warunków pracy itp. Artykuł prezentuje poglądy autorki na wyżej wymienione działania oraz rezultaty ich analizy empirycznej.

Słowa kluczowe: społeczna odpowiedzialność biznesu, CSR, strategię rozwoju przedsiębiorstwa

The perplexity of the cooperation of small and medium-sized enterprises

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Abstract: Cooperation of companies determines the development of the modern economy and creating innovation. Experts even recognize its superiority over the competition. The degree of cooperation is dependent on the environment, competitors, and the needs of the cooperator. Any company that operates in terms of the knowledge economy to be developed and strengthens its position in the market must be innovative, and this is possible due to acquisition of knowledge external sources. Derivative of cooperation based on mutual learning process is created in the system value innovation. The practice indicates a growing number of cooperation initiatives by external actors with small and medium-sized enterprises, in spite of the fact their cooperation is exposed to the impact of the many barriers that arise both from market conditions and internal determinants dependent on the entity.

In the first part of the article we outline theoretical aspect of cooperation. The second part of the article is devoted to the presentation of research results that show the conditions of cooperation of small and medium-sized enterprises in Tarnów and Małopolska Region. The purpose of this article is to present modern forms of knowledge from the outside. The paper attempts to identify the determinants and assess the level of cooperation of small and medium-sized enterprises, as a prerequisite for strengthening their capacity development.

Key words: innovation, innovative capacity, cooperation of enterprises, small and medium-sized enterprises

1. Introduction

To quote Joseph Alois Schumpeter, the forerunner in the field of innovation, the main market power can be a creative entrepreneur. In his meaning enterprising was the one that used a new combination of factors of production, introduced a new product or process, has won new market or a new source of supply (Schumpeter, 1960, after: Matusiak, 2010). According to this theory, entrepreneurship has a direct impact on innovation. Schumpeter's idea was the initial base for subsequent views that are either a contradiction, or development. It should be noted that entrepreneurship, as a set of behaviours, may occur without innovation, while innovation

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cannot exist without entrepreneurship. Therefore, the ability of innovative entrepreneurship is a special resource because it goes back to him only when other resources are exhausted—easier to convert (Bal-Woźniak, 2007).

The earliest definitions of entrepreneurship (Richard Cantillon—1732 and Jean-Baptiste Say—1803) point to such owner's capital that accepts a certain level of risk-taking activity for work purposes, for profit. Entrepreneurship is understood as an economic activity transforming resources into measures to meet local needs and it is the driving force behind the expansion of mainly small and medium-sized enterprises, identified with the development of this sector (Bal-Woźniak, 2007). Further liberation of entrepreneurs with a framework of routine, repeatable business model will contribute to achievement of the goals. Today's realities are forcing entrepreneurs to adopt an active attitude, but the same disclosure act narrowly understood entrepreneurship was insufficient. Companies must shift towards innovation. This approach also provides an opportunity for small and medium-sized enterprises. In addition, it is noted that entrepreneurs have limited rationality of action, which according to the theory of Oliver Eaton Williamson (author of the theory of transaction costs) means that they do not seek to maximize profits but to achieve satisfactory profits.

Limited rationality of action stems from limited cognitive capabilities and incomplete information (Williamson, 1998 after: Gancarczyk, 2012). The reason for this is the same organization and being dependent on socio-economics. Small and medium-sized enterprises are more likely to be limited rationality in action. Therefore, the premise to establish a relationship not only benefits because of access to resources (including knowledge resources), but of the cost of obtaining them. Possessed of knowledge can be a source of inspiration, which will constitute entrepreneurial behaviour. It may be, however, not sufficient. Therefore, regardless of the adopted activity, each of the entities in a natural way will initiate the process of knowledge sharing. An innovative tool to introduce knowledge into practice is cooperation. Against the background of the available literature and numerous studies conducted in this field one can accept the idea that innovations are the result of innovative activities of the company, and this in turn is determined by its ability to innovate. Business innovation is the basis of its capacity development. Following this thesis, additional assumption is assumed that the innovative capacity can be assessed, the level of this ability depends on the innovation capacity of organizations that have an impact on certain factors. First of all, the knowledge and skills of the employees of the company and cooperation between the actors of the industry provide a degree of innovative capacity of the company.

The purpose of this article is to present the role of small and medium-sized enterprises to collaboration with external entities that is possible access to external resources and knowledge, and promote the implementation of the objectives and constraints with which the organization of the SME sector collides. In addition, an attempt is made to assess the level of cooperation of small and medium-sized enterprises in Tarnów and Małopolska Region.

2. Cooperation—attribute of the innovation capacity

Open system and input to interact with the environment are network attributes. According to this, approach resources, decisions and strategic advantage businesses are dependent on

relationships with other entities (Gancarczyk, 2012). The effect of network links and cooperating companies to economies of scale and the effect of the development as well as spread of knowledge are the basis for innovative activity. The combination of relational capital is treated as a strategic resource and the basis for competitive advantage, on the other hand—provides access to other resources (Czakon, 2011).

Cooperation can be viewed through the prism of different actors, from a business partner, understood as the second company in their capacity, as suppliers through business to business customers and individual consumers, universities, research institutions and entities of R&D facilities for state and local government units (Danik and Żukowska, 2011). Increasingly, it seems more relevant than open cooperation, destructive competition (Markiewicz, 2007). Steve Radley argues that the future development of the economy, its modernity and innovation are cooperation companies (among them, as well as with entities of a scientific research), a similar position was adopted by Malory Davies, who assigns the invaluable role of cooperation in creating different types of innovation (Danik and Żukowska, 2011). Quality of the companies measured by the scale achieved synergies. Therefore, companies should participate in the chain of interconnectedness and in the process of diffusion of knowledge, primarily due to the phenomena accompanying increased synergies and created added value.

Network combining cooperative and competitive dependencies forces organizations of new model of relations (Moczała, 2005). Changes in this model may take the following character (Moczała, 2005):

- the flattening cooperative structures, changing its hierarchy and the number of degrees of cooperation;
- more and more often and more quickly are concluded alliances across national borders, industries, market spheres of activity;
- reducing the organizational units forming the network, due to the focus on wearing only the necessary skills, which in this configuration give a competitive advantage. If you need to acquire new skills, organization enters into an arrangement with the new cooperator, which will allow his/ her access to the resource sought;
- openness to outside information, new ideas and courses of action;
- the employees of these companies faced the requirement of enterprise and multi-tasking in exchange for easier ‘moving’ between organizations, where in the course of increasing their skills they can offer more and better qualified newly emerging teams.

The basic problem, still unresolved, is to determine the composition and the number of cooperating with each unit. The selection process for cooperation partners is closely associated with the order (Moczała, 2005), for the purpose of such a system which is tied. At the same time specific order is a determining factor in the selection process and criteria for analysis (Moczała, 2005). Skillfully executed selection process will inform suppliers about the possibilities of resource materials, equipped with technologies, the level of qualification of staff to ensure achieving the effect of having the value of innovation.

The issue of cooperation has not been fully exhausted; some important issues are only indicated. Due to the limited framework of the article, the in-depth analysis has not been performed. The concepts of cooperation and innovative capacity are the subject of hearings by many authors, and the study of their coexistence and mutual dependence are rare.

3. The results of research

The chapter presents selected results¹ of empirical studies conducted on a sample consisting of 316 companies and institutions operating in various industries in the province of Małopolska, especially Tarnów Region. As a research tool a multiple-choice questionnaire was used. The target group of this article are small and medium-sized enterprises, which are among the 316 companies surveyed the largest group (Figure 1).

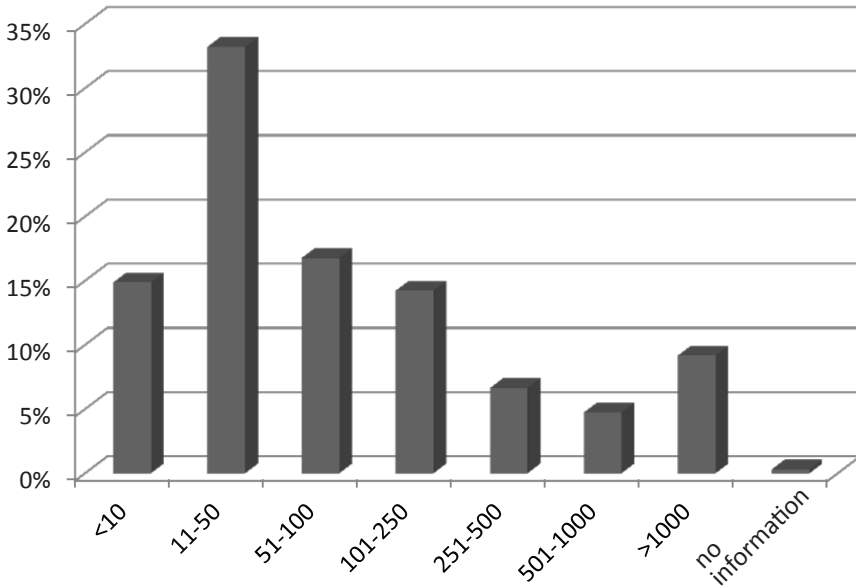


Figure 1. Number of companies surveyed varied due to the number of employees

Source: Authors' own elaboration.

The largest group (48%) were small businesses employing up to 50 employees, including micro-enterprises—up to 10 employees that was 15%. Approximately 31% are medium-sized companies (50–250 employees). Large companies (250–500) make only 7%, and very high (above 500)—represent 14%.

One of the elements that determine the process of building the innovation capacity of enterprises is competition. How freely the market game can be conducted, will result in a range of cooperation with other entities. The starting point of analysis is to evaluate SMEs competitor. Rating on a scale of 1 to 7 allowed identifying whether competition is of neutral (rating 1) or aggressive nature (rating 7).

¹ The research was conducted in 2010–2012 in the framework of the research project *Innovative activities of enterprises in Tarnów and Małopolska Region*, realized under the supervision of Professor Leszek Koziol and other staff of Małopolska School of Economics in Tarnów.

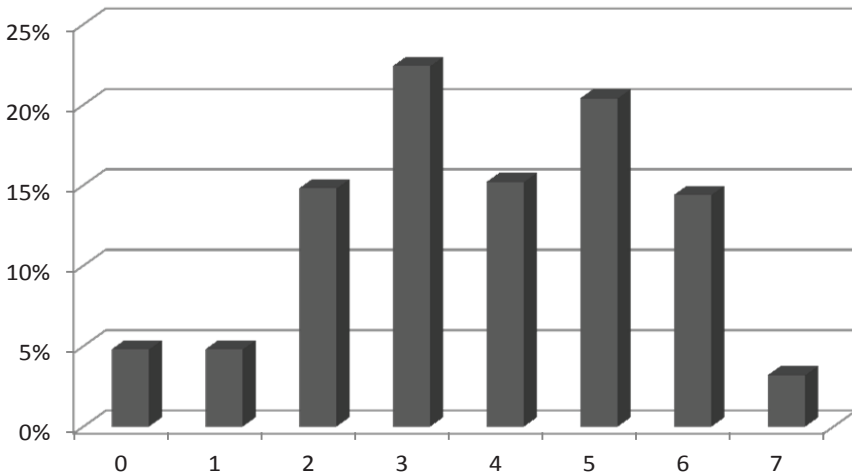


Figure 2. Competition in the SME sector

Source: Authors' own elaboration.

The small and medium-sized enterprises in Małopolska Region are characterized by considerable competition for quite a radical course of action. Nearly half of the surveyed companies considered that the competition conducted is fairly aggressive, giving an assessment greater than or equal to 4 (in the seven-point scale). Only 5% of companies stated that their competitor operated in the market in accordance with the principle of ‘Live and let live’. Increased competition compel operators to exploit their potential in a way that could be deemed as the ability to innovate. Potential for innovation, understood as competencies or resources unit, is individual for each person. It might seem that small and medium-sized enterprises, particularly micro-enterprises, can be characterized by limited or not yet defined potential (ability), therefore cooperation could open the way to reach so far resources. Despite clear evidence of the input of the networks small and medium-sized businesses do not tend to such a solution, which is reflected in the strategy to compete (Figure 3).

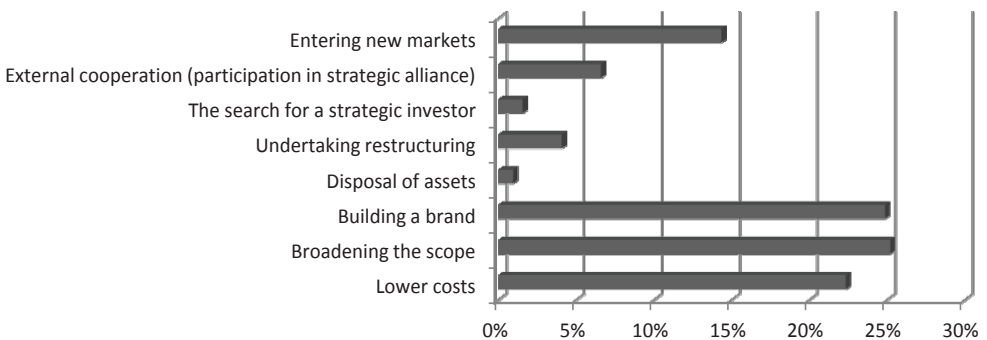


Figure 3. Type of competitive actions of SMEs

Source: Authors' own elaboration.

Small and medium-sized enterprises exposed to strong competition in order to stay on the market primarily focused on this to become recognizable. They strike the right brand for their products to be able to offer them the widest possible clientele. 25% of small and medium-sized enterprises competing in the market is through brand building and expanding its scope. Only 7% of organizations indicated in their strategy of cooperation a way to compete effectively. The collaboration gives companies access to resources to which access was limited, sometimes even impossible. The acquired knowledge in this way allows for more efficient use and multiplying the innovative potential of the individual.

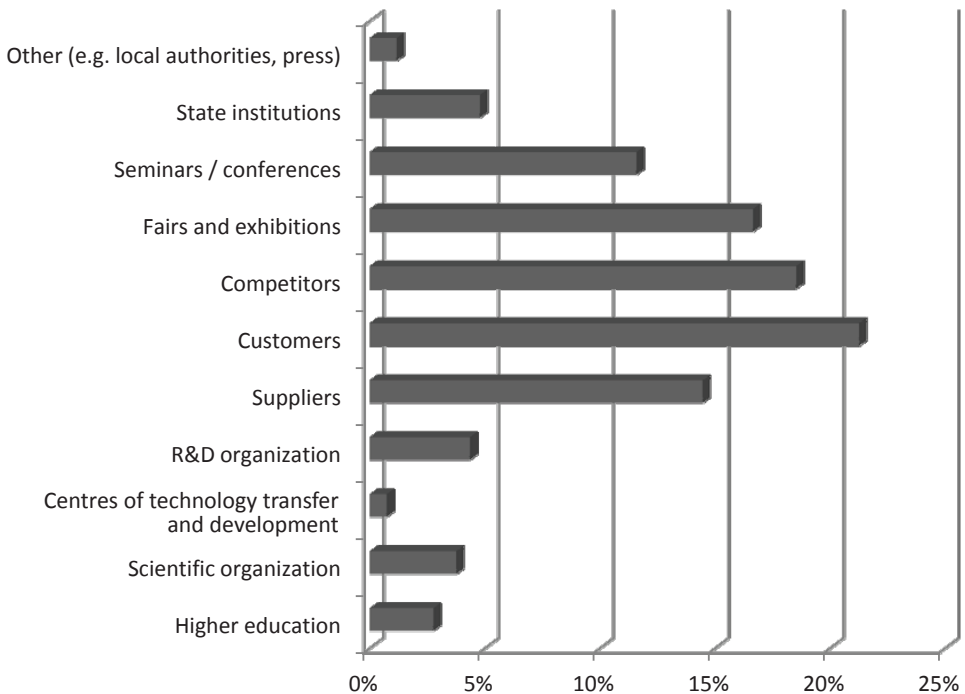


Figure 4. Sources of knowledge of SMEs

Source: Authors' own elaboration.

As shown in Figure 4 above, the most important source of information for small and medium-sized enterprises are the customers (21%) and competitors (19%). Regardless of the size of companies and the financial results they achieved, these two groups of customers will always be an important link in the whole system. Participation in trade fairs, exhibitions and conferences is for these companies as significant as the third source of knowledge. A small percentage (3%) perceive universities and other research units as a valuable source of knowledge and the entity with which it is worth to forge cooperation. Least indication as a source of knowledge was a local authority (1%). These entities have a low propensity to cooperate with enterprises due to the fact that companies (and SMEs in par-

particular) entering into such an arrangement are counting on financial support. Companies unable to fully participate in the allocation of public funds, due to high demands placed and rigor, are reluctant to establish a relationship. Any contact should contribute to the development of the region. Neither party sees clear benefits of mutual cooperation, created innovations do not generate added value in a short period of time. Thus, such cooperation is rarely taken. 27% of companies in the midst of all 250 surveyed, belonging to the sector of small and medium-sized, partnered with an external entity in order to develop new solutions, that is innovation. Most indicated the subject was another company in the industry, which reflects the hierarchy of presented earlier sources of knowledge. What difficulties limited the cooperation of SMEs with other units? (Figure 5)

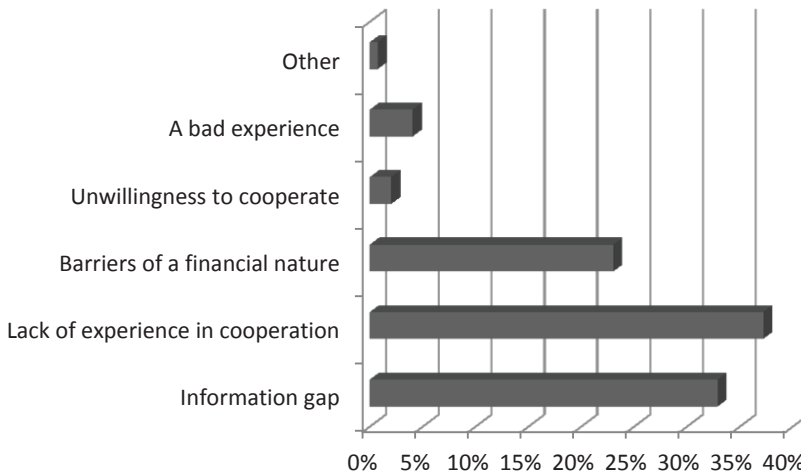


Figure 5. Difficulty limiting the cooperation of SMEs

Source: Authors' own elaboration.

Enterprises identified three main barriers to contacting and establishing cooperation with other entities (companies in the industry, academic institutions): 1) lack of experience; 2) lack of information about the offer and the possibility of a cooperator; 3) financial constraints. While overcoming financial barriers and information, possible barrier is lack of experience in cooperation that may be difficult to remove because it is associated with a system of values existing in the enterprise.

By evaluating the impact of cooperation on the innovative capacity of small and medium-sized enterprises, we see that it plays a greater role than in case of large enterprises. The undeniable fact is that the innovative capacity of enterprises, mainly shaped by managerial competencies and employees (regardless of the size of the organization), in turn determines the ability of the organization of work (Figure 6).

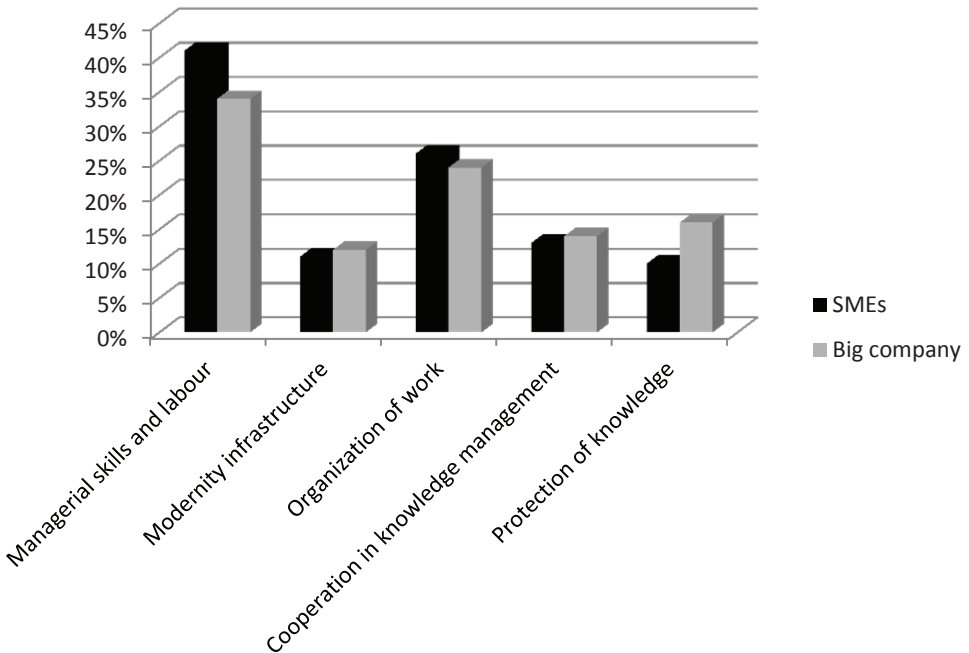


Figure 6. Decomposition determinants of innovative capacity broken down into large and small and medium-sized enterprises

Source: Authors' own elaboration.

An interesting relationship can be seen in the presented research results. For large enterprises, more important issue is the protection of knowledge and this knowledge is created and remains in the company, determining its innovative capacity. The fact is that these companies have greater opportunities in terms of access to resources, can organize their own research, so their competitive advantage on the market is built primarily on the basis of cooperation; it is rather based on internal components. Small and medium-sized enterprises attributed greater role to external cooperation rather than securing knowledge. If the knowledge possessed by the organization is not sufficient, it will look for its sources in the outside. The process of knowledge sharing is less constrained by various forms of its security, it will efficiently run. In addition, easier access for SMEs to the knowledge of external actors will make that they themselves will also be more willing to share their knowledge.

With reference to the above conclusions, questions arise: What is the current level of cooperation of small and medium-sized enterprises? Does it depend on the size of the company? In assessing the level of cooperation weight is assigned (if the company did not indicate no or only one factor in the level of cooperation of such a unit was considered low, the indications for 2 or 3 factors, the cooperation was considered average, the number of indications of 4 factors and more determine a high level of cooperation).

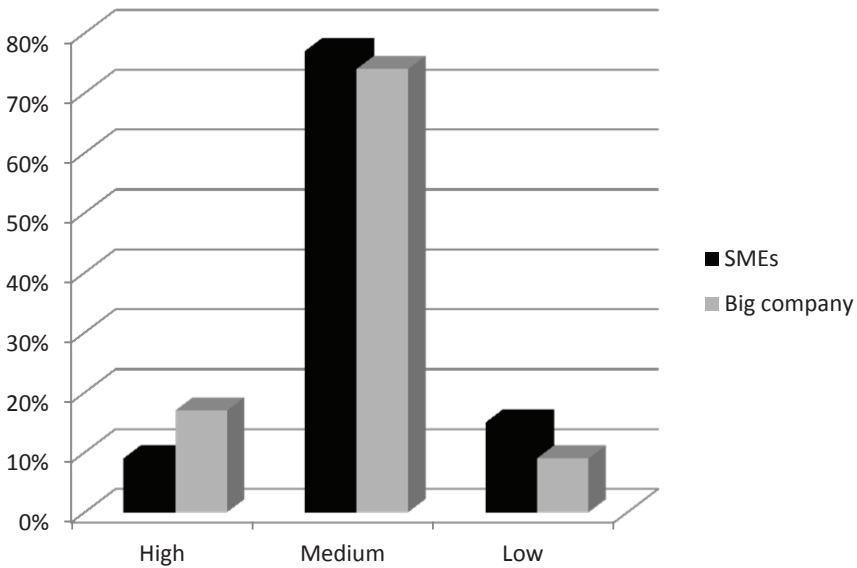


Figure 7. The current level of cooperation among enterprises in distinguishing the size of the company

Source: Authors' own elaboration.

The current level of cooperation of both SMEs (77%) and large enterprises (74%) is rated as average, which means that the adopted parameters (database of cooperators, cooperation with other entities, the number of suppliers, the scope of cooperation, sources of knowledge, the level of advancement of knowledge management and usability of the method of obtaining information) up to 3 have been met. Analyzing how many small and medium-sized enterprises are the high level of cooperation, it is definitely less of them (9%) than large enterprises (17%). The inverse relationship is in these organizations which do not indicate any or only one factor of cooperation, and they were mainly those from the SMEs sector.

4. Conclusions

As it is apparent from the study and the presented results, the small and medium-sized enterprises from Tarnów and Małopolska Region still cooperate with other entities in a limited way and use the knowledge gained in this specific form. Increasingly, however, they recognize the superiority of cooperation over competition, and as a result tend to innovation. Fears of entering into cooperation on the basis of knowledge are mainly due to lack of experience in these types of activities, information gap about the possibility of cooperation and high transaction costs. Studies show that companies do not ignore the customers, suppliers, competitors and institutions as a valuable source of knowledge. This phenomenon takes on the importance of cooperation in the context of the impact on the innovative capacity of the company, where it has been shown that in the case of small and medium-size enterprises the third determinant impact is significant.

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Dylematy kooperacji małych i średnich przedsiębiorstw

Abstrakt: Kooperacja przedsiębiorstw warunkuje rozwój współczesnej gospodarki i tworzenie innowacji; specjaliści uznają nawet jej wyższość nad konkurencją. Stopień nasilenia współpracy uzależniony jest od otoczenia, działającej konkurencji i potrzeb danego kooperanta. Każde przedsiębiorstwo, które funkcjonuje w warunkach gospodarki opartej na wiedzy, aby się rozwijało i umacniało swoją pozycję na rynku, musi być innowacyjne, a jest to możliwe między innymi dzięki pozyskiwaniu wiedzy z zewnętrznych źródeł. Pochodną współpracy opartej na procesie wzajemnego uczenia się jest stworzona w tym układzie wartość innowacji. Praktyka wskazuje na coraz liczniejsze inicjatywy kooperacji podmiotów zewnętrznych z małymi i średnimi przedsiębiorstwami, pomimo tego ich

współpraca wystawiona jest na oddziaływanie licznych barier, które wynikają zarówno z uwarunkowań rynku, jak i z wewnętrznych determinant zależnych od danego podmiotu.

W pierwszej części artykułu przedstawiono w zarysie teoretyczny aspekt kooperacji jako innowacyjne źródło wiedzy. Drugą część rozważań poświęcono prezentacji wyników badań, które ukazują uwarunkowania kooperacji małych i średnich przedsiębiorstw z regionu Tarnowa i Małopolski. Celem niniejszego artykułu jest przedstawienie nowoczesnej formy pozyskiwania wiedzy z zewnątrz. Podjęto próbę rozpoznania determinant i oceny poziomu kooperacji małych i średnich przedsiębiorstw jako przesłanki wzmocnienia ich zdolności rozwojowej.

Słowa kluczowe: innowacje, zdolność innowacyjna, współpraca przedsiębiorstw, małe i średnie przedsiębiorstwa

Methodological problems in integrating information and communication technologies in elementary school

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Abstract: One of the main aspects of educational reform in Bulgaria is the introduction of information and communication technologies to educational process. This article discusses issues associated with the usage of new technologies in primary school. Management of pedagogical process of students from first to fourth grade has its own specifics, and working with information and communication technologies increases the ability of the teachers to expand and enrich their pedagogical methods and tools to achieve effective results at the end of the learning process. The article gives a brief overview of some of the latest technologies offered to primary teachers, such as multipoint technology with software ‘Envision’ and ‘Mouse Mischief’, and Kinect technology creating the new type of interaction between man and computer. It also brings up the need to develop a new methodology of working with information and communication technologies. Multipoint technology has a huge impact on the acquisition of non-technological skills. Methodological training of teachers should focus on the possibility to combine the appropriate use of multipoint technology in the construction of non-technological skills. Such methodological development would be a significant achievement in modern Bulgarian primary education.

Key words: ICT, multipoint technology, methods of education, primary school education

1. Innovative technologies in the pedagogical process

Information and communication technologies (ICT) are one of the basic building blocks of modern society. Many countries place them in their educational cores along with basic literacy skills of reading, writing, numeracy. They integrate them with the development of transversal communication skills and social inclusion necessary for students and teachers to effectively interact in today’s society. In Bulgarian primary school these trends have strong impact, due to social and community development. Information and communication technology (ICT) literacy accompany the students of the first grade and help them to develop cognitive

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skills up to the fourth grade. Primary school emerged as conductor of innovative, interactive, computer technology, associated with different organization of the learning environment, increasing motivation and performance in the learning process. The main objective of this effort for effective use of modern information technology is raising the quality of education, as well as enrichment of curricula, development of quality of new learning skills. The choice of primary teachers to actively bring in pedagogical process, helping to use information and communication technologies and interactive platforms, is not accidental. Statistical data (Petrova and Vasileva, 2013, p. 70) of several years show, there is a serious decline in literacy of Bulgarian students, and problems with developing skills for active social interaction (Eurydice network, 2012, p. 5). These negative trends in Bulgarian school teachers prove there is a need to develop educational content through new, modern interactive methods, including use of information and communication technologies. In this way students acquire knowledge and develop skills according to principle—‘learning by doing’ or ‘learning experience’. Working with ICT at an early stage has emerged in several levels (or stages):

- Computer-Based Learning: using computer as a key component of the educational environment—computers in the classroom and specifically structured learning environment;
- Computer-Based Training: performing special educational tasks through various programmes—in Bulgarian schools for early stage work on the learning platform;
- Comenius logo, proektobazirano training; interactive tutorials developed by Sirma Media;
- Web-Based Training: using a web browser with interactive techniques such as chat, discussion boards—in Bulgarian schools adequate and affordable platforms using Web 2.0.

Each level of working with computer technology has its own specifics. This puts them under common denominator—the pedagogical aspect of administration and high educational interactivity.

2. ICT educational process in Bulgarian schools

Establishment of ICT in school practice of primary school is accompanied by the introduction of a new type of interactive multipoint platforms. These platforms can be seen as next stage of the application of information and communication technologies. The problem that arises is that teachers should be supported in planning lessons and integration of goals, objectives and contents. Multipoint platforms that rapidly enter the classrooms require to offer a clear methodological formulation to achieve quality education by them. In this part of the paper we present the technical parameters of the software used in elementary school. Knowledge of technical capabilities is a prerequisite for the development of methodological setting for interactive platforms. The aim of the presentation is to provide general parameters that serve for the development of a Bulgarian model for interactive platforms, so as to achieve effective results at the end of the learning process.

Multipoint technology—in Bulgarian educational space two interactive platforms for the development of multipoint technology are known: Envision and Mouse Mischief. Both provide interactive learning environment. Identical parameters facilitate the possibility of struc-

turing the methodology in implementing multipoint technology. (Subject of the report is not working with an interactive whiteboard.)

Envision—acquired its relevance and applicability in 2009. The software product *Envision* implies the development of new methods of teaching based on multipoint technology. It was created for the purpose of primary education by a team of graduate students from the Technical University in Sofia who represented Bulgaria at the world finals of the Imagine Cup Competition 2009. Teachers who probed the new platform are nominated by the European Forum innovative teachers in Berlin, Germany in March 2010 and the World Forum of innovative teachers Cape Town, 2010.¹ *Envision* is a technological interactive learning platform where all students have mice associated with single computer and projector (multimedia). The cursor of each child is displayed on the screen with a different colour and image. Students perform their mouse assigned tasks and give the correct answer to questions differently. The results of each child are recorded automatically by the software and classified after completion of the task. The advantage of such a system is that it attracts the attention of students—they are becoming pro-active part in the learning process.

Mouse Mischief (Bad Mouse) is integrated in Microsoft Power Point 2007/2010, it is an interactive plug-in for this software, which allows teachers to create content which can be implemented as an active interaction with students—either individually or as a team. In this platform, students can also participate actively in lessons by using their own mice. Participation in the learning process and fun encourages creative thinking. In this sense, it successfully develops skills with computer technology as a tool, not a goal.

Natural User Interface (NUI). This is new idea of software companies tied to education—the introduction of Kinect in classrooms. Using Kinect for educational purposes can be viewed as an interactive process that requires organizing the learning course in a special way. Kinect as an opportunity for a new type of interaction with technology—natural user interface (NUI)—outlines a new global research component in modern vision of education. NUI (physical interface) is an interaction between man and computer—a user performs actions related to natural behaviour and through them controls the computer. The use of NUI is facilitated by a design that gives a user the feeling that his/ her actions are perceived by the machine and always successfully read. Audio and video information from the sensors is used as a command to interact with digital content in games or software programmes. Kinect combines a video camera, microphone and some sensors depth with which the controller can recognize people, understand gestures and movements to recognize voice and put the user in active gaming action. Kinect is often defined as a revolution in communication technology. Since Kinect can actively track users, teachers and students can control study materials through their body and voice without being bothered by wired and wireless devices. Therefore, Kinect provides a variety of physical and interactive activities. Today there are many developments (free and paid) with the potential of Kinect to create more interactive environment in the classroom, better conditions of learning for disabled children with autism to be engaged in productive time spending. This encourages professionals to assess the capabilities of the device in the field of education.

¹ Some of the nominated team and the author of the paper.

3. Methodological problems and aspects

In Bulgarian primary school there have already been drawn many lessons which integrate computer technology. Teachers develop shared virtual space for their practice patterns as learning content—<http://www.nimero.com/lessons>; <http://bglog.net/nachobrazovanie/>. Adaptation of new information and communication technologies (ICT) to the specific activity and level of cognitive development of children is not an easy task. When it comes to kids, web-based, computer-assisted and electronic learning/ learning and e-testing must be subject to the specifics of psychophysiological level of their development. Only in this context the use of modern technology increases the ability of teachers to expand and enrich their pedagogical methods and tools and bring them outside the physical boundaries of the classroom. In this sense, teachers need to be supported with an organized and systematic conceptual and methodological system for integrating knowledge from different scientific fields.

The use of innovative IT technology in education is associated with several stages:

- a) the creation of educational software;
- b) approbation (and input) in the school environment, creating lesson based on methodological literature;
- c) preparation of lesson models (numbers);
- d) training of pilot groups;
- e) statistical models for comparability of results and student performance;
- f) correction models, shaping the book for the teacher to work with technology.

Experience shows that even at the second stage—the introduction of innovative IT technologies—teachers have difficulties in methodological aspects. A number of conferences, forums and meetings with a description of best practices observed description of good teaching practice as innovation, training and didactic process as technology, etc. Developed methodological units in option complete computer tutorial, which deforms the idea of integrative function of IT technology in learning. Very often electronic resource is discussed as an electronic lesson in its part of the process layout, and not the integrity of its goals, objectives, methodology.

Integration of knowledge presupposes detailed identification and systematization of information areas that will be addressed. In preparation for the integration of modern IC technologies in the learning process it is necessary to comply with the supporting points of the standards of educational content; identify areas and topics that allow the integration in different directions; outline and justify didactic technologies. Preparation of individual lessons from the position of integration of ICT in education is associated with very carefully reconsidering the goals and objectives as integrated goals and objectives, as well as integrated visibility, etc. In lesson models the main educational tasks directly relate to the expected learning outcomes for the subject, and the active use of ICT can be defined as an additional task.

The active role of scientific experts in constructing a taxonomy of educational objectives helps to provide systematic and ordered, practically useful empirical experience. So far they did not submit complete cycle of approbation with valuable educational resources for use by pedagogical college. Following gaps identified several significant problems in terms of number of pedagogical principles and methodological concepts of quality of educational content;

contextual conceptual system; methodology in training IT—integrated process. In this sense, the approach to the introduction and implementation of IT—integrated education—could focus on creating a symbiosis between new technologies, fundamental IT pedagogical framework of the basic concepts and teaching methods—to create, develop and improve quality of actions new methodology. Such conceptual and methodological evolution would be a significant achievement for the development of ICT in school education methodology.

4. Scientific and practical Thesaurus

It is commonly known that teachers have the option to select methods and formulate teaching objectives, which are reflected in the question that while not being familiar with the methodology of teaching or not confident in your knowledge, you will find it difficult to create a ‘productive learning environment in the room.’² It is therefore necessary to propose constructs leading concepts as a basis for educational integrative taxonomy. Guiding principle in this taxonomy is the symbiosis between traditional, innovative, interactive and technological training.

1. **Digital competence** is defined as a skillful and proper use of electronic means in work, leisure and communication purpose; logical and precise thinking; processing large amounts of information; the use of multimedia technology in order to retrieve, assess, store, create, present and exchange information.
2. **New educational media**—interactive means of access to knowledge and dissemination of know-how and best practices in all aspects of education. Essentially, new media transform model of education ‘one to many’ to ‘many to many’ and prove an effective tool to improve the learning environment.
3. **Technological integration** seen in four aspects, depending on the tools that students handle school: content consumption, cooperation, communications, creation. Identifying these four steps leads to a significant increase in the level of integration of ICT in schools. Adaptation of new technologies to the specific activity and the level of cognitive development of children is not an easy task. When it comes to kids, web-based, computer-assisted e-learning and e-testing should be subject to the specifics of psychophysiological level of development. Only in this context the use of modern technology increases the ability of the teacher to expand and enrich their pedagogical methods and tools and brings them outside the physical boundaries of the classroom.
4. **IT and media literacy**—the ability to acquire, understand, evaluate and create media content; ability to interpret and create personal meaning from a variety of verbal and visual symbols; skill critical perception of media messages.
5. **Innovation**. Today, innovation is the ‘key’ to change. It could be argued that innovation as a concept was philosophically, culturally, psychologically and pedagogically loaded. Ongoing time: as early as 1967 predicted the advance of the fifth revolution in education related to the use of computer technology. For A. Ellis and D. Fouts (1993) computerization is innovation in education; according to J. Katz (1997), in the digital age our children conquer new kind of cultural space. It is therefore necessary to trans-

² From a report by Simon Black.

form education by developing new strategies effectively and improving the learning process. McKeachie and Svinick (2006) distinguished four main components in learning through computers: teachers, students, course content and technical equipment. In pedagogical science and practice ‘most innovation processes as a way of thinking, especially by action exerted in technology. This is immense scope for creativity educator as a teacher and an educator.’ The presence of innovative element in pedagogical practice can be observed. They indicate the formation of the whole methodology of modern innovations (innovation) in education. It is seen as a new scientific theory and practical field due to educational reforms in the last two decades, ‘also as a product of the “third wave” of a transformational pedagogy aimed at improving the quality of education as a new priority’ (Stefanova, 2005). In the construction of a methodology for working with multipoint systems deduced concepts are included as discursive. They are used to describe the methodology leading to the definitions: skills ICT enhanced, information skills, presentation skills, ability to work on the project; ability to work in team. The distinction of this type of skills stems from the fact that they are associated with the use and application of ICT in the context of different subjects. The modern training is increasingly based on the methods in which the pupil is central. Associated with this activity are the so called non-technological skills (soft skills). They refer to the adequate performance of academic tasks, which can be regarded as milestones in a particular school project. The acquisition of non-technological skills in this context is a trend caused by increased demand for such skills. Multipoint technology has a huge impact on the acquisition of non-technological skills by their very existence, so we should not neglect how to utilize these skills. Attention and methodological training of teachers should focus on the possibility to combine the appropriate use of multipoint technology in the construction of non-technological skills.

5. Conclusions

The output of the education market of a number of technologies such as multipoint technology software solutions for tablet Kinect from leading companies and organizations, multimedia and electronic lessons poses to the teacher about how, where, and when to use this product. For a self-serving, poorly integrated learning tool sooner or later makes its negative effect. The new type of training seems practically easy to implement, but a deeper look shows a rather complicated technique whose realization requires considerable time to achieve the efficiency and appropriate standard by a new methodology in the learning process. The determination of the group of non-technological skills base can be developed through multipoint technology that supports teacher working with integrated learning content. It directs him/ her to a certain systematics in planning, building and development of non-technological skills, accessible and achievable for students in elementary school. As a short conclusion after profile issues it can only be added that computers make it possible to increase the scientific value of the material taught only through the development of computer tutorials on high methodological and substantive level.

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Wykorzystanie technologii informacyjno-komunikacyjnych w procesie edukacji wczesnoszkolnej. Problemy metodologiczne

Abstrakt: Jednym z głównych kierunków reformy edukacyjnej w Bułgarii jest wprowadzenie do procesu edukacyjnego technologii informacyjno-komunikacyjnych. W artykule omówiono zagadnienia związane z wykorzystaniem tych technologii w procesie nauczania w początkowych klasach szkoły podstawowej. Zarządzanie procesem dydaktycznym na pierwszym poziomie edukacyjnym ma swoją specyfikę, a praca z nowoczesnymi technologiami informacyjno-komunikacyjnymi daje nauczycielowi nowe narzędzia pozwalające na zwiększenie efektywności procesu dydaktycznego. Artykuł zawiera krótki przegląd niektórych z oferowanych nauczycielom szkół podstawowych nowoczesnych technologii, takich jak Multipoint z oprogramowaniem „Envision” i „Mysz

Mischief”, a także kinetyki umożliwiające nowy rodzaj interakcji człowieka z komputerem.

Zwrócono też uwagę na konieczność stworzenia metodologii pracy z nowymi technologiami informacyjno-komunikacyjnymi. Technologia Multipoint ma ogromny wpływ na nabywanie przez dzieci umiejętności nietechnicznych. Kształcenie metodyczne nauczycieli powinno koncentrować się wokół właściwego doboru technologii informacyjno-komunikacyjnych, umożliwiającego rozwój tych właśnie umiejętności. Wypracowanie nowych rozwiązań metodologicznych stanowiłoby znaczące osiągnięcie w nowoczesnej edukacji w bułgarskich szkołach podstawowych.

Słowa kluczowe: technologia informacyjno-komunikacyjna, technologia Multipoint, metody nauczania, edukacja wczesnoszkolna

Innovative forms of international business

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Abstract: The paper deals with the main forms of international business. There were analyzed peculiarities of such forms functioning in different countries, and also there was done comparison of the international innovative structures operation. The paper researches the international experience for the domestic economy concerning the organization of business structures as well as the opportunity to implement them in Ukraine. International business, as a sphere of human activity, provides international exchange of goods, services, scientific and technological, industrial cooperation both internationally and domestically. The international business is conducted through international transactions. It is an entrepreneurship where the firms from different countries jointly participate in using international capital. The innovative forms of entrepreneurship have gained significant importance for the international business development. First of all, innovative structures help to activate international relations among the entrepreneurs from different countries, then facilitate the firms' access to the international market and increase intensity of international technology transfer, services and experience. Using international experience to successfully build innovative business structures is important for Ukraine, because the field is just beginning to develop in domestic economy, that is why this study is a promising range of issues.

Key words: international business, business incubator, technology park, technopolis, joint venture

1. Introduction

International business, as a sphere of human activity, is directed to realize international exchange of goods, services, results of scientific and technological and industrial cooperation both international and within the same firm. The international business is conducted through international transactions realization. It is the entrepreneurial activities where firms of different countries take part in use of international capital (Mykhailova, 2009).

The economic conditions in the industrialized countries have changed significantly over the past decade. The combi-

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nation of new technologies and the economies of the scale have become an important source of job growth and international business development.

The objective of the paper is to examine and analyze the principal innovation forms of international business. Respectively to this, the main tasks of the research are following: to analyze how these forms work in different countries; to compare the operation of international innovation structures; to explore the experience of leading countries and discover how it can be used in domestic conditions.

Traditional forms of international business are: export and import of goods and services, cooperation in science and technology, production, sales and service activities, investment activities, joint ventures and transnational corporations. Recently, innovative forms of international business have begun to position actively along with them. Their main idea is to create an autonomous system of all necessary elements interaction for economies of scale, to eliminate intermediate costs, to establish rational relations among independent organizations under the joint realization of innovative projects and to maximize profits. The main innovative forms of international business are business incubators, business centres, technology parks, technopolises, venture firms.

2. Business incubators and centres as special innovation forms of international business

B **u** **s** **i** **n** **e** **s** **s** **i** **n** **e** **s** **s** **i** **n** **e** **s** **s** **i** **n** **e** **r** **i** **n** **c** **u** **b** **a** **t** **o** **r** is the structure which realizes organization and methodical tasks necessary for successful development of business, with help of internal personal resources, and also through the network of external contacts of institution. Business incubators realize complex of services and resources which includes providing the enterprise with physical space (areas) on the favourable terms, personal teaching, consulting, access to the information base, properly selected complex of programmes as to business support, including regular support in management of enterprise, specialization programmes of teaching, and also access to financing and giving price terms (Sklarenko, 2012). It considerably increases chances for survival of enterprise and reduces costs for its creation and organization of activities. The main task of business incubator is not only giving lodgings in lease, but contributing to successful development of the firms which will be able to leave business incubator in the future and act without its support.

They help to develop start up enterprises. These structures have developed throughout the world, and turned out to be important for the local development. In Finland, for example, creation of business incubators is rather widespread and effective practice. There are about 25 such business structures in the country. The business incubator has successfully functioned in the joint stock company 'Forum' within the Agency of economic development since 1998. Participation in international entrepreneurial projects is one of the business incubator activities. The financing of this structure partly has happened due to the EU projects. 6 municipalities and public educational establishment (50% of stocks) and also private entrepreneurs (50% of stocks) are the promoters. The main clients of the business incubator are the entrepreneurs in such fields: consumer services, informational technologies, consulting, tourism, cultural rest and other professional services. Business incubator within the Agency is man-

aged virtually—the entrepreneurs cannot be certainly under the same roof. There is used specially developed computer Internet-system of the client management. The client base of the Agency is being supplemented on the 200 new entrepreneurs during the year.

The practices of innovative and investment structures functioning in Norway are interesting and original. 6 business incubators operate in Oslo. They give information in Norwegian and English at their offices and through the Internet. 2% of Oslo inhabitants decided to begin their own business in 2006, 12 thousand of new firms were opened in the city, half of them are in service sphere, besides the third was created by women. About 20% of entrepreneurs were founded by foreigners.

Business incubators can function both inside the country and as international cooperation. The example is Hi-Tech International Business Incubator in Beijing, created as a result of Chinese and Italian technology transfer programme. HTIB proposes reliable high-quality alternative of country inside resources with the aim to assist for development of international business, development of the market, distribution strategies and broadening the channels of goods and services expansion on international scale. Chinese and Italian business incubators focus their activities on two types of international triangles: giving possibility for international subjects to expand on the Chinese market and giving possibility for Chinese subjects to develop business on the international markets.

Another example of the international business incubator is Management in Sites International Business Incubator, created in the United States (North Carolina) in 2000 as a structure helping its clients to enter the markets of North America and to plan business growth both nationally and internationally. The main aim of the MI business incubator activity is to provide the clients with information and means that help to understand better the features of their markets and envisage the partner cooperation in order to form and realize a competitive global strategy of the enterprise. The agency of this business structure is located in Italy (Milan).

‘Incubation’ structures are located near the universities or state laboratories that develop cutting-edge technologies and have highly qualified personnel. In particular, the European network of business incubators includes more than 100 centres in the EU and in Central and Eastern Europe. The centres provide the entrepreneurs with information through European and national networks; they assist to develop cooperative relations of small businesses, empower their participation in European programmes and projects (Mykhailov, 2009).

The first full cycle business incubator in Ukraine appeared in 2012 and was named Happy Farm nearby Kyiv. The structure intends to provide services for start-up projects, further support and attraction of investment for start-up companies. A year earlier, the business incubator East Labs began activities having another conception that includes not only giving the capital and premises for start-up firm, but also mentor package—talking with expert entrepreneurs in a certain field who share experience of doing business.

Business centre is an organization providing small and medium enterprises, persons who intend to do business with information, consulting, marketing and other services to (*The government portal*, 2009). Its main functions consist of information support of start-up entrepreneurs, finding customers (investors) for projects, assistance in the selection of personnel for management, attraction of external experts, teaching the entrepreneurs of doing business.

As a rule, the cost of such services is much lower than the market price because activities of business centres are partly financed by local budgets and means of founders (major research institutions and companies).

The business centres are mostly widespread in the United States. In particular, the International Business Center CIBER has been functioning attached to the State University of Michigan since 1990. Its main objective is the use of advanced knowledge and skills to provide the best teaching, research and assistance for enterprises on international trade, global competitiveness. Business centre CIBER is a conglomerate of internationalization, the headquarter of International Business Academy and the provider of advanced knowledge.

Business centre Novenco, located in Singapore, has been successfully operating as a dynamic business partner since 2007. It helps for start-up firms to foothold in the certain marketplace, to meet the standards of emergency markets of Southeast Asia countries and give business-services for interested subjects.

The European Network (EBN) of Business Innovation Centers (BIC) was established in 1984 as a joint initiative of the European Commission, the European industrial leaders and centres of business and innovation. EBN is currently the most significant non-governmental pan-European network that brings together more than 200 business and innovation support centres and similar organizations such as incubators, innovation and entrepreneurship centres etc., in the enlarged Europe. EBN activates the creation of new businesses by supporting innovation, incubation and international perspectives, it acts as a supporting bridge among various organizations, provides expert knowledge in numerous areas, including financing sources. It requires the annual membership fee for the participators in the EBN network. Participation in EBN is divided into two categories: full membership and associate membership. Full membership is available for business organizations having implemented the quality assurance system EBN, which includes the charter of quality and self-assessment report.

There are about 100 business centres in Ukraine today, the most successful among them: Horizon Office Towers, 'K.A.H. Development', 'Carat' and others.

3. The increasing significance of technopark and technopolis

One of the innovative forms of the international business is a science and technology park, which have a high level of innovation activity. Their key objective is organizational support for innovative projects on industrial implementation of scientific developments in high-tech sphere and industrial globally competitive output. Science and technology park is an integral part of a modern market system, an important form of merging innovative companies, universities, consulting and other enterprises of service industries, the various departments of government agencies into a single mechanism. The concept of science and technology parks is built on the idea of encouraging collaboration among research institutions, industry and businesses to ensure effective usage of created technologies.

An example of such innovative forms of international business can be the International Technopark of Panama 'City of Knowledge' (City of Knowledge Panama International Technopark). It promotes business activization on international scale through creation of strategic alliances and networks while encouraging its participant to scientific and technology

activities. Technopark is a platform for relations among universities, companies and the government, which provides specific support for the successful business development of the technopark participants. Panama International Technology Park acts in such spheres as communication and information technologies, bioscience, environmental management, human development, business management and entrepreneurship.

Trivandrum India Technopark is another example, which provided 70% of information technology export in the region of Kerala (India) in 2010. Technopark departments comprise local firms, joint ventures and subsidiaries of foreign companies of various industries, including software, smart card technology, engineering, computer design, etc.

International Association of Science and Technology Parks (IASP) is a worldwide network of scientific and technological parks. It was established in 1984 and headquartered in Spain. IASP connects professionals with science parks from around the world and provides services to accelerate the growth and effectiveness of its members. Participants improve the competitiveness of companies and entrepreneurs in the cities where they are located and contribute to global economic development through innovation, entrepreneurship and transfer of knowledge and technology. IASP had 359 members in 2008, covering 150 thousand companies located in IASP member parks in 74 countries in five regional offices: Asia IASP—Pacific region, Europe IASP, Latin America IASP, North America IASP, West Asia IASP. During the period from 1984 to 2007 IASP has organized 24 international and 42 regional conferences. IASP is also a founding member of the World Innovation Union.

Today eight parks operate in Ukraine, including Electric Welding Institute (Kyiv), Institute for Single Crystals (Kharkiv), Vuglemash (Donetsk), Semiconductor Technologies and Materials, optoelectronics and sensor technology (Kyiv), and others.

One of the innovative forms of international business is a *technopolis*. This is the scientific-industrial complex created for the production of new products or the progressive development of new high technologies based on close relationships with universities and scientific and technical centres. It combines science, technology and business, local and central authorities.

The main purpose of technopolis is enhancing innovation process by promoting the concentration of necessary resources at the centre of development and industrial development of scientific and technological products.

According to functional characteristics, the technology parks are similar (the USA, France, the UK, Ireland, Finland, Sweden, Spain); science parks (the USA, Finland, Denmark, the Netherlands, the UK, Belgium, Japan, Taiwan); research, industrial parks (the USA, the UK); parks, clubs and business centres (France); business parks (the UK); innovation centres (the UK, Germany, France).

Usually the technopolis is set up at locations with the largest community of scientists and universities; along with major industrial companies and places of highly skilled professionals' concentration; at the intersection of major road and air routes; in areas with favourable natural and climatic conditions, high cultural level of the population.

The best known technopolis is Silicon Valley in California, which comprises now the 17 largest companies of electronic industry in the USA. Silicon Valley was established in the early 1950s as a park based on the Stanford University near San Jose. Today the headquar-

ters of the leading electronics companies in the world (more than 1000) are accommodated in San Jose.

Following the example of Silicon Valley, formations of this type were established around the world. The technopolis in the USA, the UK (at the University of Cambridge), Germany (Isar Valley, which includes more than 200 firms that specialize in microelectronics), Italy (Novus Ortus), Japan (Tsukuba) and so on turned out the largest and most effective.

An international French technopolis Rabat Technopolis (*Centre Régional d'Investissement...*, 2011) has been successfully operating since 2007, located in Morocco. It covers an area of 300 hectares and is a global leader in providing business management services. The main areas of its activity include software, biotechnology, nanotechnology, medical services, expert services of hotel and restaurant business, outsourcing, and many others (Tulchynska, 2010).

Ukraine today has still considerable scientific potential concentrating in large cities, such as Kyiv, Dnipropetrovsk, Kharkiv, Odessa, Lviv, around which it is possible to create a scientific megacities like Japanese technopolis.

4. Good decision for risky ideas

Regional and national competitiveness and economic growth are becoming more dependent on the level of support for risky and innovative ideas. As a result, innovations are gaining priority for companies, organizations and governments in major countries. Innovation in this new era is becoming an important national asset, and governments are vying to find the 'golden key' that would allow them to make profits from the development. In parallel with these efforts new entrepreneurial firms and small and medium-sized businesses are gradually recognized as a major source of innovation and economic prosperity. At present entrepreneurship research and policy for supporting them is recognized as considerable and initiatives for supporting the entrepreneurship development have become a priority matter.

Similarly, venture capital contributes to economic growth of entrepreneurial firms. According to research being conducted by the OECD for the last 5 years, there is a tendency to geographical concentration of venture investments in certain highly competitive regions. For example, Silicon Valley in the USA, London and the South Coast in the UK, Ottawa and its suburbs in Canada, the metropolis of Seoul in the South Korea are the world leaders in the amount of attracted venture capital. This is explained by the fact that these regions are characterized by highly efficient regional innovation systems and specialize in producing high-tech products and services.

Venture capital firms—are mostly small businesses in advanced manufacturing industries (electronics, biochemistry, bioengineering, consumer products) that progress rapidly and have products and technologies of an intense generational change associated with the base innovation. Small venture companies are specializing in the research, development, introduction of innovations, the organization of which is associated with increased risk. The small firms are often created for one idea, but the basic innovation success is never guaranteed and is probabilistic in nature. In case of failure, the company expects imminent collapse.

Competition makes venture capital firms to minimize the timing of research and development, rapidly introduce innovations into production.

Venture capital firms are typically formed by a group of like-minded people: scientists, engineers, professionals, inventors who have some experience in the laboratories of large companies or research institutions, universities or individuals who wish to organize their work. They have some scientific and engineering ideas and want to implement them practically within the small firms. Such firms can also be established in large enterprises (corporation) for the inventors focused on the new ideas implementation, which ensures the success of the innovation diffusion in the manufacturing and everyday life while the corporation earns big profits.

The international Partech Ventures (Franklin and Titchmarsh 2013) headquartering in San Francisco, Paris and Berlin is the leader of investing in the fast-growing venture capital companies in Europe and the USA. The Partech Ventures have been working since 1982 with the main objective to facilitate the entrepreneurs to succeed in the global economy. Venture capital funds of the company comprise 250 million dollars. Nowadays, over 100 companies involved in international business successfully operate with the help of Partech Ventures. The main areas of their activity are related to the Internet using, information and innovative technologies.

The International Venture Club implements activities of risk investments within the framework of the European Union (*The International venture club...*, 1998), as a platform for cooperation among leading risk investors, including Sony, Philips, Basf and others. The club provides an opportunity for investors to build a relationship in various sectors of the economy, an advantage to work with other companies and reach global and sustainable success.

Singapore, for example, has followed another path. Investments held in the country were transferred in 1980 to Silicon Valley, where the profit was reinvested. Gradually, Singaporeans have developed with the USA venture entrepreneurs and managers strong ties. Thus, the business venture was born in Singapore (Kuznetsova, 2008).

Ukraine now moves the similar way. Venture business operates in our country relatively short time. The history of its development is still short. The year 2006 has become a year of active development of the joint investment market in Ukraine. There has been observed rapidly growing number of actors and the cost parameters of the market, the market has shown notable achievements and quality of asset management. The Western NIS Enterprise Fund and SigmaBleyzer equity funds were the most important and most active in the domestic market.

5. Conclusions

Thus, innovative forms of business have gained significant importance for the development of international business. Firstly, the innovative structures help to activate the international relations among entrepreneurs from different countries. Especially, thanks to business incubators local small but promising start-up firms have a great opportunity to enter international markets, to cooperate there with foreign partners, thereby expanding their own activity and growing. The American business incubators show a vivid example of

improving the competitive global strategy of enterprise. Another innovation form of international business, the technopark, also facilitates the access of firms to the international market and increases the intensity of international technology transfer, services, experiences. Being organized near the big university, it provides the effective implementation of scientific researches, inventions in massive production, helping them being competitive in the international market. The key difference of the technopark as innovation structure is the synergy effect of combining efforts of scientific institutions, enterprises and authorities. The highest form of innovation cooperation is technopolis that can cover the whole city involving not only economic, scientific and political but also the social sphere in activity of one or several closely connected industry sectors. Through the development of innovative forms of international business, each country can contribute to the creation of global gross domestic product, find new markets, engage in international division of labour, thus, improve the competitiveness of its economy. It is important for Ukraine to use international experience of successful operation of innovative business structures and to choose the most appropriate forms for its economy, as the industry is just beginning to develop in the domestic economy, that's why the research in this range of issues is very perspective.

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Innowacyjne formy międzynarodowej działalności gospodarczej

Abstrakt: Artykuł prezentuje różnorodne formy działalności międzynarodowej. Analizie poddano specyfikę funkcjonowania różnych form działalności biznesowej w poszczególnych krajach, a także dokonano porównania innowacyjnych struktur współpracy międzynarodowej. W artykule uwzględniono również wyniki analizy działań kilku państw w dziedzinie gospodarki krajowej dotyczących organizacji struktur biznesowych, jak również możliwość ich realizacji na Ukrainie. Firma międzynarodowa, jako sfera działalności ludzkiej, zapewnia wymianę towarów, usług oraz współpracy naukowej i technologicznej przemysłu zarówno na arenie międzynarodowej, jak i w kraju. Działalność gospodarcza prowadzona przez wielonarodowe przedsiębiorstwa oparta jest na międzynarodowych transakcjach handlowych. Jest to rodzaj przedsiębiorstwa, w którym firmy z róż-

nych krajów wspólnie korzystają z kapitału międzynarodowego. Innowacyjne formy przedsiębiorczości zyskały istotne znaczenie dla rozwoju biznesu międzynarodowego. Przede wszystkim nowoczesne struktury firm odgrywają istotną rolę w sferze uaktywniania stosunków międzynarodowych wśród przedsiębiorców z różnych krajów, ułatwiają dostęp do wspólnego rynku oraz wpływają na zwiększenie intensywności, jak też międzynarodowego transferu technologii, usług i doświadczeń. Korzystanie z doświadczeń międzynarodowych w celu pomyślnego budowania innowacyjnych struktur biznesowych jest istotne dla Ukrainy, gdyż ta dziedzina przedsiębiorczości jest obecnie rozwijana na bazie funkcjonowania gospodarki krajowej, toteż artykuł prezentuje ciekawy i obiecujący zakres zagadnień.

Słowa kluczowe: biznes, inkubator biznesu, parki technologiczne, technopolis, joint venture

The cultural resources' role in the field of future rural tourist supply for Madeira's country homes

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Abstract: The article intends to assess the impact of the cultural resources as a fundamental tourist attraction for Madeira Island's country homes in the future rural tourism supply. Madeira is a tourist destination with ancient tradition. Nowadays, the island's tourist supply is well-known worldwide, essentially for its natural resources, safety and natives' hospitality. Rural tourism is very recent on the island, it began in the late 20th century. Since its beginning, there hasn't really been a specific promotion for rural tourism, and country homes owners have been disseminating their ventures within general guidelines for Madeira's tourist promotion, without considering the heterogeneity of their visitors or even the segment in which this type of tourism is inserted in.

Based on inquiries launched to the country homes' visitors in Madeira and also on interviews conducted to the establishments' owners, we will present in this article this visitor's profile, non-existent to date, with special focus on the tourist's motivations and data that can give us a better understanding of the heterogeneity of this particular tourist segment and the importance of the cultural resources as a tourist attraction on future decisions regarding the promotion of rural tourism in Madeira.

Key words: rural tourism, cultural resources, country homes, Madeira

1. Introduction

The tourist activity's positive repercussions are well known, when this activity is well developed: it feeds the core of social and political circumstances and favours the preservation of cultural and environmental heritage while also improving the economy.

For Madeira's Archipelago, tourism is one of the primary sources of income which throughout the last two centuries has been moving and propelling the production of numerous activities, including the preservation and recuperation of the Archipelago's heritage.

The Archipelago is located in the North Atlantic Ocean, at approximately 1,000 kilometres southwest of the Portuguese mainland and about 600 kilometres west of the Moroccan coast. It is composed of two inhabited islands, Madeira and

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Porto Santo, and by the uninhabited islets of Desertas and Selvagens. Madeira Island is the biggest, with an approximate area of 740 square kilometres, which translates into 96,2% of the whole Archipelago (Ribeiro, 2012).

Given the territorial area of the Island, we deem licit to consider that Madeira boasts a rich natural heritage, in which we can distinguish the Laurissilva Forest, which in December 1999 was included on the List of World Natural Heritage Sites by UNESCO, as well as considerable historical and cultural heritage, with particular emphasis on monuments (churches, chapels, fortresses, palaces, etc.), villages with traditional architecture, traditions (customs, folklore, music), handicraft (embroidery, tapestry, wickerwork), wine (Madeira Wine), regional cuisine and some cultural activities of traditional nature (religious events, gastronomic weeks, traditional shows) and cultural itinerary excursions.

Rural tourism is very recent in Portugal and in particular in Madeira's Archipelago. In the last few decades rural tourism has been present in the country's development policies, in the midst of which, the revitalization of the rural economy. Studies about rural tourism in the Portuguese mainland (Batista and Ferreira, 2010; Cardosos, Durbiano and Gonçalves, 2009; Cavaco, 1999, 2004; Cavaco and Moreno, 2006; Cerro, Mogollón and Alves, 2010; Covas, 2004; Cravidão and Fernandes, 2004; Cristovão and Pereiro, 2012; Figueira, 1998; Jesus, Kastenholz and Figueiredo, 2008; Kastenholz, 2006; Mendes, 2010; Monteiro and Carvalho, 2006; Neves, 2008; Pereira, 2009; Pinto, 2004; Ribeiro, 2003; Silva, 2009, 2013a, 2013b) have revealed that this touristic segment has not yet reached the much coveted levels. In the case of Madeira's Archipelago and despite its later implementation, the developed efforts have been presenting positive repercussions, although these being slightly smaller than previously expected.

The choice for the present theme was based primarily on the relative absence of studies conducted in this area and our strong conviction that this, despite being implemented so recently in the Island, will be a solid bet which will potentiate Madeira's Autonomous Region's sustainable growth. Whatever the touristic region, the increment of a strategic plan to promote the destination is essential to assure that the conducted efforts reach the designated goals (García Henche, 2011, pp. 190–193). When we think about Madeira and especially about its rural tourism, the echo of this action is profoundly superior, since the touristic promotion underlines the offer's interaction with the touristic demand. At the heart of this criterion Cunha advocates that 'the promotion of places presents the world as an image, inviting the spectator to become an imaginary traveller to an imaginary place' (Cunha, 2007, p. 175).

For the regional promotion of the destination Madeira, the 'Madeira Brand' was created, which was entitled 'BODY.MIND.MADEIRA', which 'appeals to different looks', in spite of being mainly directed to the Island's natural resources (AP Madeira, 2012).

It is noted that the promotion made by public bodies to the destination Madeira, which was intended to evoke 'in the human being the desire to experience, feel and get to know the destination's distinct cultures, that is, awaken the consumption for alien singularities' (Cravidão and Marujo, 2012, p. 282), rural tourism is not included in any of the promotional materials, not even in the press files which may be found in Madeira's Promotion Association's web page (AP Madeira, 2012).

At the present time, Madeira's rural tourism promotion is being done by the owners of the rural establishments and by a local association named Rural Madeira Association, which also favours natural resources instead of cultural resources.

On the other hand, the National Strategic Plan for Tourism (PENT), revised in 2013, in the eight primary lines of action laid down for Madeira, reflects for the very first time in two of those lines the need to improve rural tourism's promotion in the sphere of natural and cultural resources (PENT, 2013):

i) In the religious and cultural touristic circuits, there is the need to value the geo-referenced resources and develop contents and information to the client, revise the events model thus extending the realization period concerning time and range of said events, stimulate and diversify experiences, mainly in rural tourism, and place the product in the market;

ii) Concerning tourism hikes through nature, there is the need to structure the offer, diversify experiences, mainly in rural tourism, create contents and release it in channels and placing hikes, bike/ horseback rides in the market. Facing the importance of the marine environment, scuba diving and similar activities should also be promoted.

In this article, we will begin with a brief conceptualization of rural tourism in general terms so that subsequently we can focus on Madeira Island. In the next stage we will present the results of the empirical study which allows us to affirm the importance of the cultural resources in the demand for Madeira's 'country homes'.

2. The rural tourism concept

Rural tourism is still difficult to define, even though we are aware that the first touristic fluxes stem from more developed population centres, being the main motivation for its residents the discovery of more secluded and less developed places.

Faced with the difficulty of defining the concept, we chose to guide ourselves by the clarification given by the World Tourism Organization (WTO): 'The concept of rural tourism embraces a number of constituent elements, at the heart of which lie the rural tourism community. Rural tourism is dependent on the countryside which an area has to offer, its heritage and culture, rural activities and rural life' (WTO, 2004, p. 13).

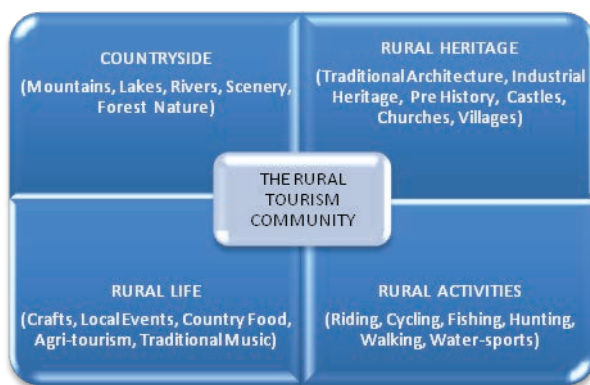


Figure 1. The rural tourism concept

Rural tourism in Portugal finds its most remote legal roots in 1978, and we can only conclude that starting from 1984, the concept of rural tourism began to be sketched in legal terms, highlighting the fact that the emergent concept overflows the mere question of touristic housing, since it should integrate ‘services of touristic interest in the fields of animation, craftsmanship, culture and even sports and the tourists’ enjoyment’ (Decree-Law no. 251/1984), which met the need to offer the tourist something genuine, thus drawing a standard of sustainable growth, where the social, cultural and environmental characteristics of the location would intertwine.

Facing the relevant interest of this kind of tourism to Portugal, in 1986, in the sequence of the National Plan of Tourism and the first guidelines to a community policy of tourism issued by the European Community Commission, a new legal diploma sought to create the necessary conditions for the correct development of the different kinds of rural tourism, which was in effect until 2008, the year when the new instalment, exploration and operation of touristic ventures’ legal system was published. Concerning rural tourism, some alterations were made, in particular, in the way these ventures were classified, which now could be: country homes, agrotourism and rural hotels (Decree-Law no. 39/2008). In January 2014, this Decree-Law suffered other reforms, which with today’s legislation in effect, rural tourism in Portugal now fits in the following parameters:

- Rural space concept:

Areas with traditional connection and significance to agriculture or to the environment and rural landscapes (Order-in-Council no. 937/2008, art. 4);

- Concept of tourism enterprises in rural areas:

Establishments which intend to provide accommodation services to tourists in rural areas, shall preserve, restore and enhance the architectural, historic natural and landscape heritage of the localities and regions where they are located, through reconstruction, rehabilitation or enlargement of existing buildings in order to ensure their harmony with the surroundings (Decree-Law no. 15/2014, art. 18);

- The classification of the venture will be subject to:

The landscape setting, the surrounding rural amenities, the environmental quality and the appreciation of local products and services (Order-in-Council no. 937/2008, art. 4°);

- Concept of country homes:

Properties located in villages and rural areas which, for their architecture, building materials and other characteristics fit in with the typical local architecture (Decree-Law no. 15/2014, art. 18).

The beginning of rural tourism in Madeira was marked by very similar principles to those developed in the Portuguese mainland, in spite of it being implemented a decade later. The first statistic data date back to 1998, despite knowing that some establishments began activity as early as 1996.

3. Rural tourism’s visitors’ motivations

The motifs behind the trip are without a doubt fundamental when it comes to the touristic destination: ‘when people travel there is a reason behind it, that implies the existence of some motive or cause which aims to reach a certain goal’ (WTO, 1998, p. 71).

According to Cooper, the socio-psychological factors are crucial in the touristic demand: 'At the personal level it is clear that the factors influencing demand for tourism are closely linked to models of consumer behaviour. No two individuals are alike and differences in attitudes, perceptions, images and motivation have an important influence on travel decisions' (Cooper, 2006, p. 52). According to Cunha, these factors can be subdivided in social, personal and cultural. The social factors focus primarily on the need to escape; the personal, on each individual's particular desires; and the cultural, on the will to improve knowledge and on the 'spirit of imitation' (Cunha, 2007, pp. 149–150).

The touristic motivation covers an indeterminate set of motifs that relate to the personal action of each visitor (Meckercher and Lew, 2004, pp. 57–70), it is what the visitor looks for or what he is made to believe that it is necessary for him, that is why 'our knowledge of the tourist's motifs is extremely limited, due to the potential importance of those motifs in the appropriate framing of the product conception and commercialization' (Prentice, 2004, p. 297). The area of touristic motifs has been seriously contested, there are different models and paradigms. The models are essentially based on the psychological dimension, they take care of the individuals; the paradigms belong to the sociological forum and focus mainly on the study of tourists as groups (WTO, 1998, pp. 71–75). Let us not stretch this aspect anymore and let's stick to the touristic motivations as the desire or need to, that is, the stimulating source that led to the visit.

To date there have not been done specific studies about the profile of the tourist who seeks Madeira's rural tourism, this segment has been included in general studies, making it impossible to analyze it deeply. However, between the diverse studies conducted about the profile of this visitor in Portugal, Maria Monteiro and Filipe Carvalho offer us a composite Picture of the same (Monteiro and Carvalho, 2006, p. 55):

Today's tourist is, ever more, a green consumer, with growing environmental awareness and sensitivity to local cultures, who seeks defying and authentic experiences, which are healthier and more flexible, contrasting with the rising urbanization of the places he lives in. He enjoys outdoor activities, buys local genuine and differentiated products, consumes the touristic product ethical and affectionally, pursuits good level services and is able to make comparisons.

The study of the visitors' profile offers us essential data required to analyze touristic demand: In order to analyze tourism demand (and its various market segments) it is important to link information on the personal characteristics of the visitor (profile) with information on the purpose, behaviour and habits of the visitor (characteristics of the visit) (Eurostat, 1998, p. 9).

This European study shows us some divergences relating to the studies conducted in Portugal, especially in the context of touristic motivations. We acknowledge in these differences, the relevance of the segmentation which rules the rural tourism's clients, whereby in the present article we decided to identify the profile of Madeira's rural tourists, in particular those who visit the country homes, once '[t]he relative importance of a destination in terms of tourism is determined by the potential visitors' (WTO, 2007, p. 49).

The motivations and needs of the visitors are in constant mutation, therefore all touristic destinations must possess mechanisms that identify the potential changes so they can adapt their product to the new demand.

4. Methodology

Results from a broader study were used in the present article, concerning the development of rural tourism in Madeira, focusing primarily on the country homes and their implications in the preservation and recuperation of the regional heritage, seeking to contribute to a more profound knowledge concerning the development of the Island's rural tourism and the definition of future strategies.

In this perspective and in general terms, the following objectives were set, in the elaboration of this article:

- Identifying the profile of the visitor who seeks country homes in Madeira, facing the segmentation found in rural tourism's clientele;
- Demonstrating the relevance of cultural resources as a touristic motivation/ attraction to this kind of visitor.

The choice of the category country homes was based on the scarce number of rural housing units in Madeira in the other categories. Given the receptiveness of these ventures in the collaboration of the present investigation, we defined as a study area for our sample six different counties in Madeira Island: Calheta, Ponta do Sol, Porto Moniz, Ribeira Brava, Santa Cruz and Santana.

In order to pursue our objectives, a bibliographical research on the theme and concepts implicated within that theme was conducted.

The non-existence of studies concerning rural tourism in Madeira confronted us with the need to elaborate semi-structured interviews and questionnaires extensively conducted to many informers, in particular to businessmen and tourists. This supplied us with valuable data through the information gathered which allowed us to fulfil our objectives.

Of the 34 country homes existing in Madeira 16 agreed to collaborate in the present study, which ensured a good representation of the sample (47%), in relation to the number of ventures and geographical localization, as with the number of replies to the interviews, in relation with the universe in question.

We opted for delivering copies of the questionnaires to be filled by visitors, between the months of June and October of 2012, to the owners or representatives of the country homes.

The replies to the questionnaires ensured a good representation of the sample, which was considered to be reliable, as the 164 replies to the 'Visitor's Questionnaire' represented 44,1% of the total housing accommodation capacity of Madeira's country homes.

The present study was supplemented by the investigator's visit to the collaborative country homes, this aimed to deepen our knowledge about the facilities and their surroundings. These visits allowed us to compare what we had observed and the knowledge acquired previously, as well as to make relevant conclusions that aided our description and interpretation of the reality in question.

5. Results

Profile of Madeira's country homes' visitor

Based on the results of the questionnaires conducted to the tourists, we deemed relevant to conclude that the **socio-demographic and economic profile** of this visitor anchors on the following features:

- reside overseas (92.1%);
- they consist of couples and families (83.5%);
- prevalence of age group between 30 and 59 years (80%);
- have higher education (80.5%);
- they exercise an economic activity (88.4%);
- in their professional occupation, managers and liberal professions are highlighted (50.6%);
- have a medium-high economic-financial level (71.3%).

In relation to **travel and motivation**, we are able to conclude that the visitor of Madeira's country homes sports the following features:

- does not repeat the destination Madeira (79.9%);
- 'the main reason to visit' is practicing 'tourism' (64.6%);
- the choice for rural tourism—country homes, is based essentially and, by decreasing order of importance, on the following factors:
 - tranquillity and rest (64,6%);
 - contact with nature (48,2%);
 - contact with local culture (42,1%);
 - familiar environment (36%);
 - contact with local people (36%);
 - information gathering about the country homes through the Internet/ Social Network (63.4%);
 - book in advance the housing (58.6%) and the transportation (71.3%), primarily through the Internet.

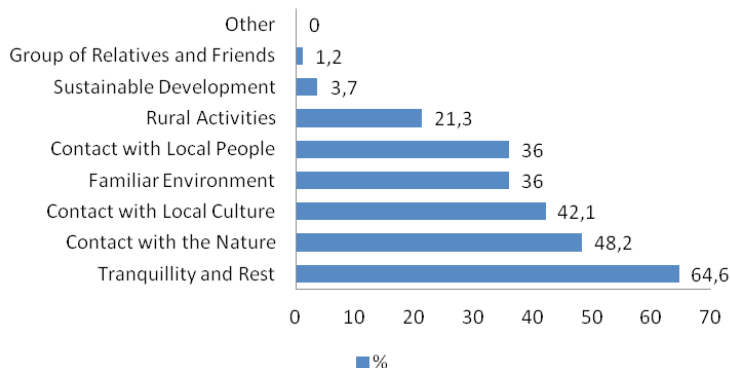


Figure 2. Rural tourism's deciding factors—country homes¹

Source: Author's own elaboration on the basis of data provided through the country homes' visitor's questionnaires (2012).

¹ There was no limit in the number of indicated responses.

The findings of the interviews conducted to the owners of the country homes corroborated in their vast majority the visitor's profile, previously sketched. The deviation was registered in the choosing factors for the country homes. Accordingly to the majority of owners, this visitor seeks the Island's rural tourism above all because of its natural resources, and shows no interest in its cultural resources. This perspective, based on the non-existence of specific studies about rural tourism in Madeira, motivates them to promote their ventures uniquely by the Island's natural resources.

Nowadays the dissemination and marketing of the rural tourism's offer in Madeira neglects the Island's cultural resources. However, if we meditate on these visitors' profiles, we can claim that people are well informed and know exactly which kind of tourism they are looking for and despite the fact that in the motifs to choose rural tourism, the 'contact with Nature' is left to second place, the 'contact with local culture' is actually left to third place, making the small difference visible between the number of replies, so that Madeira's cultural resources show a special relevance in the touristic demand in this market segment, deserving clearly a superior promotion in future strategies.

6. Conclusions

Madeira is a touristic destination with ancestral tradition. To many, tourism gave its first steps right after the Archipelago's official discovery, early in the 15th century; to others, it is a touristic destination over two centuries old. Despite the divergence in opinion, there is a consensus: that in the second half of the eighteenth century tourism was already practiced in Madeira.

These days Madeira is a touristic destination better known for its endogenous resources, in particular its climate, its beautiful landscapes, its natural heritage, its resident's hospitality and its safety.

For Madeira's rural tourist 'practicing tourism' was his/ her main motivation for the visit and the main factor that motivated him/ her to choose that particular rural tourism unit was 'tranquillity and rest' (64.6% of the answers), followed by two other factors, 'contact with nature' (48.2% of the answers) and 'contact with local culture' (42.1% of the answers).

The results of the survey released to the country homes' visitors showed that this visitors' primary motivation was not solely based on the natural resources the Island has to offer, but also showed that the Island's cultural resources have some representativeness, verifying between both, a reduced difference in the number of answers, in the order of 6.1%.

However, it should be taken into account that the divulgation material used by the country homes' owners shows an image highlighting the natural resources instead of the cultural, whether in the houses' description or in the activities suggested to the visitors, therefore we believe this fact may have interfered in the surveys released to the visitors.

Considering that '[a]uthentic and distinctive products and "experiences" of high quality are critical factors in the establishment of an appealing rural tourism destinations' (WTO, 2004, p. 236), it becomes essential for rural tourism's sustainable growth in Madeira the establishment of a national, regional and local strategy which allows a successful rural tourism industry, through the inclusion in PENT of a specific line of action for rural tourism in Madeira and

the elaboration of a Rural Tourism Master Plan, in which the Island's cultural resources are valued and taken into consideration, along with the natural resources, as well as the creation of specific events for this touristic segment.

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Znaczenie zasobów kultury w rozwoju turystyki wiejskiej na Maderze

Abstrakt: Celem artykułu jest prezentacja wartości zasobów kulturowych jako kluczowej atrakcji turystycznej portugalskiej wyspy Madera w kontekście rozwoju turystyki wypoczynkowej opartej na wynajmie domów wiejskich. Madera od pradawnych czasów była celem wycieczek turystycznych. Obecnie walory turystyczne wyspy są dobrze znane na całym świecie, w szczególności jej zasoby naturalne, bezpieczeństwo i szeroko pojęta gościnność mieszkańców. Jednakże rozwój typowych usług rynku agroturystyki na wyspie rozpo-

czął się dopiero pod koniec XX wieku. Od początku nie było konkretnej promocji wspomnianej formy turystyki wypoczynkowej, a właściciele oferowali do wynajmu swoje wiejskie domy, biorąc pod uwagę jedynie ogólne wytyczne w zakresie promocji Madery, a nie uwzględniając różnorodności ani też rodzaju turystyki, do którego agroturystyka jest przypisana. W oparciu o analizę ankiety przeprowadzonej wśród gości, a także na podstawie informacji uzyskanych od właścicieli domów wiejskich oferowanych do wynajmu w artykule prezen-

towany jest – nieistniejący do tej pory – profil gościa ze szczególnym uwzględnieniem jego potrzeb i motywacji turystycznych oraz danych, które mogą wpłynąć na lep-

sze zrozumienie różnorodności tego segmentu turystyki oraz wykorzystania zasobów kulturowych jako szczególnych atrakcji, promując agroturystykę na Maderze.

Słowa kluczowe: agroturystyka, zasoby kulturowe, domy wiejskie, Madera

Methods of strategic analysis and proposal method of measuring productivity of a company

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Abstract: The article presents the essence, nature and importance of strategic analysis as one of the key elements of a successful enterprise development. The authors give the basic definitions of strategic analysis using business vocabulary and other views. The basic methods of strategic analysis are present. The influence of external and internal environment of the activities of the company is analyzed and in accordance with this, the classification of the methods of strategic analysis is carried out. The authors came to the conclusion that methods of strategic analysis of internal environment of the enterprise includes: the method 'tree of aims', LOTS method, MOST model. Methods of strategic analysis of external environment of the enterprise include: Ansoff's product/ market growth matrix, Cooper portfolio matrix, Model of '5 competitive forces by Porter', the BCG model, New BCG matrix, GE/ McKinsey matrix, Thompson and Strickland method, '7S' McKinsey, ADL/ LC matrix, Hofer/ Schendel model, PEST analysis. Methods of strategic analysis used in the study of external and internal environment includes: Abel model, SWOT analysis, Shell/ DPM model, PIMS model, SPASE analysis, Seiners matrix. Presented strategic analysis methods have been extended to the latest achievements in the field of economic analysis. Last part presents possibility to use analytical production function to estimate total labour productivity in the enterprise. Methods of strategic analysis illustrate the potential of internal and external environment, analytical production function allows to measure the effectiveness of the use of this potential.

Key words: strategic analysis, methods of strategic analysis, external and internal environment

1. Introduction

A strategic analysis for a business is one of the most basic and useful tools for strategic business planning. Often, a strategic analysis will be referred to as a SWOT analysis; this is an acronym for the major divisions of the analysis: Strengths, Weaknesses, Opportunities, and Threats. Within these four areas, you will define your organization's position relative to the competition and operational environments. While many believe it is best used at the organizational level, when prop-

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erly implemented, a SWOT analysis will often return targeted, productive results at division or departmental levels of business (Sharrieff, 2012).

There are many definitions of strategic analysis, for example, strategic analysis is:

- ‘the process of conducting research on the business environment within which an organization operates and on the organization itself, in order to formulate strategy’ (BNET Business Dictionary);
- ‘a theoretically informed understanding of the environment in which an organization is operating, together with an understanding of the organization’s interaction with its environment in order to improve organizational efficiency and effectiveness by increasing the organization’s capacity to deploy and redeploy its resources intelligently’ (Worrall, 1998, pp. 3–4).

Definitions of strategic analysis often differ, but the following attributes are commonly associated with it:

- identification and evaluation of data relevant to strategy formulation;
- definition of the external and internal environment to be analyzed;
- a range of analytical methods that can be employed in the analysis.

Examples of analytical methods used in strategic analysis include:

- SWOT analysis;
- PEST analysis;
- Porter’s five forces analysis;
- four corner’s analysis;
- value chain analysis;
- early warning scans;
- war gaming (Downey, 2012).

After examining the nature and importance of strategic analysis, in our view, it is necessary to consider its methods. By carrying out a detailed analysis of existing methods of strategic analysis, we proposed to classify them depending on the environmental factors which influence it (Figure 1).

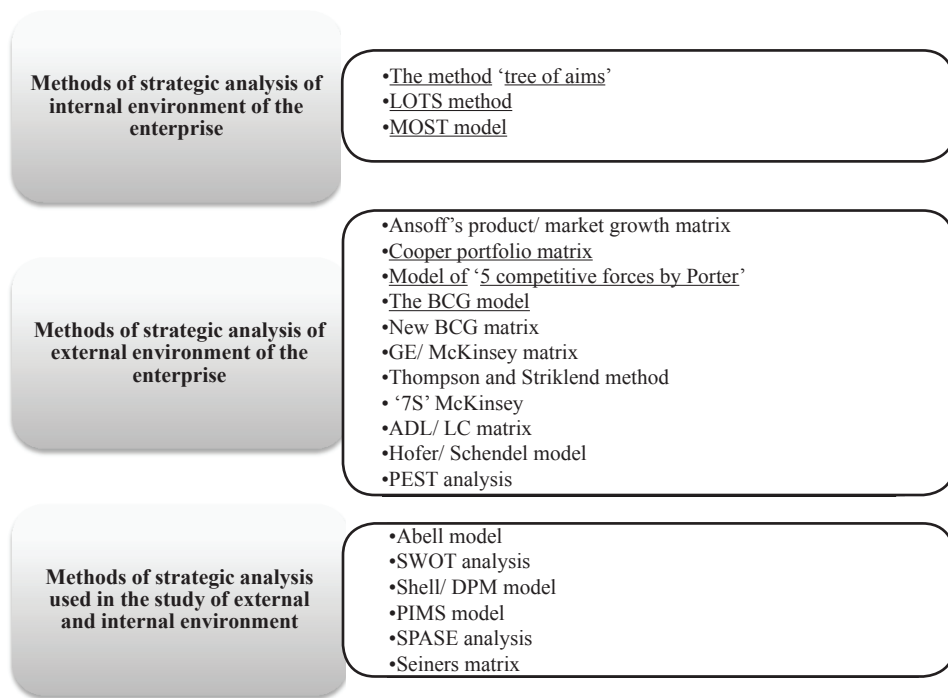


Figure 1. Methods of strategic analysis

Source: Authors’ own elaboration.

In our opinion, it is necessary to discuss in detail each of the above methods.

2. Methods of strategic analysis of internal environment of the enterprise

2.1. The method ‘tree of aims’

The method ‘tree of aims’ is a graphic chart that demonstrates change of general aims into sub-aims. The top of chart is interpreted as aims, ribs or arches, as a copula between the aims. The method ‘tree of aims’ is the main universal method of system analysis. The ‘tree of aims’ comes forward as systematization of hierarchy of aims that represents their collateral subordination and interconditionality.

2.2. LOTS method

LOTS method includes a detailed, sequential discussion of a number of business issues at different levels and varying degrees of complexity: from the corporate mission of the enterprise as a whole to the individual project in its middle. Discussion includes nine stages and refers to the

existing state, strategy, long-term goals, short-term objectives, methods and objects of analysis, human resources, development plans, organization of management, reporting.

2.3. MOST model

MOST model clarifies to the hierarchy between the mission, strategies and objectives. According to this model, the position of a business entity is described with undefined criteria, which may include sales volume, profit margins or payment of dividends, a number of employees.

3. Methods of strategic analysis of external environment of the enterprise

3.1. The Ansoff Growth matrix

The Ansoff Growth matrix is another marketing planning tool that helps a business determine its product and market growth strategy. Ansoff's product/ market growth matrix suggests that a business' attempts to grow depending on whether it markets new or existing products in new or existing markets. The output from the Ansoff product/ market matrix is a series of suggested growth strategies which set the direction for the business strategy. These are described below: market penetration, market development, product development, diversification.

3.2. Cooper portfolio matrix

Cooper portfolio matrix defines the criteria for selection of the enterprise strategy:

- The attractiveness of industry, which, in turn, is determined by the market attractiveness and technological level.
- „Business Force” that is also determined by market advantages of commodity and synergistic effect of the enterprise in technology of production and marketing.

3.3. Model of 5 competitive forces by Porter

To identify the contribution of the enterprise at the market and the level of profits Porter identified five competitive forces: new competitors who get into the industry and produce similar goods, existing competitors in the industry; the threat from the side of substitute products (substitutes), the impact of buyers' strength; influence of suppliers.

Porter identified three main strategies that are universal and can be applied to the above competitive forces:

- Leadership strategy. It directs the company to manufacture big quantities of goods at the large market.
- Strategy of product differentiation is used when the enterprise enters a deep market with a unique product.
- Focus strategy focuses on one segment of the market or on the limited geographic market sector.

3.4. The BCG Strategic Portfolio Model

It is a method of approaching and analyzing business marketing and growth developed by the Boston Consulting Group. The primary guiding principle of the BCG group's strategy is that experience in a market share leads to reduced costs and higher profits. This model uses the BCG marketing matrix, a system to classify business enterprises based on their potential for profits and growth. The model also applies mathematical formulas to business enterprises or products to calculate potential growth and earnings.

The BCG growth matrix part of the model classifies each product as a 'cash cow', 'problem child', 'star' or 'dog'. 'Cash cows' represent product lines that bring in a high income at low cost to the company, leaving plenty of money to put to other uses. 'Star' product lines may bring in some profits but require more investment to maintain their market share. These are products with the potential to become future 'cash cows' if the company invests in them wisely.

'Problem children' do not generate cash flow and require more investment but still have potential to grow. These are the products to watch, as they can eventually become either 'stars' and then 'cash cows' or 'dogs'. 'Dog' products may generate some income or loss but have slow-growing markets, making them poor continuing investments for a company's dollar (Hirsh, 2014).

3.5. New BCG matrix

New BCG matrix is used to characterize the products (services), which the enterprise provides. In this model, two factors are interacted: number of competitive advantages of products (services) and the importance of competitive advantages in general.

3.6. GE/ McKinsey matrix

McKinsey & Company developed a nine-cell portfolio matrix as a tool for screening GE's large portfolio of strategic business units (SBU). This business screen became known as the GE/ McKinsey matrix and is shown below:

The GE/ McKinsey matrix is similar to the BCG growth-share matrix in that it maps strategic business units on a grid of the industry and the SBU's position in the industry. The GE matrix, however, attempts to improve upon the BCG matrix in the following two ways:

- The GE matrix generalizes the axes as 'Industry Attractiveness' and 'Business Unit Strength' whereas the BCG matrix uses the market growth rate as a proxy for industry attractiveness and relative market share as a proxy for the strength of the business unit.
- The GE matrix has nine cells vs four cells in the BCG matrix.

3.7. Thompson and Striklend method

Thompson and Striklend method foresees the choice of alternatives of corporate level depending on two parameters: rates of market growth (rapid or slow) and competitive position of enterprise (strong or weak). Possible strategic alternatives in the fields of the matrix are placed in order to reduce their attractiveness.

According to this model, on the X axis the competitive position of business is estimated and on the Y axis—the dynamics of market growth. There are given strategies in the four quadrants of the matrix, each of which specifies the provision of strategic business units in the two measured spaces of matrix.

3.8. '7S' McKinsey model

'7S' McKinsey model is a way of understanding the major internal factors, influencing its present situation and future development. A conceptual diagram of this model includes seven factors for success of business entities: strategy, skills, generally accepted values (shared values), structure, system, staff, cultural identity (style).

3.9 ADL/ LC matrix

The concept of the life cycle of the field consistently passes four stages: nucleation, growth (or development), maturity, aging (decline). The main theoretical provision of ADL/ LC model is that a separate kind of business and any business entity may be located on one of these life cycle, and therefore it is necessary to analyze it within that stage.

3.10 Hofer/ Schendel model

Hofer/ Schendel model is concentrated on the positioning of existing businesses in the matrix of the goods development and determination of ideal set development. It should be noted that there are only two optimal sets of business: buying a new or sale of the old type of business, however, the situation of each business is determined according to the degree of market development and its performance according to competitors.

3.11. PEST analysis

PEST analysis (STEP, SLEPTE, STEEPLD-analysis) is a description of factors of four groups: social, technological, economic and political. Some authors often add: ecology (E), legislation (L), demographics (D) to the above mentioned four factors.

4. Methods of strategic analysis used in the study of external and internal environment

4.1. Abell model

Abell model, in fact, has corrected shortcomings of Ansoffa model. The Abell model is a three-dimensional model for defining the business of the company and finding areas for growth and diversification along its axis. The company's mission is created with three strategic questions to be answered:

- Who is our target customer group?
- What function do we provide to the customer?
- How do we provide that function (technology)?

These issues come together in the Abell model. In Abell model we look at three dimensions:

- Market Group Dimension. Whom are we serving?
- Problem-Solving Dimension. In which needs will we provide?
- Technology Dimension. How do we provide in the needs?

4.2. SWOT-analysis

SWOT-analysis is one of the most famous methods of strategic analysis, which is being made in view of factors of both external and internal environment, which in turn makes it possible to evaluate existing opportunities and potential threats of the company, to develop a strategy for the further development.

SWOT stands for:

- Strengths (What are the positive attributes of your company, product or service?)
- Weaknesses (What are the negative attributes of your company, product or service?)
- Opportunities (Where are the market opportunities for your product or service?)
- Threats (What are the main threats for your company?)

Before starting the analysis, you need to have completed your marketing research plan and analyzed your competitive marketing strategy.

Once you have identified the strengths, weaknesses, opportunities and threats, then use those to prioritize your marketing strategies and focus, by asking the above questions.

4.3. Shell/ DPM model

Fundamental idea of Shell/ DPM model is that the overall enterprise strategy should ensure the maintenance of balance between the cash surplus and the deficit through the development of new promising businesses based on the latest scientific and technological developments that will absorb excess of money supply, which are in the maturity phase of the life cycle.

4.4. PIMS model

PIMS model (Profit Impact of Market Strategy)—method of analyzing the impact of market strategy on profit. This model provides determination of quantitative patterns of factors influence on outcomes of business entities (profitability, profits) arising from the analysis of empirical experience of the potential operation of a large number of industrial enterprises.

4.5. SPACE analysis

SPACE analysis (Strategic Position and Action Evaluation); SPACE method (evaluation of strategic assessment of actions) is a comprehensive method for analysis of the position in the market and choosing the optimal strategy for medium and small enterprises.

The analysis assesses the internal and external environment and allows to design an appropriate strategy.

The analysis describes the external environment using two criteria:

- Environmental Stability (ES)—it is influenced by the following subfactors: technological change, inflation rate, demand volatility, price range of competitive products, price elasticity of demand, pressure from the substitutes;
- Industry Attractiveness (IA)—it is influenced by the following subfactors: growth potential, profit potential, financial stability, resource utilization, complexity of entering the industry, labour productivity, capacity utilization, bargaining power of manufacturers.

The inside environment is also described by two criteria:

- Competitive Advantage (CA)—it is influenced by the following factors: market share, product quality, product lifecycle, innovation cycle, customer loyalty, vertical integration,
- Financial Strength (FS)—it is influenced by the following indicators: return on investment, liquidity, debt ratio, available versus required capital, cash flow, inventory turnover.

4.6. Seiners matrix

Seiners matrix (model ‘product/ market’) includes: classification of markets and products on existing markets, new products, but they are related to existing markets. This model is used to determine the probability of success in choosing one or another type of business and for choosing between different types of businesses.

5. Analytical production function

The success of a company depends not only on the ability to identify internal and external environment but above all the ability to exploit the potential of the environment. Thanks to innovative activities we can achieve high economic and financial effects (Kozioł et al., 2013a). To measure economic productivity analytical production function can be applied. This function uses a natural approach based on cost calculation. It presents the production function with seven specified arguments. The analytical form of production function divides operating costs into compensation understood as labour costs (W) and non-compensation costs (Km) decreased by risk-related costs (Kr). This differentiation introduces the annual asset wear and tear rate (z), the asset impairment rate (s) and the level of pay for human capital (u). Therefore, the production function equation can be expressed in the following way (Kozioł et al., 2013a):

$$P = (W + Km - Kr) \cdot (1 + r) \tag{1}$$

$$\frac{Km}{A} = z \qquad \frac{Kr}{A} = s$$

$$Km = z \cdot A \quad Kr = s \cdot A \quad W = u \cdot H$$

where:

Km —costs resulting from the use of assets;

Kr —risk-related costs;

W —compensation (labour costs);

A —value of assets;

H —staff’s human capital;

u —level of pay for human capital;

z —asset turnover to non-labour costs ratio;

s —asset impairment in production processes.

The analytical production function corresponds to the actual process of developing products. It describes the composition of production factors in the production process. The market value of products, on the other hand, represents the historical cost of manufacture adjusted to the cost profitability ratio (r). As a result, the system of arguments determines all significant variables, and the basic analytical form of the function, unlike in the case of other popular models, does not require parameter estimations. According to the model, the market value of production can be presented as the function of the sum of outlays. The transformed formula and the inclusion of the company's intellectual capital (I) leads to the extended function:

$$P = (W + z \cdot A - s \cdot A) \times (1 + r) \times (1 + I) \quad (2)$$

where:

I —intellectual capital.

The transformed formula for presenting production effect (P) as the function of labour costs results in the following formula:

$$P = W \cdot \left[1 + \frac{A}{W} \cdot (z - s)\right] \cdot (1 + r) \cdot (1 + I) \quad (3)$$

The use of the human capital concept in the analytical production function model allows for expressing labour costs ($W = u \cdot H$) as a derivative of human capital value:

$$P = W \cdot \left[1 + \frac{A}{H} \cdot \frac{z - s}{u}\right] \cdot (1 + r) \cdot (1 + I) \quad (4)$$

The system variables occurring in the study of the production function allows the derivation of a more compact model of production containing a synthetic variable management (Z). This variable integrates the impact of variables: z, r, i, s, u , used in the production function. As a result, the production model takes into account the variable management that can be represented as follows:

$$P = W \cdot \exp \frac{A \cdot Z}{H} \quad (5)$$

The calculation of the variable management requires transformation of the above model, thereby resulting in variable calculation formula (Z):

$$Z = \frac{L}{A \cdot p} \cdot \ln \frac{P}{W} \quad (6)$$

Variable management is a tool for measuring the level of management, it shows the level of innovation and creativity during the use of resources by the company. The goal of any company should be improving this indicator.

The presented concept is a general form of the cost account and it includes the category of natural loss (s) related to any business activity. Consequently, the model reflects the actual production process, being a useful management tool.

6. Conclusions

Strategy analytics helps clients build defensible, distinctive strategies to win in complex technology markets, on a global and regional scale. Strategic analysis is the use of tools such as SWOT analysis, PEST analysis, value chain analysis and other methods with an aim of determining the best way an organization can reach the desired goals and objectives using the available resources. Measuring the effectiveness of the use of these resources is possible using the presented analytical production function.

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Metody analizy strategicznej – propozycja metody pomiaru produktywności przedsiębiorstwa

Abstrakt: Artykuł prezentuje istotę, charakter i wagę analizy strategicznej jako jednego z kluczowych elementów udanego rozwoju przedsiębiorczości. Wykorzystując terminologię biznesową, autorzy przytaczają podstawowe definicje i metody analizy strategicznej oraz prezentują różne inne poglądy. Autorzy dokonali analizy wpływu środowiska zewnętrznego i wewnętrznego na działalność firmy i biorąc pod uwagę powyższe czynniki, sklasyfikowali metody analizy strategicznej. Doszli do wniosku, że metody analizy strategicznej wewnętrznego środowiska przedsiębiorstwa obejmują: metodę „drzewko celów”, metodę LOTS oraz model

MOST. Natomiast metody analizy strategicznej zewnętrznego środowiska przedsiębiorstwa obejmują: matrycę produktu i wzrostu rynkowego Ansoffa, portfolio Coopera, model „pięciu sił konkurencyjnych Portera”, model BCG, matrycę nowego modelu BCG, matrycę GE / McKinseya, metodę Thompsona i Striklenda, matrycę „7S” McKinseya, matrycę ADL/LC, model Hofera / Schendela oraz analizę PEST. Metody analizy stosowane w badaniu strategicznego środowiska zewnętrznego i wewnętrznego zawierają: model Abella, analizę SWOT, model Shell/DPM, analizę modelu PIMS, analizę SPASE oraz matrycę Seinera.

Słowa kluczowe: analiza strategiczna, metody analizy strategicznej, środowisko wewnętrzne i zewnętrzne

Exploring Corporate Social Responsibility practices of Greek companies

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Abstract: This paper examines the extent of use of Corporate Social Responsibility (CSR) practices among 27 companies from 9 of the biggest industries in Greece based on their annual revenues. The types of practices used are examined and grouped into five categories, related to: Environment, Community, Marketplace, Values and Vision and the Workplace, depicting the emphases and priorities of these enterprises. Data have been collected from published information available on the Internet. The information gathered was content-analyzed while the categorization based on CSR activities followed, so as to enable us to detect patterns and variations between industries. The findings provide a picture of the types of CSR practice choices that large companies operating in Greece are making, with regard to the content, variety and number of occurrences. The findings in this study offer an understanding of the approach of large Greek companies to CSR and demonstrate the particular importance they assign to specific domains of CSR in the period of economic crisis. Considering the increasing importance of CSR practices in the way businesses conduct themselves and the rising trend of adopting such practices and communicating them to the stakeholders involved, the knowledge produced about corporate CSR practices can help in the creation and enrichment of best practices which can then be communicated and advertized to the wider population of the country's businesses.

Key words: Corporate Social Responsibility, CSR categories, Communicating CSR, Greece

1. Introduction

Although an older idea, the concept of CSR flourished in the nineties, attracting the attention of the industry and academia alike. The corporate scandals of Enron, Worldcom and others placed CSR at the top of the agenda, of Institutions, Governments, management and researchers, with the latter pursuing the illuminating of the antecedents and the consequences of the concept. Besides the transparency and corruption issues related to scandals, scholars investigated the relationship of CSR to various social, environmental, economic and legal issues, rising from the expectations of various stakeholder groups (Carroll, 1979, 1991; Chen and Wang, 2011).

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Different approaches to research appeared in the literature, as CSR attracted students' interest in the fields of Economics, Finance, Organization, Philosophy and Ethics, each emphasizing issues related to the specific areas. The lion's share of the research, however, represents the one examining the relationship of CSR with profitability and Performance (Margolis and Walsh, 2003; Orlitzky et al., 2003). Orlitzky, Schmidt and Rynes (2003), in their meta-analysis reported a beneficial effect of CSR investments in a company's activities, in accounting based performance—as opposed to market-based one (Aras et al. 2010), mainly due to improved reputation and goodwill with external stakeholders.

Russo and Fouts (1997), focusing on the environment aspect of CSR, reported that firms with higher levels of environmental performance had superior financial performance. Similarly, Rakotomavo (2012) found that investments in CSR produced a higher dividend for the investors of the companies in the sample. El Ghoul et al. (2010) examined a sample of 12,915 US 'firm-year' observations from 1992 to 2007 in an effort to estimate the ex ante cost of equity capital. They concluded that companies with higher CSR performance tended to have a lower cost of equity.

But other researchers, nevertheless, like Aras, Aybars and Kutlu, (2010) and McWilliams and Siegel (2001), found no significant relationship between CSR and corporate profitability and performance in an emerging market. Griffin and Mahon (1997), studying the results of 62 published articles, reported a positive correlation between Corporate Financial Performance in 63% of the cases, with the remaining showing a negative correlation or no correlation at all.

The attention of the CSR literature is divided to company responses to internal and external stakeholders. Marketing strategies using CSR are targeting large stakeholder groups such as investors, consumers, employees, communities, Government, etc., hoping they will provide positive outcomes for the companies (Hildebrand, Sen, Bhattacharya, 2011).

Galbreath (2009) in his review of the literature proposes that there is sufficient evidence that CSR might lead to benefits such as lower employee turnover, higher reputation, and improved customer satisfaction. The literature suggests that there is. All these can have a number of positive outcomes for the company, ranging from its ability to raise prices, to its capability of recovering faster from crises and creating barriers to entry for aspiring competitors (Galbreath, 2009).

Other scholars investigated the effect of CSR on the perceived price of company products or services. Ferreira, Avila and de Faria (2010) found that consumers perceived greater benefit and assigned more value in the offer of the socially responsible firm and were willing to pay 10 percent more for the product, considering such price difference fair. Mozes, Josman and Yaniv (2011) examined the proposition that higher employee CSR involvement will correlate with an increased level of work motivation and job satisfaction. Both hypotheses were supported and further established the assertions of Galbreath (2009), Vitaliano (2010) and others. Research thus on CSR is ongoing and more light needs to be shed by countries in regard to CSR, especially in the period of economic crisis where one may think that companies could minimize their CSR activities. Taking the case of Greece and considering that the country is in the midst of an enormous socio-economic crisis, the role of businesses has become even more important in offering solutions in social, environmental, community and workforce problems.

Thus, this study will be focusing on the choices Greek companies make in regard to CSR activities examining how the companies and their industries in the Greek environment behave and how they chose to respond to their stakeholder expectations. More specifically, we aim to examine where companies and industries allocate their CSR resources. In the next section, a brief review of the relevant literature will be presented, followed by the methodology, the presentation of the results while implications for the communication of CSR activities are discussed.

2. Literature review

According to Jones, Comfort and Hillier (2006), there are a host of factors behind the increasing visibility and frequency of the corporate CSR initiatives and programmes. Among the most important ones are the Ernst and Young (2002). Ernst and Young (2002) point to five key drivers having influenced business focus on CSR: greater stakeholder awareness of corporate ethical, social and environmental behaviour; direct stakeholder pressures; investor pressure; peer pressure and an increased sense of social responsibility.

However important may be considered by many, CSR value has formidable opponents such as Friedman (1970) and Theodore Levitt (1958, cited in Munilla and Miles, 2005). As Friedman pointed out, the business exists to produce profits for its stockholders and everything else concerns the government and the society. The extraordinary number of scholars studying CSR, nevertheless, proved that for a company to maintain sustainable competitive advantage it is a *sine qua non* to have a well designed CSR strategy, whether voluntarily or because of the pressures of stakeholder groups (Freeman, 1984).

Hopkins (2007) defines CSR as being ‘concerned with treating the stakeholders of the firm ethically or in a responsible manner. “Ethically or responsible” means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation’ (Hopkins, 2007, pp. 15–16).

Tuan (2012) refers to CSR as a set of ideas and perspectives about business practice that its supporters aim to enforce on the corporate sector. Through corporate social responsibility companies can influence favourable attitudes and behaviours from the various stakeholders.

In spite of the numerous definitions, however, Carroll’s (1979) CSR definition is by and large accepted as the most precise and inclusive. His model proposes that the responsibilities of the companies include the following:

1. The economic responsibility to generate profits.
2. The legal responsibility to comply by local, state, federal, and relevant international laws.
3. The ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair).
4. The discretionary responsibility to meet additional behaviours and activities that society finds desirable (e.g. philanthropic initiatives such as contributing money to various kinds of social or cultural enterprises).

This definition is also in line with the conceptualization of CSR by other scholars. Mozes, Josman and Yaniv (2011) argue about the need of businesses to recognize the necessity to 'strike a balance between profitability and the moral right to operate by assuming more social and environmental responsibility.' Scott (2009), criticizing the plethora of definitions, presents the five most common themes among these: responsibility to the community and society; promoting democracy and citizenship; reducing poverty and the inequality between rich and poor; employee rights and working conditions; ethical behaviour.

Robins (2008), discussing the organization theory point of view on CSR, proposes that the success of an organization depends on how well it manages its relationship with its stakeholders, i.e., customers, suppliers, employees and the community within which it operates (Freeman, 1984). The objective of the management is to serve in a balanced manner the interests of all these important constituencies, which affect and are affected by the organization.

The question however that arises is whether one can identify all stakeholders and assign a weight to the importance of each to the organization. Due to scarce resources, the organization will have to choose which stakeholder gets what. This is the question addressed in this study, examining where companies and industries allocate their CSR resources focusing in Greece, which is in the midst of an enormous socio-economic crisis.

3. Methodology

One of the most popular methods in the study of CSR is content analysis (Aras et al., 2010; Holcomb et al., 2007; Orlitzky et al., 2003). According to Neuman (2003, p. 219, cited in Holcomb et al., 2007): 'content analysis is a technique for gathering and analyzing the content of text. The content refers to words, meanings, pictures, symbols, ideas, themes, or any message that can be communicated.' The present study was conducted in the end of 2013 and the data employed refer to CSR activities of the companies involved in the study, for the year 2012.

The sample used in this study, 27 companies, was a convenient one, due to the exploratory nature of our research, but inclusive enough to represent a significant portion of the country's best performing industries. We selected the three largest companies (in terms of revenues) in each of the industries under investigation and collected all available information published on their official websites. Industries that are not included in this studies were not examined either because we could not locate CSR reports for companies operating in them, or because there were less than three companies of the specific industries providing the necessary information. Whenever there was no published information we would skip the company and go to the next. The CSR activities of the companies studied were then coded and classified into five broad categories as described by Holcomb, Upchurch and Okumus (2007), i.e. community, environment, marketplace, vision and values, and workforce. We then counted as many as 190 CSR activities for the entire sample, with varying degrees of emphases by the industries which was then presented. The researchers followed the so called direct way, identifying those words or phrases that are physically present and counted rather than on the latent content which depends on the subjective judgment in order to lead to reliable results (Robson, 2010, pp. 420–421; Leiss et al., 2008; Holstein and Gubrium, 1998). Two researchers were

involved, in order to make reliability tests and thus, more than one person did the coding based on the abovementioned themes.

4. Results

The data collected were categorized and presented in Table 1, while Figure 1 and Figure 2 specifically illustrate the similarities and differences in the CSR actions reported by the companies participating in the study. In sum, the medical industry, the soft-drink industry and the mobile telephony present the greatest amount of diversity of CSR activities, although the amounts spent on each activity and the total disbursement are not disclosed. The fast food industry on the other hand, appears to be the least active in CSR, followed by the aluminum and hotel industries.

With regard to the CSR activity categories, there is a clearly visible preference of the industries in engaging in marketplace activities, such as business partners and suppliers diversity and responsible offer (goods and services), reporting 52 such initiatives. Community and values and vision were the next most mentioned categories with 43 and 42 references, while workforce was the least mentioned category with 22 mentions. The findings above will be discussed in the next section, where an effort will be made to understand the rationale of the choices of the companies in the sample when making decisions as to which stakeholder gets what and how much of corporate resources, aiming to associate it with the recent economic conditions prevailing in Greece.

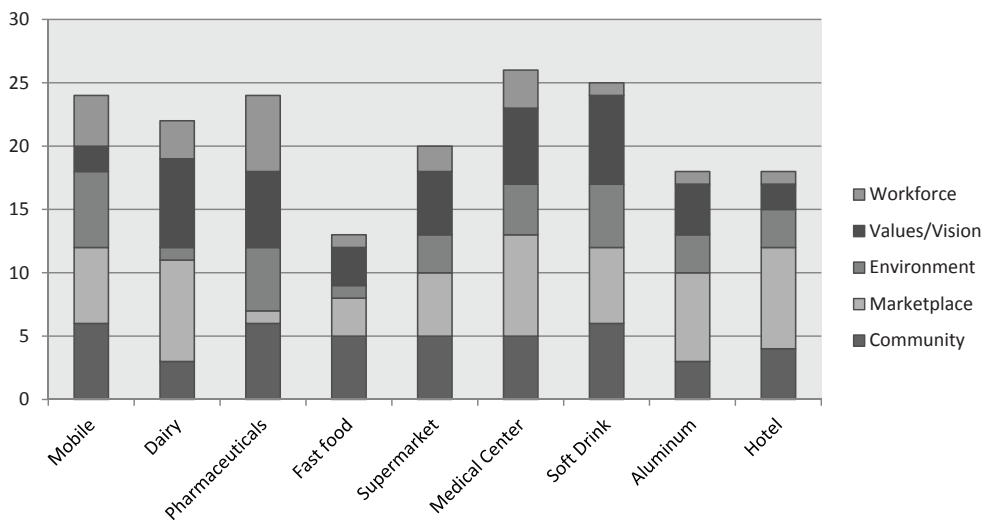


Figure 1. Number of CSR activities per industry

Source: Authors' own elaboration.

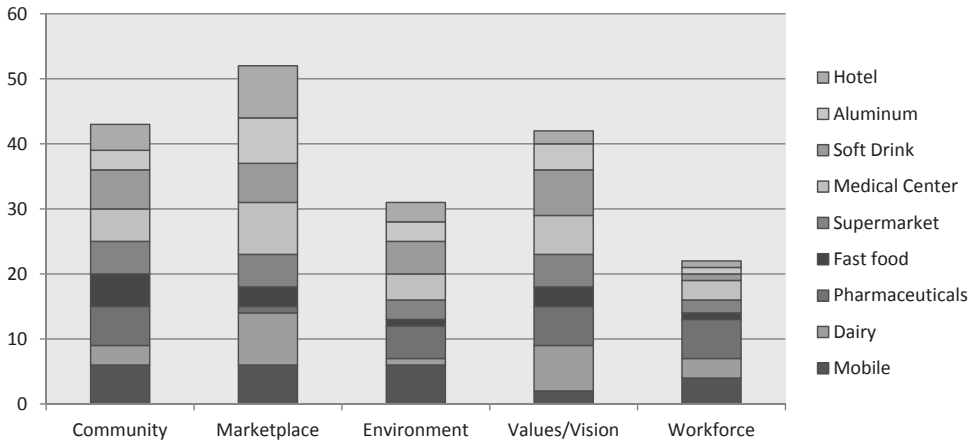


Figure 2. Number of activities per CSR category

Source: Authors' own elaboration.

Table 1. Total CSR initiatives by industry and by CSR activity group (Year 2012)

	Mobile	Dairy	Pharmaceuticals	Fast food	Supermarket	Medical Centre	Soft Drink	Aluminum	Hotel	Total
Community	6	3	6	5	5	5	6	3	4	43
Marketplace	6	8	1	3	5	8	6	7	8	52
Environment	6	1	5	1	3	4	5	3	3	31
Values/ Vision	2	7	6	3	5	6	7	4	2	42
Workforce	4	3	6	1	2	3	1	1	1	22
Total	24	22	24	13	20	26	25	18	18	190

Source: Authors' own elaboration.

5. Discussion, conclusion and managerial implications

Due to exogenous factors such as the socioeconomic crisis of the country, we may conclude that Greek companies are inclined to display certain behaviours suitable to the situation, such as a strong presence of community related activities, to help promoting the diminishing social cohesion and the retraining and empowering of a demoralized workforce, faced with the nightmarish unemployment rates of the unprecedented levels of 27.5% for the year 2013 (Hellenic Statistical Authority, 2014). Another issue that becomes evident from the findings is that the attention of the companies studied is focused on external stakeholders rather than the workforce and values. This can be explained using the stakeholder approach, whereby the stakeholders with the greater influence manage to receive more resources (Chen, 2011; McWilliams and Siegel, 2001). Indeed, due to the economic pressures companies direct most

of their CSR resources in a way that would produce the greatest return possible for them, that is, in the marketplace and the community in their effort to show they care (Du et al., 2010), forgoing development of workers' skills, social equity, health and safety at work, well-being and satisfaction of the workers, and quality of work (Skudiene, Auruskeviciene, 2012).

In sum, based on the findings reported in this study, one would be justified to be cynical about the intentions of the majority of the large companies participating in this study. The results clearly indicate the use of CSR as a promotional tool rather than the intention by the companies to 'give back' to the stakeholders, especially the internal ones (Scott, 2007).

The significant role of CSR in regard to building a corporate image and strengthening relations among interested groups has not been fully realized, neither did its full potential which has not been well understood since stakeholders are not always aware about the CSR activities that take place (Du et al., 2010). Nonetheless, CSR is becoming more important every day and Du, Bhattacharya and Sen (2010) argue that there is need for companies to communicate CSR more effectively to stakeholders.

Openness is needed of the CSR processes and communication to the stakeholders and to the public regarding the types of behaviours that support the organization's vision, values, and effectiveness (Chen, 2011, p. 87). Organizations do not usually report CSR initiatives in the public domain (Holcomb et al., 2007). Although there is interest in Internet reporting of CSR information because a positive public image may be maintained, communicated and presented, such interest is very complementary to the release of CSR information via annual reports (Holcomb et al., 2007; Vaaland and Heide, 2008).

Since a company's CSR activities can lead to loyal customers who will be the ambassadors of the company (Du et al., 2010, p. 9), businesses need to take into consideration the way they should promote and communicate such activities and their involvement to a specific cause; companies though, need to keep a balance on how much effort they will put on such activities because stakeholders 'also quickly become leery of the CSR motives when companies aggressively promote their CSR efforts' (Du et al., 2010, p. 9).

The communication message that companies may send may be associated with issues such as the company's commitment to a cause, the impact it has on the cause, why it engages in a particular social initiative and the congruity between the cause and the company's business (Du et al., 2010, p. 11). Companies need to be proactive and take into consideration that there is always a path to self-improvement (Kozioł et al., 2013).

As a final note, the authors believe that, based on the findings of this exploratory study, Greek companies have a long way to go, to establish a mutually trusting relationship with their stakeholders and at a crucial time as the present, they ought to partake in the social concerns more actively and give back to the society in substantial ways.

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Spółeczna odpowiedzialność biznesu w praktyce greckich przedsiębiorstw

Abstrakt: Autorzy artykułu dokonują analizy zakresu wykorzystania społecznej odpowiedzialności biznesu (CSR) wśród 27 firm z 9 największych gałęzi przemysłu w Grecji na podstawie ich rocznych przychodów. Zastosowane rodzaje badanych praktyk zostały ujęte w pięciu różnych kategoriach takich jak: środowisko, społeczeństwo, rynek, wizja i wartości oraz miejsce pracy, przedstawiając priorytety i akcenty wcześniej wspomnianych przedsiębiorstw. Dane, zebrane na podstawie informacji dostępnych w internecie, zostały poddane analizie pod względem treści, a następnie dokonano kategoryzacji opartej na CSR, tak aby odpowiednio dostrzec wzorce i odmienności występujące w różnych gałęziach przemysłu. Wyniki badań klarownie pokazują rodzaj praktyk CSR, jakie są po-

dejmowane w dużych firmach działających w Grecji w odniesieniu do ich treści, różnorodności i liczby występowania. Wnioski zawarte w niniejszej pracy pozwalają zrozumieć dobór działań w zakresie społecznej odpowiedzialności biznesu podejmowanych przez duże greckie firmy w okresie kryzysu gospodarczego. Biorąc pod uwagę stale rosnącą wagę praktyk w zakresie CSR, sposób ich adaptacji przyjęty przez poszczególne przedsiębiorstwa oraz rosnącą tendencję do stosowania takich działań, jak również przekazywanie informacji na ich temat zainteresowanym stronom, wiedza w ten sposób uzyskana może pomóc w tworzeniu i wzbogacaniu najlepszych działań, które w dalszej kolejności mogą być propagowane wśród większej liczby przedsiębiorstw w kraju.

Słowa kluczowe: społeczna odpowiedzialność biznesu, kategorie CSR, komunikacja CSR, Grecja

Effect of lameness on economic parameters in Holstein-Friesian cows

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Abstract: Lameness has a detrimental effect on herd productivity, and is second only to mastitis in this respect. The objective of this study is to calculate the cost of different types of lameness. This would enable effective decision making of whether it may or may not be economically optimal for a cow to be kept in the herd, inseminated, culled or replaced.

The animals included in the survey were reared in different variants of free-range production systems. For the purposes of the study, cows from three farms were divided into two groups—cows with diagnosed lameness, and healthy cows over the 305-day lactation period.

According to the results of the survey, the revenues from dairy cows with lameness were reduced by up to 15%, whereas the expenses per animal were higher by up to 17%. Treatment costs of affected cows were increased from 1.5 times at the second farm to 17.3 times at the third farm. The absolute economic results (profit per cow) in lame cows were reduced by 23.8% at the second farm and by 28.9% at the first farm. Cost effectiveness in healthy cows was by 11.6% higher for the second and by 32.6% higher for the first farm. The production costs of 1 litre milk in lame cows were increased by 17.1% (third farm) and by 29.3% (second farm).

Key words: dairy farm, dairy cows, lameness, profit, profitability, production costs

1. Introduction

Lameness is a major problem for dairy cows resulting in substantial reduction of milk yields and poor economic results. Ganchev and Mitev (1997) outlined that the prevalence of foot diseases among cattle was 10–15% and that their economic impact was similar to that of serious problems as mastitis and infertility. Lameness causes significant economic losses at farms due to lower milk yield, difficult or impossible mating, additional costs for medications, labour costs and early culling of animals. Similar opinions have been reported also by other researchers (Logie, 1997; Olsen, 1997; O’Callaghan, 2002; Penev, 2011; Penev et al., 2012).

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According to Simbirtsev and Terehov (1982), losses of milk in cows with lameness could vary between 5 and 30% depending on the clinical manifestation of pain. Another investigation shows that depending on the severity of lameness, milk losses could be from 25 to 75% (Rousseau, 1987). Cows were shown to reduce their milk production even before lameness became overt (Warnick et al., 2001; Green et al., 2002).

Several economic analyses demonstrated the negative impact of lameness on the farm budgets. In the Netherlands, cattle farm incomes have been reduced by 4–5% because of lameness (Enting et al., 1997).

Weaver et al. (2005) outlined that lameness could incur higher financial losses from infertility—34%, lower milk yields—25%, death or preliminary culling—13%, additional labour costs—13%, veterinary costs—8%, body weight loss—6%.

Penev (2013) established that severe and prolonged lameness between the 61st and 200th lactation days exerted a considerable negative effect on milk yield and reproductive performance of dairy cows through increasing calving intervals and the number of inseminations per conception.

The purpose of the present study was to evaluate the effect of lameness on economic parameters of Holstein-Friesian cows at three dairy farms with different average productivity and free-range production system variants.

2. Material and methods

The survey was conducted with cows at three dairy farms reared under different technological variants of free-range production systems. Herd 1 was reared in a common yard and barn with deep straw bedding. The second herd was housed in individual cubicles for rest, on rubber mat flooring. In the third barn, individual cubicles were bedded with compost with chopped straw. The cows at all farms were fed total mix rations, offered *ad libitum*. All cows included in the survey were from the Holstein-Friesian breed.

For analysis, data for 100 cows from each farm were collected. The sample included 10 primiparous cows, 20 second-lactation cows, 30 third-lactation cows and 40 cows at fourth or higher lactation.

At each of the farms cows were divided into two groups: first group—with clinical lameness during the lactation and second group—healthy throughout the 305-day lactation period. The number of clinically lame cows was as followed: farm 1—38, farm 2—61, and farm 3—43.

The analysis took into account the farm revenues, expenses, cost effectiveness and production costs per 1 litre milk of diseased and healthy cows at each farm.

Results were processed with statistical techniques and the normative survey method.

3. Results and discussion

At the first farm (Table 1), the absolute economic result, i.e. the profit per cow, and the relative economic result (cost effectiveness) were higher for the healthy group. The causes could be attributed to the increased costs for hoof disease treatment and medications, which were 5.3 times higher in lame cows. On the other hand, the individual milk yield of affected cows was reduced by 89 L. The profit from healthy cows was by 28.9% higher compared to that of lame cows.

The cost effectiveness in healthy animals was by approximately 41.3% higher compared to the lame group.

A major parameter of the economic efficacy of dairy farming is the production costs of 1 L milk. In lame cows, the production costs were by 0.08 BGN higher, i.e. the price effect in healthy cows was by 11.8% higher.

Table 1. Economic parameters for cows with lameness and healthy cows at farm no. 1

Parameters	Lame cows $n = 38$ Values, BGN	Healthy cows $n = 62$ Values, BGN
Revenues	172,537	285,098
Costs, including:	117,841	159,609
– Labour costs	34,675	56,575
– Feed	54,910	89,590
– Treatment	25,900	8,000
– Water and energy	2,356	3,844
Profit	54,696	125,489
Profit per cow	1,439.37	2,024.02
Cost effectiveness	46.4	79.0
Production costs	0.68	0.55

Source: Author's own elaboration.

Data from Table 2 show that lame cows were by 36.1% more than healthy ones. The differences in economic results between the two groups were obvious. The profit per cow was by 15.2% higher in healthy animals. The costs in this group were also higher due to higher feed expenditure in unaffected cows. Despite that, in healthy cows the profit was by about 30% higher compared to lame cows. Cost effectiveness in the healthy and lame groups was 71.4% and 59.8%, respectively. As could be expected, the production costs were by 6.89% higher in diseased cows.

Table 2. Economic parameters for cows with lameness and healthy cows at farm no. 2

Parameters	Lame cows $n = 61$ Values, BGN	Healthy cows $n = 39$ Values, BGN
Revenues	291,280.80	219,546.21
Costs, including:	182,264.50	128,110.5
– Labour costs	55,662.50	35,587.50
– Feed	95,770	78,105
– Treatment	27,050	12,000
– Water and energy	3,782	2,418
Profit	109,016.30	91,435.70
Profit per cow	1,787.15	2,344.50
Cost effectiveness	59.81	71.37
Production costs	0.62	0.58

Source: Author's own elaboration.

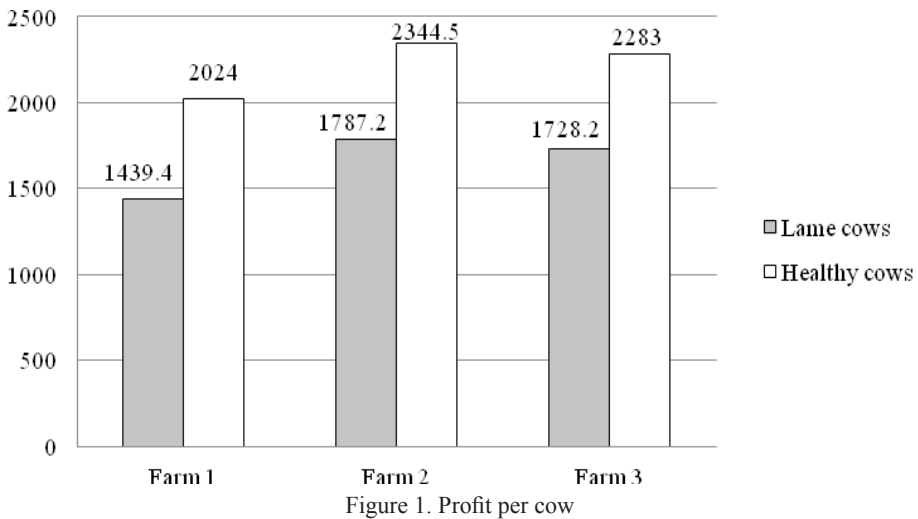
Table 3. Economic parameters for cows with lameness and healthy cows at farm no. 3

Parameters	Lame cows $n = 43$ Values, BGN	Healthy cows $n = 57$ Values, BGN
Revenues	204,501.76	292,039.22
Costs, including:	130,188.50	161,911.50
– Labour costs	39,237.50	52,012.50
– Feed	62,135	82,365
– Treatment	26,150	2,000
– Water and energy	2,666	3,534
Profit	74,313.26	130,127.72
Profit per cow	1,728.22	2,282.94
Cost effectiveness	57.08	80.37
Production costs	0.63	0.55

Source: Author's own elaboration.

At farm no. 3 the share of diseased cows was 43% from all cows. Similarly to the other two farms, the revenues from healthy cows were by 7.2% higher, the expenses—by 6.2% lower, and the profit—by 24.3% higher compared to respective parameters in lame cows. The cost effectiveness in the healthy group was 80.3% versus 57.1% in the lame group. The production costs of 1 L milk were by 0.08 BGN lower in healthy cows.

Figure 1 shows that the absolute economic result (profit per cow) at the three surveyed farms was superior in healthy groups. Thus, the profits were higher compared to lame groups by 28.9% (farm 1), 23.8% (farm 2) and 24.3% (farm 3).



Source: Author's own elaboration.

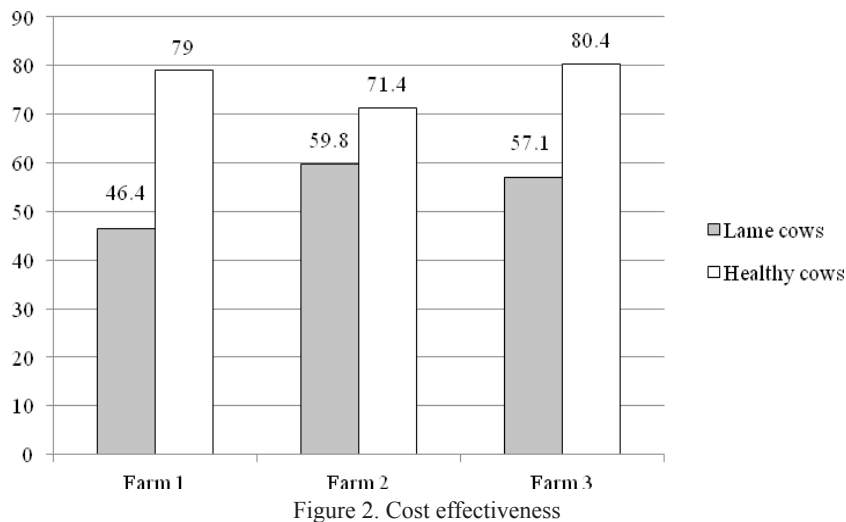


Figure 2. Cost effectiveness

Source: Author's own elaboration.

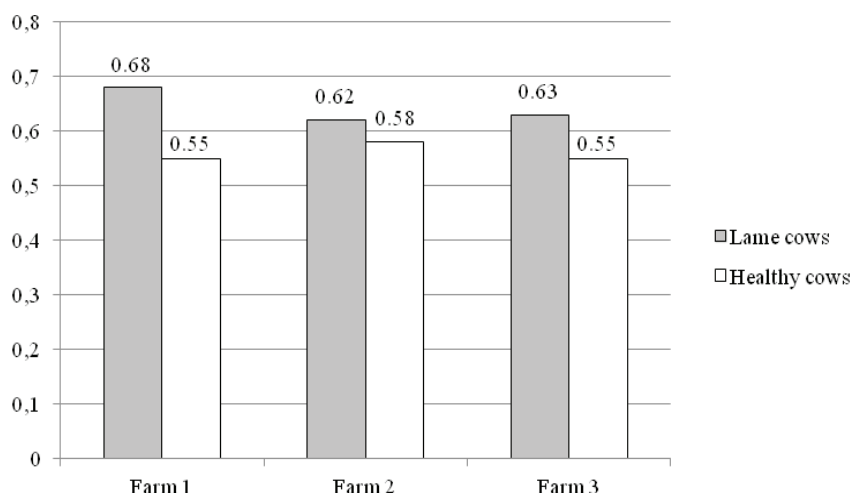


Figure 3. Production costs of 1 L milk

Source: Author's own elaboration.

As shown in Figures 2 and 3, the cost effectiveness at all farms was considerably higher in healthy animals, most obviously marked at farm 1. With respect to production costs, the effect of hoof disorders was most pronounced at farm 2.

Comparable results have been reported by Simbirtsev and Terehov (1982), and Rousseau (1987).

The present results demonstrated that lameness is one of primary negative factors leading to significantly poor economic results in dairy cattle farming.

4. Conclusions

The present results showed that the revenues from cows with clinical lameness at all three farms were by up to 15% lower, whereas the expenses per cow—by up to 17% higher. The treatment costs of diseased cows were by 1.5 times higher at the second farm and by 17.3 higher at the third farm.

The absolute economic results (profit per cow) and relative economic results (cost effectiveness) were higher in the healthy groups. The production costs of 1 litre milk were by 6.9% to 11.8% higher in lame cows.

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Wpływ kulawizn u krów rasy holsztyńsko-fryzyskiej na parametry ekonomiczne

Abstrakt: Występowanie kulawizn u krów ma negatywny wpływ na produktywność stada i jest drugim po zapaleniu wymienia czynnikiem w tym zakresie. Artykuł prezentuje szacowany koszt różnego rodzaju kulawizn, co pozwoli podjąć optymalną z ekonomicznego punktu widzenia decyzję, czy zainfekowana krowa

powinna pozostać w stadzie, czy też powinna zostać wymieniona lub poddana inseminacji. Zwierzęta objęte badaniem były hodowane w różnych wariantach systemów produkcji na wolnym wybiegu. Dla celów badawczych krowy w trzech gospodarstwach zostały podzielone odpowiednio na dwie grupy – krowy ze

zdiagnozowaną kulawizną oraz krowy zdrowe. Krowy z obydwu grup były w okresie trzystąpiędniowej laktacji. Po przeprowadzeniu badania stwierdzono, że zysk z krów mlecznych ze zdiagnozowaną kulawizną został zmniejszony o 15%, podczas gdy wydatki na zwierzę były wyższe o 17%. Koszty leczenia wzrosły od 1,5 razy w drugim gospodarstwie do aż 17,3 razy w trzecim. Całkowite zyski ekonomiczne (zysk

na jedną krowę) u krów ze zdiagnozowaną kulawizną zostały zredukowane o 23,8% w drugim badanym gospodarstwie oraz o 28,9% w pierwszym. Ekonomiczna opłacalność zdrowych krów była wyższa o 11,6% w drugim gospodarstwie oraz o 32,6 % w pierwszym. Koszty produkcji jednego litra mleka u krów z kulawizną wzrosły o 17,1 % (trzecie gospodarstwo) i 29,3% (drugie gospodarstwo).

Słowa kluczowe: mleczarnia, krowy mleczne, kulawizna u krów, zysk, rentowność, koszty produkcji

New supply and housing price behaviour: A short revision of the empirical evidence

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Abstract: House-building has been very intense in some European countries throughout the last 15 years but not in others. It has generated an expansion in the residential stock that has been explained as the result of some demand forces playing at the same time and boosting residential market mechanisms during this period. Although demand pressures have been similar across Europe, the new supply construction has reacted with distinct strength depending on the economies. This paper reviews the literature seeking for reasons to analyze the different reactions and the implication on house prices growth of development sector. It mainly classifies the literature between both the group that suggests stable supply elasticities in the short-long term and those sustaining that elasticities change dramatically, reflecting the developers reaction to market innovations. The differences in new housing supply responses across European countries remain a wide area for housing researchers to explain how housing prices react by region.

Key words: new housing supply, supply elasticity, housing prices

1. Introduction

During a decade before the credit crunch, housing prices in many developed countries did growth intensively. The expansion they have gone through has been one of the greatest in Europe (Ball, 2004) and accelerated since the late 1990s until it reached level which multiplies several times those existing when the Single Market was created. The responsibility of this behaviour has been analyzed mainly from the demand side, focusing on the socio-economic changes' impact on the residential market in many of the countries but it was in the United Kingdom when supply responses in the market started to be analyzed as responsible on house price appreciation. The situation in the United Kingdom reflected the image of a residential market influenced by similar demand impacts as in other European countries like Spain or Ireland, but with a very reduced new housing supply. The difference in the response to market signals did surprise both the British govern-

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ment and the analysts, who are observing the other cases in order to understand the keys to the supply's quick response.

This paper seeks to provide a literature review of how prices affect the supply of new houses and the responses degree measured by empirical new supply elasticities. The supply elasticity is a key to understand price growth due to larger value of the elasticity parameter, which means strong responses on new construction when price changes, and then the appearance of new supply flows helps to mitigate the house price growth.

2. The theoretical view about the role of the housing supply

The concept of housing supply refers to the units included in the stock fulfilling the conditions to be demanded in the market. The theory distinguishes between stock, which is the total of units existing in the market, and supply flow, which is the total of units available on the market capable to satisfy the demand. This distinction is relevant, as it suggests two different analytic frameworks, the first one referring to the analysis of the volume of housing services, while the second discriminates between the market of new and existing dwellings, being the latest the common focus used to analyze the supply and its impact on prices. The total supply is generally considered to be the stable proportion of the total stock.

The existing units represent a part of the supply not well known keeping a balance with the total stock and the vacancy level (Maisel, 1963). Because of their relevance and greater volatility, new units are the most often analyzed as the main supply component. In fact, it is believed that the total supply essentially depends on the evolution of new house building as well as on the residential investment rate. Both groups are considered to be constant proportion of the yearly total stock (new dwellings reach a maximum of 3–3.5% of the stock but there is few evidence about the weight of existing units with respect to the total supply).

The fluctuations on these supposed-to-be normal levels of both components trigger and the endogenous housing market adjust mechanism, by means of which the excess of existing supply reduces the construction rate and stabilizes prices while supply restrictions push them up again. The distinction between the two effects becomes relevant because the price reached by existing units in the market will initially respond to the supply-and-demand forces today, even if the structures were built in the past at past's costs. Instead, in the new housing market, dwellings reflect land costs and more recent factors; so that the newer the dwelling, the higher the costs. In absence of demand pressure, a market in which the supply is mainly integrated by new units (or rehabilitated/ renovated ones) will present higher price levels than in the opposite case.

The supply curves are rigid in the short run as the result of the special characteristics of housing and its production process (it is a fixed commodity with a difficult and expensive provision, which requires long maturation periods [Arnott, 1987]). Jointly with lack of information and financial requirements those features make this market uncertain and supply is expected to respond slowly to market signals. This means that the supply reacts just partially when changes in the demand occur generating an asymmetric response: a positive shock on any demand component causes an upward reaction of prices in the short run meanwhile the house building cannot increase suddenly. The supply increases systematically as the starts are completed. If during this period the demand decreases, the supply cannot perform a downward fit, since dwellings

cannot be ‘destroyed’ or ‘removed’ from the market, thus generating the existence of a vacant. During a contraction period, prices do not drop while the total of vacant units’ increases, since the costs incurred and the chances of a future increase in housing prices persuade owners to maintain the units and not sell underpriced. This is why the response of new housing supply is elastic in the first case but inelastic in the second one (Glaeser et al., 2005).

The interaction of demand and supply, as well as their sensitivity, is therefore a key aspect to understanding price behaviour. According to the literature, although the equilibrium does not take place in the short run because of the rigidity of the supply curve, it is afforded in the long run. It happens when the curve has acquired more flexibility so that adjustment is performed ‘taking time’ (DiPasquale, 1999, although this comment used to appear in nearly all other research, e.g. Meen, 2002; Topel and Rosen, 1988). This reaction with time perspective implies that the supply curve may have a degree of elasticity that adjusts the market and guides price evolution. Since they depend on both the inputs and the dimension of the construction sector, supply curves with different elasticity levels may exist in the short run from the spatial perspective. In these cases, the impact caused by any changes in the demand on prices can vary depending on this sensitivity and location; i.e. a market with a less rigid supply curve will suffer a lower impact on prices when a demand shock takes place than in the case of a market showing greater supply rigidity (Figure 1). New supply elasticity is consequently a key factor that allows us to understand one part of the evolution of prices in residential markets.

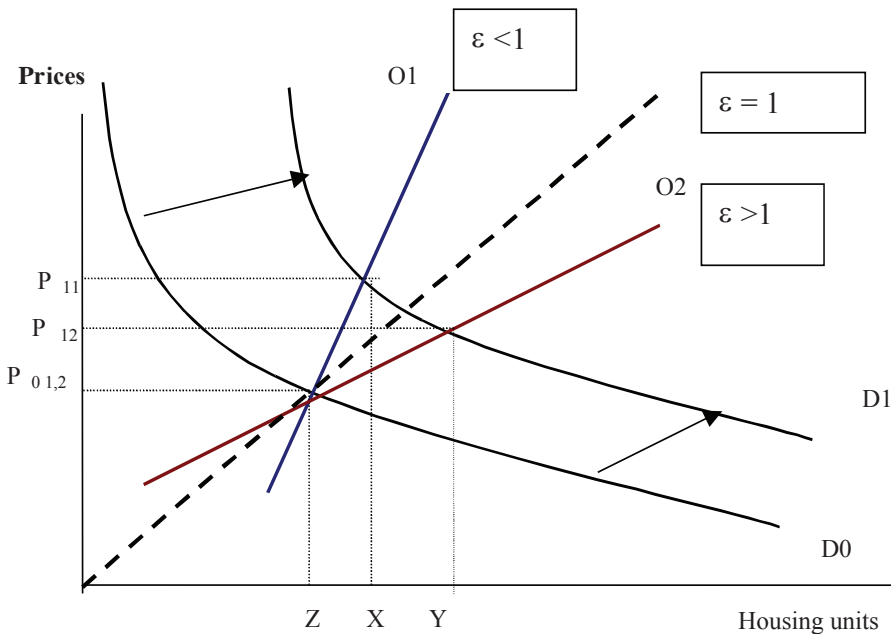


Figure 1. New supply function and price reaction

Source: (Taltavull, 2014).

Various studies have described experiences about the different supply elasticity values; and it is widely recognized that residential supply is flexible in the long run (De Leeuw and Ekanem, 1971; Olsen, 1987; Hanushek and Quigley, 1979; Meen, 2002; Blackley, 1999; Glaeser et al., 2005, amongst others), showing a slow return of prices towards the equilibrium. It is generally agreed that short-run supply elasticities are smaller than long-run ones because some time is required for building (Quigley, 1997; Topel and Rosen, 1988; for the US: Malpezzi and MacLennan, 2001; Dipasquale and Wheaton, 1994; Goodman, 2005; Malpezzi and Vandell, 2002, amongst others). Nonetheless, the international experience shows that, although the US research does contrast the presence of elastic values in the long-run new supply, this may not be generalized in other world regions experiences. The available studies about Europe give models results showing reduced supply elasticities and values near to zero. It is the case of the UK and Spain during the last decade (Barker Review, 2003; Pryce, 1999; Malpezzi and MacLennan, 2001; Bramley, 2003; Taltavull, 2014, see Table 1), which means a weak answer from the supply side to a demand impulse resulting in a strong rise on housing prices. The restrictions in the construction sector (because, for instance, an inadequate size on the industry, a restrictive permission system and/ or a lack of land) make it also impossible for new units to increase in the medium term, which generates still stronger growths on prices (Barker Review, 2003), giving low values for the elasticity.

Table 1. Supply elasticities in different countries

Type of housing unit	Country	Analysis area	Estimate period	Value	Author
stock	United Kingdom	aggregated	1955–1972	0.5–1	Whitehead, 1974
stock	United Kingdom	aggregated	1955–1976	0.3 (cp)–0.6 (l p)	Mayes, 1979
stock	United Kingdom	districts	1988	0.8	Bramley, 1996
stock	Scotland	city	1998, 1992	0.6 (boom)–1 (crisis)	Pryce, 1999
stock	United Kingdom	aggregated	1976–1999	0.5	Swank et al., 2002
stock	England	aggregated	1973–2002	0.3	
New dwellings	United Kingdom	aggregated		0.5	Mayo & Sheppard, 1991
New dwellings	Germany			2.1	Mayo & Sheppard, 1991
New dwellings	France			1.1	Mayo & Sheppard, 1991
New dwellings	Netherlands			0.3	Mayo & Sheppard, 1991
New dwellings	Denmark			0.7	Mayo & Sheppard, 1991
New dwellings	United States			1.4	Mayo & Sheppard, 1991
New dwellings	United Kingdom	levels		0.36–0.38	Bramley, 2003
		1st. diff		0.585	
New dwellings	Spain	levels		0.56	Taltavull, 2014

Source: (Bramley, 2003, p. 211; Taltavull, 2014).

2.1. A problem measuring the supply curve and elasticity of housing

As it is reflected in Table 1, most of supply elasticity estimations are different. Most of the differences come from the way as the supply function is defined. The theory has largely related the supply to determinants of the production function. This link has generated many of the difficulties in calculating and defining a market supply function (Hanusheck and Quigley, 1979), first, because production (starts) is not the only source of supply, second, the unavailability of data available to observe the whole supply as a flow, both the existing ones and the new one (Goodman et al., 2005), and third, the fact that the supply function is local and specific to different regions, in many cases metropolitan areas¹ (Glaeser et al., 2005; DiPasquale, 1999). This has made that research use, indistinctively, the housing stock as definition of the supply (DiPasquale and Wheaton, 1994; Whitehead, 2004; Mayer and Somerville, 2000; Meen, 2001) or using the new units that arrive at the market (most of the research share this focus, e.g. Mason, 1977; Malpezzi and Maclennan, 2001; Meen et al, 1998; but Bramley, 2003, used completed units though). This multiplicity of measures has produced that the elasticity obtained varies depending on which one has been chosen.

Recently, some research have added complexity contrasting how the supply elasticities are estimated as time is changing, reflecting swing-curves of supply which used to change their responses depending on the different moments of cycle, i.e. defining supply functions as curves which 'move' over time (Pryce, 1999; Bramley, 1993, 2003; Malpezzi and Vandel, 2002).

Other researches maintain that the difficulty to measure the supply comes from the price that is not standard, and quantity exists in the market because each unit varies in terms of quality and dimensions. The housing supply is also the result of a complex decision-making process in which both builders and homeowners intervene, and there is very small evidence about how each part reacts, since the observation unit hardly ever refers to the supply in statistics (Hanusheck and Quigley, 1979) and could exacerbate in presence of shocks (Glaeser et al., 2005; Taltavull, 2014).

DiPasquale (1999) summarized the problems related to the estimation of housing supply into two groups: The first one is the lack of suitable databases due to the information-related problems mentioned above, which is why analysts must face problems linked to quality in the available data and have decided to use basically aggregated information instead of microdata. This use makes lose perspective of the local market where the market balance takes place (Malpezzi and Vandel, 2002; Goodman et al., 2005). The second group of reasons is a deficit in the supply explanatory theory, as the foundations are not fully settled yet. There seems to be growing evidence that some of the generally recognized principles may not be so true. For instance, there are increasing evidence about how supply is not fixed since it is admitted that functions are elastic in the long run (Meen, 2001). That elasticities change in time (Pryce, 1999; Goodman, 2005) and also in space as a result of the action of territorial factors

¹ There are in fact works which estimated supply elasticity at an aggregate national level and by regions obtaining very different elasticity results. For example, Mayer and Somerville, 2000, obtained an elasticity for new dwellings that is overestimated with respect to the results of the calculation carried out in different local areas and underestimates the time required to respond to a price shock.

which affect markets locally, like the climate (Fergus, 1999), the situation (Goodman and Thibodeau, 1998) or the impact of economic shocks in the decision process (Taltavull, 2014).

Finally, there is also an agreement on the existence of different market conditions for this sector, on a quasi-monopoly or monopolistic competition basis (Green and Malpezzi, 2003), which determines the degree of the supply reaction. Supply curve becomes inelastic because of the inflexibility on the supply side sector. It comes from its inputs (land, materials, labour) or due to the effect of some market power (concentrated land ownership, reduced number of building firms, land uses under control, restrictive permit system...) as well as from the control that developers can apply on the production process with the purpose of adapting the supply to changes in the cycle (Coulson, 1999). All these, along with the asymmetry in the residential market adjustment system, generates disparate, tangled-in-time supply responses (Goodman, 2005; Pryce, 1999) with greater dynamism when positive shocks occur than negative ones (Glaeser et al., 2005; Taltavull 2014).

To this set of interactions, the impact that the housing policy has on the supply should be added (Murray, 1999; Malpezzi and Vandel, 2002). The evidence available shows the different effects that some of such type of measures applied have on the market. It is widely accepted that, no matter how apparently small the policy actions are and regardless of the measures applied and of their intensity, they cause an overall impact over the market. Their impact will depend on price and income elasticities on demand and supply, and they can provoke relevant changes in the configuration of the area where public dwellings are built (Malpezzi and Vandel, 2002; Whitehead, 2003).

3. Conclusions

Housing supply behaviour is hard to analyze. Recent literature has been showing how some principles can not always be true, especially about how the supply is fixed in the short run or elastic in long term.

The empirical existing evidence support, the elasticities vary in time and space, thus reflecting the different economic and local conditions present in the housing markets. The value of new housing responses to price changes could serve to evaluate the expected impact of any economic shock overall economy. It could also allow to classify housing markets as those with less out-market pressures (more efficient ones) and those where the new supply is determined by other omitted variables which could be, for instance, more intensive housing policy, land ownership control or restrictions in permission system.

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Wpływ podaży na kształtowanie się cen nowych mieszkań. Wyniki badań empirycznych

Abstrakt: Przez ostatnie piętnaście lat budownictwo mieszkaniowe w niektórych krajach europejskich rozwijało się bardzo intensywnie, podczas gdy w innych nie. Przyczyniło się to do wzrostu zasobu mieszkaniowego, co wyjaśniono jako skutek popytu, odgrywają-

cego w tym okresie znaczącą rolę w mechanizmach rynku mieszkaniowego oraz jednocześnie je pobudzającego. Chociaż siła popytu jest podobna w całej Europie, nowa struktura podaży zareagowała ze zdecydowanym natężeniem w zależności od ekonomii da-

nego kraju. Niniejsza praca dokonuje przeglądu literatury, poszukując motywów różnych reakcji na wzrost cen domów w sektorze developerskim oraz konsekwencji tegoż wzrostu. Literaturę można podzielić na dwie grupy: tych autorów, którzy sugerują stabilną elastyczność podaży w krótkim / długim okresie czasu, oraz tych, którzy utrzymują, że elastyczność zmienia się dra-

matycznie, odzwierciedlając reakcję deweloperów na innowacje rynkowe. Różnice w reakcjach na podaż nowych mieszkań w krajach europejskich pozostają szerokim obszarem dla badaczy rynku mieszkaniowego chcących wyjaśnić, jak ceny mieszkań zmieniają się w zależności od regionu.

Słowa kluczowe: podaż nowych mieszkań, elastyczność podaży, ceny mieszkań

Corporate Social Responsibility in large companies in the city of Karlovac

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Abstract: Due to the growing social consciousness and public pressure as well as legislation, the business sector is challenged to base its existence and development on the principles of sustainable development. The concept of sustainable development has emerged due to the growing problem of inequality in the world as well as global environmental problems. It aims to achieve balance between economic, social and environmental requirements so that future generations would not have to withhold because of the actions of present generations. Companies that actively participate in resolving the environmental, social and ethical issues are considered to be socially responsible companies. Basic areas of consideration in socially responsible companies are environmental protection and welfare of employees, as well as welfare of local communities and society as a whole. This paper deals with the concept of sustainable development and the application of its principles in companies in Karlovac County. It also seeks for an answer whether large companies in Karlovac County have strategic approach to corporate social responsibility.

Key words: corporate social responsibility, CSR, enterprise strategy, sustainable development

1. Introduction

In the second half of the 20th century the world economy grew faster than ever before, bringing numerous positive advances, especially for the more developed countries. The possibilities that the economic growth brought were vast and they pertained to the professional, personal and educational aspect of people's lives. However, that kind of growth also incited numerous negative consequences, especially those harmful to the environment. In the new century, there was a start of global reasoning in a completely different and only possible way—in a manner that will not compromise the right of future generations to live, work and to be in a clean environment. Sustainable or balanced development is the economic development when both the rise and the change of the manufacturing and consumption structure are developmentally acceptable (Vitner Marković and Varičak, 2012). They

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are also developmentally acceptable unless they decrease the overall quality and usability of natural resources. The development of a community is considered to be sustainable if it improves the standard of living, not bringing at the same time the environment under undue pressure and not exploiting the natural resources over their acceptable capacity. Each generation is supposed to pass to the next one the net resources, per capita not lower than those inherited by the previous one (WCED, 1987). The natural resources and environment, know-how, as well as technology and human resources are considered as net resources.

Sustainable development became a dominant philosophy that had to be adhered to by every member of society, including the business sector. It is therefore the reason why a process of transition to sustainable forms of development is inevitable, and it is up to the company managers whether they choose to oppose this transition or they want to be among those who will shape the future. A sustainable and transparent management of economic subjects on a global scale is a manner of looking forward into the future and guarantees sustainable development. This paper will hold a description of the roles of the business sector in the implementation of the principles of sustainable development and application of its principles in the large companies in Karlovac County with the assumption that CSR is more frequent in companies with foreign ownership.

2. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an awareness of the new position and the importance that companies have in the contemporary global society. This type of corporate behaviour has proven to be useful for companies in all aspects of their business activities. Although involved in its practical activities, a large number of employees are not familiar with the terminology and concepts of CSR. The lack of information, education and awareness of employees on corporate responsibility leads to inability for the potential of this model to be released. Therefore, continued support is needed from the state, from local and regional governments, educational institutions, from the media and civil society.

In the last few years there was a series of business cases which pointed out the new business reality due to which companies cannot expect economic prosperity if they don't plan on a long-term, holistic and responsible bases. Many global companies have recognized the change in the demands of stakeholders so they try to adjust. Experience has shown that various aspects of corporate social responsibility deliver a full range of benefits for the company, among which the most important are: reducing costs through greater efficiency in the use of resources, better image, reducing or avoiding court costs, innovative products, higher employee motivation, etc. So, the reasons for implementing CSR strategies are (Osmanagić Bedenik et al., 2010):

- positive image and better social position of the company;
- lower operational costs/ higher operational efficiency;
- easier access to the capital;
- increase of sales and higher loyalty of the customers;
- growth of productivity and quality;
- higher motivation of employees and their long-term employment;

- adopting to the interest and expectations of the market;
- improving innovation process.

Due to the above statements, it can be concluded that redesigning of a traditional company towards modern, innovative, eco-efficient one can lead to various positive results and strengthening the competitiveness of the company. The significance of innovation has increased as a result of globalization processes, the changeability of the business environment as well as the development of a knowledge-based economy (Kozioł et al., 2013).

One of the first definitions of social responsibility is the one that was given by Howard R. Bowen in 1950, according to which social responsibility refers to the obligation of the business sector to apply business policies, make decisions and implement actions that are desirable with regard to the objectives and values of the community (Carroll, 1999). Accordingly, even then it was thought that companies have responsibilities that go beyond the responsibility just for financial gain. During the 1960s a few authors began to write more about social responsibility, and one of the most significant authors of that time dealing with this issue was Keith Davis. He believed that social responsibility is not just ‘an idea on paper’. He considered that the business which is based on social responsibility can bring long-term economic benefits and social power to the company (Davis, 1967). He was one of the originators of the idea that social responsibility must be viewed in the context of management or that it should be part of the company strategy. Joseph McGuire wrote that social responsibility implies that the company has not only economic and legal obligations, but also obligations to society that go beyond the legal framework (Carroll, 1999). That means the company has to take care of the welfare of the community, employee satisfaction, education, engage in political issues, etc. According to Kotler, corporate social responsibility is a commitment of the company to improve community well-being through discretionary, voluntary business practices that are taken on the account of their own resources (Kotler, 2009).

Social responsibility has to be incorporated into business strategy because it represents special commitment of the company. Due to that, companies that want to build a responsible approach to the environment and the society have to incorporate that intent into their vision, mission and goals. Social responsible companies must require the commitment to the principles of sustainable development of all stakeholders—owners, managers, employees, suppliers, customers, state and civil society. This type of commitment is required because only in this way it is possible to contribute to the achievement of sustainable development.

2.1. Approaches to corporate social responsibility

Despite the fact that principles of corporate social responsibility are now almost universally accepted there are some problems that can occur during their operating. Many companies adopted modern trends and their role in the community but there are also others that continued to operate according to traditional principles. Due to that, a theory developed three types of approach which can explain the relationship between company and the environment. The first approach is called business as usual, which implies that the company shows open hostility towards the protection of nature because they believe that environmental costs are an obstacle to economic growth and profits (Šimleša, 2003). Another approach, according

to Šimleša, is called business as (un)usual. This approach is characterized by the acceptance of the concept of sustainable development, but the practice is mostly limited to partial projects. The third approach is called the paradigm of green knowledge (Šimleša, 2003). This paradigm includes companies that are dedicated to vision of sustainable development. Those companies take care of environment, human rights and public health.

2.2. Aspects of corporate social responsibility

There are various areas in which companies can act to protect nature and take care of the welfare of the society. Among the most frequently conducted activities are those that solve the problems of the local community, customers and also environmental issues and employment policies. The following figure shows all aspects of corporate social responsibility that is now considered to be particularly significant.

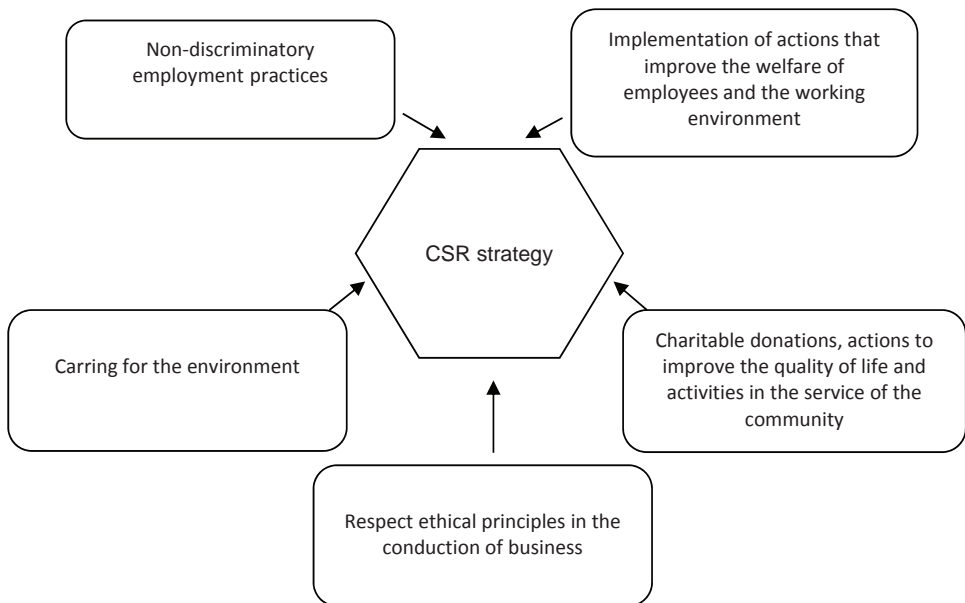


Figure 1. Aspects of CSR

Source: (Hill et al., 2003, p. 348—adopted by the author).

In the famous UN report *Our common future* (WCED, 1987), the author Bruntland emphasizes three key elements of sustainable development: environmental protection, economic development and social equality (Krkač et al., 2007). 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.

3. CSR practices in large companies in Karlovac County

The paradigm of sustainable development is generally accepted, however, the implementation of its principles is far from satisfactory level, especially in countries in transition such as the Republic of Croatia. Struggling with the consequences of centralized system and transition, as well as the consequences of privatization and the war, Croatia is unable to fully adapt to modern trends. Nowadays, companies in the world develop CSR strategies that bring benefits not only to themselves but also to the wider community. Companies in Croatia rarely develop such strategies and those organizations that partly deal with these problems are usually foreign-owned.

Karlovac County is, although rich in natural and anthropogenic resources, on a relatively low level of economic development. Gross domestic product per capita is among the lowest in the Republic of Croatia, the unemployment rate is among the highest, and educated population is insufficient to satisfy the demand for high technology in metal and food industry for which Karlovac is known.

Subjects of this research are large companies that are classified in accordance with the Accounting Act (NN 109/07, 54/13). In Karlovac County there are 4 large and 22 medium-sized enterprises. Manufacturers have always been the engine of development of the County and the survey conducted for the purpose of this paper was based precisely on large manufacturers. Manufacturers are observed for the reason of their impact on the environment which is generally more significant than the impact of trade or financial companies. Also, according to some research in the field of safety at work, most injuries at work occur in the manufacturing companies, hence this is also one of the reasons for selecting these companies.

The survey was carried out in all four major companies and the method was interviewing managers of medium and top levels as well as using a questionnaire. The questionnaire consisted of 37 questions and was based mainly on the multiple-choice questions. The questions in the questionnaire were divided into three categories. In the first part were the questions that are related to the basic information about the company. The second part of the questions was related to the information about the manager, and the third part included questions related to sustainable development and its impact on company's strategy. In the reference sample, 50% of the companies are privately domestically-owned and other 50% are privately foreign-owned. Respondents who filled in the survey are in managerial positions (75% at the highest management level, and 25% at medium level). Survey showed that employees are familiar with the goals and vision of the company. However, during the in-dept interview it was discovered that only one company has adequate channels of communication with employees. In fact, only one company shares information about business activities, investment, environmental protection, safety at work through printed materials while others specified that they share information exclusively at management meetings. Therefore it is questionable how much information and in what form comes to employees.

All companies have indicated that their strategy includes the principles of sustainable development. When reviewing the components of strategies and other documents that were available during the research, it can be concluded that foreign-owned companies include the principles of sustainable development into their business strategies. Domestic enterprises

have partially different situation, one company in a part of the strategy involves a commitment to a sustainable development and corporate social responsibility, and in other written documents that were available it does not include the principles of sustainable development. All companies, regardless of ownership, take the view that the business sector has an important role in preserving the environment and caring for the community.

Pursuant to the research all companies have developed a system for monitoring the consumption of energy and materials as well as waste management. They also invest in a new, modern technology. In most companies the consumption of energy, water and materials per unit of output has declined. Reduction of energy consumption per unit of product is 7–15%. One local company recorded an increase in energy consumption per unit of production by 20%. In the last 5 years, the majority (50%) of the companies remained on the same material consumption per unit of product, 25% have decrease in material consumption but they didn't mention specifically the percentage of decrease and 25% had an increase in consumption by 10%. Figure 2 shows the results related to material consumption.

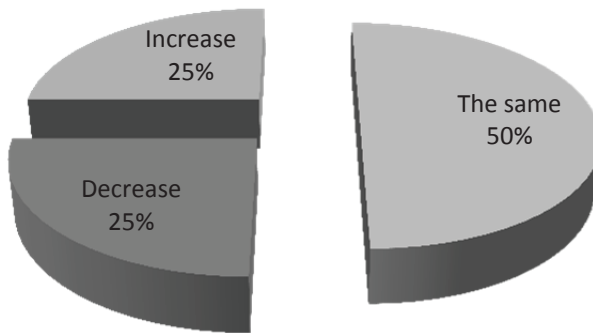


Figure 2. Material consumption per product

Source: Author's own elaboration.

In all examined companies a source of energy are fossil fuels. The interview with the manager of one domestic company showed that his company has built a plant for heating and cooling which uses geothermal energy, and their goal is to further invest in renewable energy. The survey also showed that all companies invest in the development of clean technologies.

The following questions were related to the care for employees. According to the survey all companies care about the health of employees and they also invest in their education. However, the interview showed that foreign-owned companies are significantly more concerned about employees, particularly of their health, safety and education. Their concern exceeds the obligations prescribed by the law. Domestically-owned enterprises only meet the obligations required by the law on the issues of occupational safety and health care. For example, the domestic companies have standard protective equipment for employees, while a foreign company has made individual protective equipment. A foreign-owned company funds spe-

cial medical examinations for their employees regularly every year or every two years (they finance systematic and specialized examinations of employees in private clinics), while locally-owned company sends their employees for regular check-ups at doctor of occupational medicine depending on the demands of the workplace.

Regarding concerns about the community, all companies are active on this issue, but mostly it is all about sponsorships and other activities that largely serve promotional purposes of the company. Only one foreign company does not promote itself and therefore they award grants mainly to educational institutions, associations of persons with disabilities, cultural and artistic communities. This activities are not covered by the media.

Most executives of surveyed enterprises believe that business activities which are aligned with the principles of sustainable development bring competitive advantages. These competitive advantages are long-term and they are reflected in a better placement of products on the market, reduced sick leave and related expenses, increased efficiency, reduced costs per unit of product, improved image and improved perception of consumers and society about the company. The following figure shows the results of the survey related to the above question.

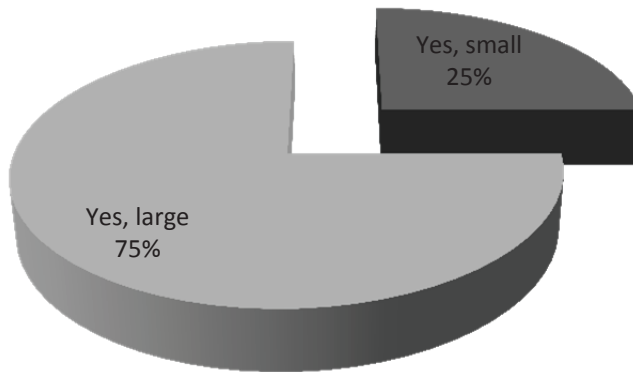


Figure 3. CSR and competitive advantages

Source: Author's own elaboration.

The last questions in the survey were about the ways in which companies take care for protection of the environment as well as the specific goals that businesses want to accomplish in the next three years in relation to the care and protection of the environment. All companies have a person or an office responsible for the impact of business activities on the environment. 75% of the surveyed companies have their own environmental management system and environmental management system ISO 14001. All surveyed companies plan to implement certain organizational and technological changes to increase the level of environment protection in the next three years.

4. Conclusions

The principles of sustainable development are adopted at global, European and national level but the implementation of those principles in Croatia is not on satisfactory level. One of the reasons for such situation is lack of human resources in the field of environmental management. Environmental managers must possess high expertise in natural and social sciences and they must act as coordinators between economics and ecology. It is now believed that there is no economic development if it is environmentally and socially unsustainable so taking care for the environment and the community has become a powerful source of competitive advantage.

According to the data obtained during the survey, all large companies in Karlovac County carried out various activities of corporate social responsibility. According to the research, types of socially responsible activities depend on the type of ownership. Companies that are foreign-owned emphasize health care and education of employees as well as working conditions. Also foreign-owned companies have codes of ethics that govern the observance of ethical standards in business. On the other hand, domestically-owned enterprises emphasize two aspects of corporate social responsibility—respect for the environment and the community.

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Spółeczna odpowiedzialność biznesu w dużych firmach w Karlovacu

Abstrakt: Ze względu na rosnącą świadomość i presję społeczną, mając na uwadze stosowne przepisy, sektor biznesu zmuszony jest oprzeć swoje istnienie na zasadach zrównoważonego rozwoju. Pojęcie zrównoważonego rozwoju pojawiło się ze względu na narastający problem nierówności na świecie, jak również z powodu światowych problemów związanych z ochroną środowiska naturalnego. Ma on na celu osiągnięcie równowagi pomiędzy wymogami gospodarczymi, społecznymi i środowiskowymi, tak aby przyszłe pokolenia nie musiały wstrzymać rozwoju z powodu działań podejmowanych współcześnie. Firmy, które aktyw-

nie uczestniczą w rozwiązywaniu problemów środowiskowych, społecznych i etycznych, są uważane za podmioty społecznie odpowiedzialne. Obszary ogólnej troski uwzględniane przez odpowiedzialne społecznie przedsiębiorstwa to ochrona środowiska i dobrobyt pracowników jak również działania na rzecz społeczności lokalnych i społeczeństwa jako całości. Prezentowany artykuł dotyczy pojęcia zrównoważonego rozwoju i stosowania jego zasad przez firmy w powiecie Karlovac. Ma on również odpowiedzieć na pytanie, czy dla dużych przedsiębiorstw w Karlovacu społeczna odpowiedzialność biznesu jest zadaniem strategicznym.

Słowa kluczowe: społeczna odpowiedzialność przedsiębiorstw, strategia biznesu, zrównoważony rozwój

Innovation in the intelligent municipality: A theoretical model and perspectives for the future

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Abstract: In recent years the development of market economy in Poland has caused that ordinary administration in local communities stopped being effective. Implementation of community management has become very useful. Activities being a part of process of the management of territorial self-government unit can be divided into several kinds. The most important ones are: defining rules of community's policy and coordination of the realization of local policy and monitoring of the usage of sources and means given to community, verification and control of effects of the realization of local policy aims as well as the introduction of territorial marketing which is to be used to create specific unit's image and help in its development in a particular region. Unfortunately, elements of management in the modern economy more and more often are insufficient, that is why specialists are looking for new instruments supporting communities' activities in the region by introducing innovation to create more intelligent municipality. That is why in many TSUs introduction of innovation is a must, not just a need. What is more, innovation inevitably involves a degree of risk because it changes the *status quo* or contributes towards an alternative future. As such, an appetite for risk and risk management is essential; and risk avoidance is an impediment to innovation. In this regard, a number of agencies have given increased priority to building and maintaining the capability, including the human capital, necessary to take a long-term perspective and to better anticipate and respond to the needs of government and stakeholder groups (*Report innovation in the public sector*, 2009). That is why the main goal of this article is to determine the model of intelligent TSU at theoretical level.

Key words: innovation, public sector, intelligent municipality

1. Introduction

In response to intensification of global competition many organizations throughout the world have developed international operation strategies to establish a worldwide production, distribution, and marketing network. In the era of knowledge economy, companies are facing dynamic competitive and rapid changes in global marketplaces. They have to emphasize the creation, accumulation, diffusion, transferring and application of knowledge to accelerate product, service

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and process innovation and value creation to meet the needs of customers. There is an increasing importance of innovation in which knowledge turns into the main source of competitive advantage. Innovation in private and public sector is one of continuous interactive learning that occurs in the context of formal and informal relationships between organizations. Innovation can assume many forms, including incremental improvements to existing products, applications of technology to new markets, and uses of new technology to serve an existing market. This process is not completely linear. Innovation requires considerable communication among firms, laboratories, academic institutions, and consumers—as well as feedback between science, engineering, product development, manufacturing, and marketing.

In the contemporary world innovation it is important to change the standard of running of private as well public organizations. What is more, public services' important roles as demonstrators, as setters of standards, as lead markets and procurers, all make their contributions to innovation, and their role in innovation in other sectors, extremely significant. Hence, public services could even become a comparative advantage for Europe competitiveness, by creating innovation-conducive environments. World challenges such as demographic change, pollution, and security concerns are creating new demands for public services and the public sector may be a strong driver for the EU leadership in these domains, too.

Public services are driven by a specific purpose (a public interest) that justifies particular attention from public authorities. They deal with the delivery of goods and, especially, services (such as health, education, sanitation, and social security services). These may be produced and delivered by state-owned agencies, organizations or enterprises; or they may be produced and delivered through 'public service industries', voluntary bodies or private sector firms that are contracted by governments for this purpose. The organization of public services varies considerably from country to country, and the extent to which similar services (e.g. health or education services) are also provided by private organizations to fee-paying consumers also varies a great deal across services and countries. Innovation in public services, then, is something that may take place in a wide variety of organizational and regulatory contexts (Thenint, 2010, p. 3). Innovation in the public sector, particularly in policy development, programme design and service delivery is a necessary element in public services becoming better targeted, more responsive to community needs and more efficient (Better Practice Guide, 2009).

The purpose of this article is to show the role of innovation in the creation of the image of the territorial self-government unit (TSU) as a functioning of intelligent municipalities in the 21st century—in the era of uncertainty and turbulent environments, at the level of theoretical issue.

2. Innovation—general overview

In the genesis of businesses proactivity and sustainability, the merger between knowledge and innovation has emerged as a source of competitive advantage (Nonaka and Takeuchi, 1995) and intangible resources (e.g. new or significantly improved products, updates in processes, brandings, organizational restructurings) fall in the four areas of innovation that are

outlined by the Oslo Manual (OECD, 2005), namely: 1) Product innovation; 2) Process innovation; 3) Marketing innovation, and 4) Organizational innovation.

The approach of Schumpeter (1952) focuses innovation in a framework that is mainly focused on different economic and social systems. Thus, depending on their relevance, the author argued that innovation can be observed from the waves of creative destruction (Schumpeter, 1952), able to restructure the entire market in favour of those who know how to take the best advantage of those discontinuities (Abernathy and Clark, 1985).

2.1. Innovation in the business world

At a macro level, the concept of innovation covers a range of dynamics, goes through an adjustment, restructuring and systematic learning typical in industrial societies (Nieto, 2003). Innovation should not be limited to the ability that companies have to design and introduce new processes and new products. This assertion leads and supports the concept of innovation that is proposed in the Oslo Manual (OECD, 2005, p. 46) as ‘... the implementation of a product (goods or services) new or significantly improved, or process, a new marketing method, or a new organizational method in the context of business practices, the organization of the workplace or external relations.’ Complimentarily, Morris (2009) refers to innovation as an attribute, a process, and an outcome. Its key attribute is its distinctive and original character, while the process appears associated with the possibility of innovation occurring in any part of the organization. Therefore, the result can be seen from the creation of an idea, a strategy, a product, or even the modelling and implementation of a new business.

As a precursor for social changes, innovation must interconnect with the adoption of a change towards the promotion of something new, and in organization that is relevant to the parallel environment (Knight, 1967; Damanpour and Evan, 1984). This definition underlies the importance of innovation in identifying and recognizing immediately the moment when we firstly use it. The use of the expression ‘new organizations and relevant to the environment’ (Damanpour and Evan, 1984) implies the existence of a distinction between the generation of an idea where creativity is seen as the product of the human being and as a generator of new ideas, concepts or theories, and its translation, where the transformation of ideas and/or use of inventions—product of creativity—results in useful and conducive to improvement applications.

According to Xu et al. (2010), the importance of the innovation process in organizations is revealed through the existing fluidity in the relationship between the activities stemming from inventions and culminating with their marketing. The innovation process should cover all the efforts involved in generating new ideas and their consequent exploitation, regardless of its commercial success (Dosi, 1988; Roberts, 2007; Yusuf, 2009). The scanning process includes all stages of business development, application and transfer of inventions, including the concentration of ideas around specific goals. The result of this transfer must be able to materialize into useful applications and must be also capable of leading to improvements in the products and/ or processes. Not being homogeneous, the concept of innovation goes beyond simple technical concept that involves the creation of a product or the advancement of a production process. It is therefore a mistake to define or identify innovation at one point in

time, ignoring that it encompasses a broad range of innovation activities (Kline and Rosenberg, 1986) and is, in essence, a continuous process to create internal and external value.

Based on the Frascati Manual (OECD, 2002), innovation activities include all scientific, technological, organizational, financial and commercial steps (including investments in new knowledge) that actually conduct, or intend to drive, the implementation of new products, new processes (or improvements in these processes), and new organizational methods. Through the classification stated by the OECD (OECD 1997, 2005), innovation activities can be *Successfully Implemented*—resulting in the implementation—or remain *In Progress*—when it has not yet resulted in the implementation of a change or improvement, or be *Abandoned*—prior to the implementation of changes and without creating any tangible or intangible value.

Broadly, innovation and technical progress can be introduced in all phases of the production process, from design into the achievement of a prototype of post-sale services. Using innovation, companies can create and disseminate new knowledge by expanding their economic potential to develop new products, new processes, new marketing methods, and new organizational approaches. Given its multifaceted perspective, innovation induces the existence of a large set of vectors in a broad framework that does not depend only on the technological knowledge.

The convergence of those vectors with knowledge framework flows characterizes the intangible capabilities of companies to associate the dynamics of innovation with the systemic logic. In the case of process innovation during its maturation, not covered by this systemic logic, Hage (1999) argues the identification of three key dimensions: technological, organizational, and sociocultural.

1. **Technological Dimension:** Comprising the existence of a system of science and technology that could generate and use knowledge in economic activity. This is a fundamental interaction between the holders of knowledge and the knowledge's users, in particular with the focus on companies driven by an innovative approach of doing business.
2. **Organizational Dimension:** More comprehensive than the previous dimension, the scope of its progress depends on the knowledge, and even expertise, from different organizational levels and theoretical domains. In the context of innovation activity, the main argument of this dimension is the creation of working conditions flows, of an integrated understanding, and even the exchange of functional groups that allow companies to build procedural and decision-making mechanisms. These codified or uncoded mechanisms should ensure and support the motivation and required adherence to innovation through continuous learning.
3. **Sociocultural Dimension:** It emerges in a more complex scope than the two previous dimensions. This fits into the adherence of new approaches of values and behaviours that enable the creation of favourable conditions for the intention to innovate and cooperate in knowledge exchange processes.

The plurality and the amplitude of those three dimensions lead us to the importance of certain attributes which we believe are nuclear and inherent to the concept of innovation. However, the concept is embodied in ambiguity, ubiquity, and cumulative processes. The ambiguity drives individuals and groups into a myriad of ways and forms that innovation

can assume. According to Dosi (1988), the responses occur through the innovative way in which these problems are addressed, being susceptible of various solutions that are not always unique and unambiguous. The phenomenon of ubiquity, observed in the continuous creation of new products, processes, methods of marketing, or organizational approaches, allows companies to access new markets (Lundvall, 1988). Furthermore, innovation is also a cumulative process that evolves continuous or discontinuous approaches. Thus, it can generate creative destruction (Schumpeter, 1952), based on existing knowledge mode (Dosi, 1988). The acquisition of intangible capacities can be materialized through the acquisition of knowledge, through learning and expansion of existing technologies, or through the acquisition of new technology (Arnold et al., 2000). Thus, technologies' acquisition is understood by Lall (1992) as the preliminary stage of technological development, a set of interlinked activities that promote the improvement in companies' productive capacity. As mentioned by Arnold (2000), those activities are characterized by the fact that companies are: 1) seeking, selecting, using or applying existing technologies (e.g. through licensing), materialized via the acquisition of machinery and/ or equipment (e.g. hardware) to be used in several workplaces; 2) introduce new materials or components that, by themselves, already incorporate new designs and specifications; 3) invest in new technologies incorporated to enable the expansion or replacement of new infrastructure for the enterprise; and 4) implement existing technologies into entirely new products using the acquisition of licenses or specifications previously developed by other companies.

The acquisition of technology embodied in machinery (or hardware) and the purchase of knowledge mediated by intermediary agents are insufficient for companies to build their own skills. In order to overcome this limitation, Arnold et al. (2000) suggest that companies should proceed with the implementation of incremental and continuous at the level of improvements, such as:

- engineering production that contributes to increase competitiveness, either through increased productivity and capital, both through the efficient use of resources;
- diversification based on different product specifications (in order to maintain market share or establish themselves in new market niches);
- operations using new technologies which create required interconnection of the multiple steps towards the creation of value and innovative environments. It includes hardware, such as transport systems computer-aided, and organizational methods;
- reverse engineering where design and engineering methods allow the diversification of the products' range or, alternatively, the access to opportunities towards the achievement of new components, materials, and equipment.

In the scope of companies' approach, the technological frontier directly fits with the importance of Research and Development activities and investments (R&D). Thus, technological development is a key factor, or even the basis, of a sustainable innovation turnover and outcomes. R&D focuses on the leading approach towards the capture and absorption of the most advanced technological issues, capable of ensuring the release of new products and new processes. Moreover, in the scope of research and technological developments, associated with the design and engineering required by the adoption of technologies that promote access to the launch of new products or processes, the use of R&D is not enough to ensure an immedi-

ate turnover or value creation. Innovation activities should become an internal secret while it is not easily acquired, appropriated, or imitated by competitors (Arnold et al., 2000).

2.2. Innovation in the public sector

Public services are driven by a specific purpose (a public interest) that justifies particular attention from public authorities. They deal with the delivery of goods and, especially, services (such as health, education, sanitation, and social security services). These may be produced and delivered by state-owned agencies, organizations or enterprises; or they may be produced and delivered through ‘public service industries’, voluntary bodies or private sector firms that are contracted by governments for this purpose. The organization of public services varies considerably from country to country, and the extent to which similar services (e.g. health or education services) are also provided by private organizations to fee-paying consumers also varies a great deal across services and countries. Innovation in public services, then, is something that may take place in a wide variety of organizational and regulatory contexts (Thenint, 2010, p. 3).

There are commonalities, differences and synergies between private and public sector innovation. Some aspects of public sector innovation are comparable with, indeed might be almost identical to, aspects of private sector innovation (examples include business process improvements and many aspects of information and communication technologies). However, there are other aspects of public sector innovation, particularly those associated with policy innovation, for which governments must bear responsibilities that greatly outweigh those borne by the private sector (examples are national security, counter-terrorism and pandemic preparedness). This is why, in comparison with the private sector, public sector decision-making processes can appear cumbersome, risk averse and time consuming (Mathews, 2009).

What is more, the majority of studies addressing innovation in the private sector have led to a widely used, standard classification scheme capturing major types of innovation which are product (and service) innovation, process innovation and organizational and marketing innovations (Oslo Manual, Community Innovation Surveys). Historically, the focus has been on technological innovation in both products (and services) and processes. However, the inclusion of non-technological innovation and a specific focus on public sector (and service) reduce the distinction between product and process and emphasize the role of organizational innovation (Thenint, 2010, p. 8).

According to H. Thenint, innovation in the public sector can be divided into several types, for instance:

- a new or improved service (for example health care at home);
- process innovation (a change in the manufacturing of a service or a product);
- administrative innovation (for example the use of a new policy instrument, which may be a result of policy change);
- system innovation (a new system or a fundamental change of an existing system, for instance the establishment of new organizations or new patterns of cooperation and interaction);
- conceptual innovation (a change in the outlook of actors; such changes are accompanied by the use of new concepts, for example integrated water management or mobility leasing);

- radical change of rationality (meaning that the worldview or the mental matrix of the employees of an organization is shifting).

Continuing, the first two types of innovation can be subsumed under product innovation.

The innovations can be labeled in the following ways:

- incremental innovations/ radical innovations (denoting the degree of novelty, in industry most innovations can be considered incremental improvements of already existing products, processes or services);
- top-down innovations/ bottom-up innovations (denoting who has initiated the process leading to behavioural changes, ‘the top’—meaning management or organizations or institutions higher up in the hierarchy—or ‘the bottom’—meaning ‘workers on the factory floor’, in this case public employees, civil servants and mid-level policy makers);
- needs-led innovations and efficiency-led innovation (denoting whether the innovation process has been initiated to solve a specific problem or in order to make already existing products, services or procedures more efficient) (Halvorsen et al., 2005; Thenint, 2010, p. 8).

3. Intelligent municipality: A theoretical model

When defining a unit as intelligent one we largely mean the persons who manage this municipality and the entire administration which helps implement these decisions. To recognize the specifics of functioning of the so called intelligent municipality it is necessary to determine the traits which should distinguish it from other municipalities, regardless of its location and size. Such a municipality should (Wereda and Raczkowski, 2012, pp. 191–193):

- fulfil its fundamental tasks specified by the statutes;
- manage funds so as to meet these goals, seeking out the most elaborate financial sources (majority of municipalities fund their investment activities from budget resources and bank loans and credits, disregarding instrument on a capital market and the EU funds);
- provide opportunities for boosting competences and learning foreign languages (if a municipality cannot afford to co-finance teaching a few languages, at least it should fund the English language) for personnel of the municipality offices;
- be open and implement changes related with market mega trends,¹ e.g. enabling enterprises and local communities to import skills and knowledge from other regions, and even countries;
- encourage new companies and investors to settle on the territory of the municipality not only through standard action strategies, but chiefly through enhancing the brand and image of the unit, creating virtual municipality office and offering the lowest operation costs for business entity on its territory, e.g. in the form of lower taxes within a grace period, shortened time for acquiring permits for activities on its territory and others;

¹ Megatrends concerned with globalization of markets and enterprises, establishment of supranational power systems (international alliances, establishment of global corporation), shifts in systems of consumers’ values (heightened significance of individualism, partnership and business ethics), development of communication methods (development of services based on IT and ICT networks, invasion of new technologies with multiple applications, innovativeness of services and products, growth of inter-organizational relations, networking and coepetition).

- make available information points to inhabitants which present the updated data with regard to the municipality, region and economic trends across the globe;
- make use of broadly understood promotion elements to create its brand and image;
- strengthen bonds between the municipality and a local community through augmenting the quality of elementary education, searching foundations assisting remarkably talented children from rural areas or giving access and opportunities for using Internet services throughout the whole municipality;
- elect such leaders who possess not only adequate education but also are capable of persuading local community to leverage strong assets of the municipality to the maximum extent, and are able to reduce its weak points and cope with threats;
- ensure the society has access to standard technical and social infrastructure and model fundamentals for development focused on export and import of experiences with other municipalities, cities or regions.

An intelligent municipality should largely be based on relationships built with other entities/ stakeholders (Wereda, 2010, pp. 13–14).

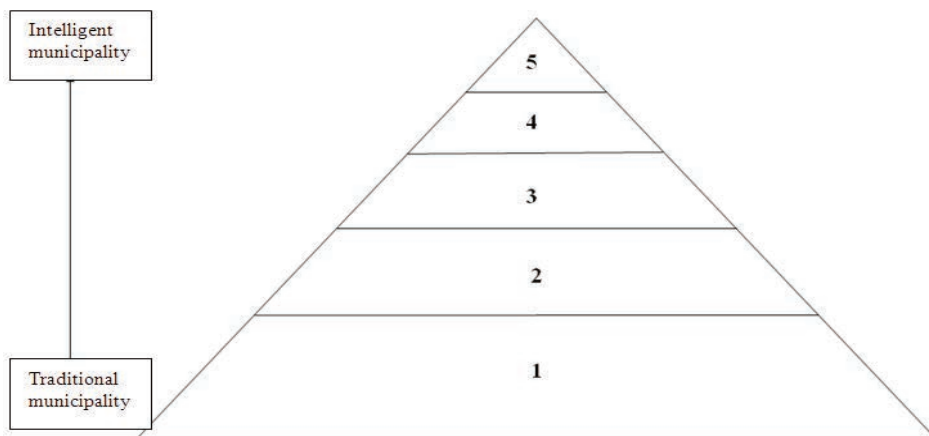
To establish long term relationships with partners and interest groups, and to create a positive image for entities that in future intend to settle down in the municipality, each unit should be concerned with boosting its development opportunities.

Collaboration between self-government bodies and institutions as well as public utilities with internal and external entities, aimed to trigger required changes in attitudes and behaviours and decisions of various target groups, is a reflection of execution of marketing activities (operations, ventures, campaigns). Exchange of values between pairs of units or territorial groups means acquiring specific resources, winning the favour of people and/ or approval of offered environmental assets (social, investment, tourist, economic, etc.) in return for relatively equivalent assets delivered in a returnable way including material, financial, information and emotional assets (Wereda, 2010, pp. 15–16).

Tapping competition as partners and effective allocation of municipality's resources (land, capital, labour) in medium and long term may usher in the phase of sustainable development. As a result this development will lead to gaining competitive advantage over other 'less intelligent' municipalities.

The factors determining an advantage enjoyed by the intelligent municipality in the region, alongside effective management of finances (capital resources), principally include:

- exchangeable relations and value transfers for partners;
- efficient exploitation of the territory of the municipality (land resource) and its workforce (labour resource);
- creation of marketing image of the municipality (also through good brand and image);
- promotion of the municipality;
- use of state-of-the-art techniques and IT technologies in establishing and maintaining relationships with partners and interest groups (Wereda, 2010, pp. 17–18);
- effective governing by individuals adequately selected and professionally groomed and educated in the field of public management;
- treatment of customers as partners of the municipality, not applicants (enhancing the quality of handling customers from each interest group, partners/ stakeholders).



Explanation:

- 1—meeting the needs of the local community at the primary level and executing tasks specified by the law;
- 2—developing of the growth strategy and the creation of the municipality management programmes in times of crisis, as well as seeking sophisticated sources of financing;
- 3—building a good image of the municipality and promotion of the unit (using the latest techniques and information technologies) to establish and maintain relationships with partners and stakeholders;
- 4—belonging to different organizations and participation in the rankings of local, regional, national and international fairs, exhibitions and other events within a range of at least regional level;
- 5—creation of own ‘intelligent’ image of the municipality in the region, as well as the use of knowledge and value innovation in the municipality of relying primarily on stakeholder relationship management.

Figure 1. Transformation from traditional municipality into intelligent one

Source: Authors’ own elaboration.

When creating an intelligent municipality, local authorities should harness in its functioning seven core ‘habits’ which distinguish it from traditional municipalities:

- an intelligent municipality has leaders (frontmen) who persuade a local community that more is to win than to lose by ‘hooking up’ to a so called local broadband economy;²
- intelligent municipality is open to shifts;
- an intelligent municipality fosters visions inspiring to activities and sets ambitious viable objectives;
- intelligent municipalities create ‘heroes’—leaders;
- intelligent municipalities ‘do not rave’ about technology, but as far as reasonably possible put in place technological solutions (Bell et al., pp. 22–32);
- an intelligent municipality creates its image in the region and across the country;

² Local broadband economy characterizes by establishment of new companies and industries on the local area; boosting local firms to convert them into global exporters; enabling export and import of knowledge and skills; giving local school access to latest information; combining local health centres with leading medical centres to exchange experiences; combining enforcement of local law with national data templates; allowing local business and units to seek out global trade partners offering products with low costs and high quality; augmenting involvement among local community in the use of Internet tools and new technologies; implementing service and product innovations on the local market.

- an intelligent municipality nurtures relationships with its partners and interest groups through improving customer service;
- an intelligent municipality develops e-administration and continuously improves the functioning of the office in the direction of pro-client orientation.

4. Conclusions

Managing innovation is to develop the necessary and appropriate skills that enable organizations to capture the signals of change, and simultaneously to be prepared to move forward in other fields—or abandoning in an earlier stage, or acquiring and developing new skills. This assertion allows the linkage with knowledge management in which the concept of innovation and learning really fits, leading to the creation, codification and transfer of knowledge (Davenport and Prusak, 1998). This dynamic process can promote the ability of organizations from private and public sector to manage incremental changes, towards sustainable performance, and anticipate different skills in particular fields through the use of disruptive changes. That is why another important factor can be collaboration between TSU because it is a valid source of knowledge; consequently, the degree to which units learn and increase their stock of knowledge is a function of the extent of their participation in network activities.

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Innowacje w gminie inteligentnej – model teoretyczny i perspektywy na przyszłość

Abstrakt: W ostatnich latach rozwój gospodarki rynkowej w Polsce spowodował, że zwykła administracja w społecznościach lokalnych przestała być skuteczna. Wdrożenie procesu zarządzania gminami stało się bardzo przydatne. Działania będące częścią procesu zarządzania jednostką samorządu terytorialnego można podzielić na kilka rodzajów. Najważniejsze z nich to: określenie zasad polityki gminy, koordynacja realizacji polityki lokalnej i monitorowania wykorzystywanych

źródeł i środków przekazanych do gminy, weryfikacja i kontrola efektów realizacji polityki lokalnej, jak również wdrożenie marketingu terytorialnego, który ma za zadanie po pierwsze – kreowanie wizerunku danej jednostki, a po drugie – pomoc w jej rozwoju w określonym regionie. Niestety elementy zarządzania w nowoczesnej gospodarce coraz częściej są niewystarczające, dlatego specjaliści szukają nowych instrumentów wspierających działalność gmin w regionie poprzez

wprowadzanie innowacji, aby stworzyć jednostki bardziej inteligentne. W wielu zatem jednostkach samorządu terytorialnego wdrażanie innowacji jest przymusem, a nie tylko koniecznością. Co więcej, innowacje nieuchronnie wiążą się z pewnym ryzykiem, ponieważ zmieniają status quo lub przyczyniają się do alternatywnej przyszłości. W takim wypadku „apetyt” na ryzyko i zarządzanie ryzykiem są niezbędne, a unikanie ryzyka jest przeszkodą dla innowacji. W związku z tym wiele

urzędów i agencji rządowych przykłada coraz większą wagę do budowania i utrzymywania pewnych umiejętności, w tym rozwoju kapitału ludzkiego, koniecznych do podjęcia długoterminowej perspektywy i lepszego przewidywania i reagowania na potrzeby rządu i zainteresowanych grup / interesariuszy (*Report innovation in the public sector*, 2009). Dlatego głównym celem artykułu jest określenie modelu inteligentnej jednostki samorządu terytorialnego w ujęciu teoretycznym.

Słowa kluczowe: innowacje, sektor publiczny, inteligentna gmina

The role of Non-Governmental Organizations in Turkey in the accession process to the European Union

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Abstract: Civil Society and the EU membership are one of the subjects discussed by political and intellectual groups in Turkey. In today's Turkey, where significant steps are being taken in the process of accession to the European Union, the importance of the effects of non-governmental organizations on Turkey's democratization is enormous. European Union attributes great significance to civic society and non-governmental organizations in the development of participatory democracy in Turkey. It is known that European Union demonstrates its enthusiasm in this regard through funding or other support mechanisms. In this study, Turkey's experiments in the process of democratization and the roles the non-governmental organizations have played in this process will be investigated. On the other hand, what roles non-governmental organizations have assumed in order to establish participatory democracy, the projects such institutions have implemented and the support the European Union has given in this regard will be studied.

Key words: Non-Governmental Organization (NGO), European Union, Turkey

1. Introduction

The priorities of the EU in the fields of foreign policy, security and cooperation in development include development and strengthening of democracy in collaborating countries, rule of law, respect for human rights and protection of fundamental rights and freedoms. The European Union is in a regular dialogue with Non-Governmental Organizations and also funding them in order to achieve these goals. In the European Union, the NGOs are not only considered as institutions to reduce the burden on governments but also as substantial actors of establishing development policies (Bedük et al., 2006). According to the EU, unions and associations, local associations and cooperatives, trade unions, employer organizations, professional associations, service and production associations, organizations established by local governments, political interest groups, religious interest groups, and student unions are all regarded as NGOs (Paul, 2000).

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Since the 1990s, the European Commission has become an important source for funding the NGOs in the European Union member states and candidate countries. The Commission pays direct grants to beneficiaries in a wide range, from universities to NGOs, to pursue the EU policies. The grants include social affairs, research and development, education, environment, consumer protection and external policies. The Commission's grants for gender equality are comprised in the area of Human Rights. The dialogue with the civil society is today exceptionally significant for the European Union's objective to create its own European constituencies. Its institutions such as the European Commission and the European Parliament have become intermediaries with the civil society organization through formal and informal ways. The extent of the European Commission's funds to the civil society in member and candidate countries shows its commitment. The dialogue has also become a subject of conditionality for the setting out of policy frameworks in the candidate countries. The European Commission claims that Turkey has to implement civil society friendly policies, most importantly when it comes to some key areas such as children, human rights, youth, environment, the handicapped, culture, arts and gender equality. As a result, the women's NGOs develop into being a part of the Turkish pre-accession process (Aksel, 2009).

With the civil society dialogue between the EU and Turkey, various NGOs in Turkey are struggling to accelerate membership process by influencing the decision making mechanisms of the EU while the EU is trying to prepare Turkey and Turkish citizens socially for the EU membership.

In this study, it is aimed to determine the responsibility established by the NGOs in Turkey in the scope of civil society and rising expectations, how much contribution is made to democratic culture and to what extent civil society dialogue is developed by civil society initiatives in Turkey, the EU-candidate country, and problems and expectations created by the 'European Union' concept in Turkey. From this point of view, historical development of the NGOs and their roles in the process of the EU membership will be examined in Turkey that newly met the concept of civil society dialogue. Started in 1999, the EU candidacy process will be evaluated, developments contributing to democratization in Turkey, problems and expectations in the field of civil society will be investigated, and contributions of civil society to the EU membership and the EU membership to civil society will be emphasized.

2. Roles of the NGOs in Turkey in membership process

Civil society is a new phenomenon for Turkey. This concept started to be discussed with the influence of globalization in 1980s and parallel to international developments. Development of the NGOs was almost halted after military coup in 1980, but it has accelerated after 1985 (Kalaycıoğlu et al., 2000). In particular, organizations have started in the field of human rights, democracy, and environment. However the existence and particularly the influence of the NGOs became visible in the process of Turkey's membership to the EU.

Turkey's history with the project of European integration goes back to the Ankara Association Agreement signed with the European Economic Community (EEC) in 1963. The agreement projected the progressive establishment of customs union. In 1970 an Additional Proto-

col was signed in Brussels. Turkey's application for full EEC membership took place in 1987 and in 1995 a customs union was created after the agreement between Turkey and the European Union Association Council. The Customs Union covers trade in manufactured products between Turkey and the EU, as well as alignment to the EU policies such as technical regulation products, competition and Intellectual Property Law. The candidacy to the EU membership was accepted after the Helsinki European Council of December 1999. This event widened the relations between Turkey and the EU, covering social policies as well as economic ones. In March 2001, European Council adopted the Accession Partnership for Turkey and defined the conditions to open accession negotiations at the end of 2004 (Aksel, 2009).

Accession negotiations started in 2005 with 35 chapters. The Commission also adopted a Communication on the civil-society dialogue between the EU and candidate countries, in order to arrange a general framework 'on how to create and reinforce links between civil society in the EU and candidate countries.' The communication included the bilateral activities between Turkey and the EU, and forecasted the development of long term partnerships with non-governmental bodies, including the objectives for 'strengthening the position and participation of women in all aspects of Turkish society' (COM [2005] 290).

Civil society has a substantial place in the construction of social Europe and integration of the continent. The NGOs, according to the EU's understanding, are effective in social and economic development of organized citizens and their countries, and have great importance in terms of establishing and sustaining participatory democracy by contributing directly to the rule of civil society (Güder, 2004). Also in candidate countries, within the framework of compliance with the Copenhagen Criteria that constitute a prerequisite for the EU membership, great emphasis is given to development of civil society, because the diversity and dynamism of civil society is considered as an indicator of healthy pluralistic democracy.

In Turkey, along with the acceleration of the EU membership, the studies of human rights, and fundamental rights and freedoms began to gain importance. For example the 1982 constitution was significantly amended in 2001 and 2004 with a view to lifting the restrictions on political rights and civil liberties. The constitutional amendments were followed by harmonization packages that revised related laws in line with the constitutional amendments (Nas, 2005). The most important changes introduced by the 2001 and 2004 constitutional amendments and the ensuing harmonization packages led to an extensive liberalization entailing many reforms such as the lifting of restrictions on human rights and fundamental freedoms both in the constitution and in related laws, the abolishing of the death penalty including acts of terror and in times of war, the redefinition of the role of the National Security Council as a purely advisory body with more civilian than military members, cultural rights including the right to learn and broadcast in languages other than Turkish used by Turkish citizens in their daily lives, and the abolishing of state security courts (Nas, 2005). In this process, in the field of laws about NGOs, a significant portion of regulations to reduce the effectiveness of the government and to increase freedoms are organized by harmonization laws. For this reason, the NGOs gain strength to play important roles in the EU membership process. On the other hand, the EU supported civil society organizations in Turkey through different budgets in the late 1980s. The European Commission, especially since 1993, began to provide financial assistance for the NGOs in Turkey for the subject of democratization and develop-

ment of civil society. An allocation system was managed during the period of 1996–2002 for countries in the Euro-Mediterranean Partnership/ Barcelona Process, including Turkey, so that the NGOs obtained financial assistance for their projects (Aksel, 2009). Projects included to MEDA programme,¹ except for those concerning the promotion of democracy, human rights and civil society were stopped after European Parliament's resolution in 1996 on human rights violations in Turkey. Financial support increased especially with the nomination process. After this period, the European Commission started to work with the NGOs on the subjects concerned, rather than funding line ministries (Güneş, 2005). The means that the EU uses for financial support in candidate countries is called the pre-accession funding. The pre-accession funding can be traced down to the 'Accession Partnerships' that the European Commission set up when Turkey was given the candidacy status in 1999. Accession Partnerships included areas that Turkey had to establish in order to achieve the EU criteria. Through these funds, the EC aimed for the Turkish NGOs to develop their capacity in project design and implementation, fundraising, communication, public relations and employment in order to construct a more balanced relationship between state and non-statist actors. The ultimate goal was presented as the maturation of Turkish democracy in practice (Güneş, 2005). Turkey receives pre-accession funds since the 2004, and the financial support has increased since then (from 250 million euros in 2004 to 654 million euros in 2010) (Şen, 2004). The funds can be obtained by the projects carried out by state institutions or non-governmental organizations. The designing and the implementation of the projects are organized by the institutions receiving the funds and the areas range from health and education to infrastructure and rural development (Delegation of the European Commission to Turkey, 2008). The Accession Negotiations for Turkey have been launched in 2005, with the adoption of the Negotiation Framework. Since then an 'Instrument for Preaccession' (IPA) has been launched. This assistance programme for candidate and potential candidate countries (Croatia, Turkey, The Former Yugoslav Republic of Macedonia, Albania, Bosnia, Montenegro and Serbia, including Kosovo) includes various policies that are aimed to be harmonized with the European Union standards. In order to accomplish this, the assistance intends 'strengthening the

¹ The MEDA Programme provides Community assistance in the framework of the Euro-Mediterranean Partnership as set out in the Association Agreements signed between the EU and the partner countries and in the Barcelona Declaration signed on 27 November 1995. The MEDA is an abbreviation derived from the original French title of the programme: 'Mesures d'accompagnement financier et technique à la réforme des structures économiques et sociales dans le cadre du partenariat euro-méditerranéen'. In the English language the abbreviation is sometimes used for Mediterranean development assistance (Mid-term Evaluation of the MEDA II Programme Final Report: 19). The establishment of MEDA Programme provided a comprehensive, cohesive, national as well as regional framework of cooperation based on bilateral and regional cooperation programmes. In the Barcelona Declaration the partners established the three main overall pillars of the partnership:

- To establish a common Euro-Mediterranean area of peace and stability based on fundamental principles including respect for human rights and democracy (political and security partnership);
- To create an area of shared prosperity through the progressive establishment of a free-trade area between the EU and its Partners and among the Mediterranean Partners (economic and financial partnership);
- To develop human resources, promote understanding between cultures and rapprochement of the peoples in the Euro-Mediterranean region as well as develop free and flourishing civil societies (social, cultural partnership).

democratic institutions, as well as the rule of law, including its enforcement; the promotion and the protection of human rights and fundamental freedoms and enhanced respect for minority rights, the promotion of gender equality and non-discrimination; public administration reform, including the establishment of a system enabling decentralization of assistance management to the beneficiary country; economic reform; the development of civil society; social inclusion; reconciliation, confidence-building measures and reconstruction; regional and cross-border cooperation' (Council Regulation [EC] no. 1085/2006). The EU-funded activities for the development of civil society, social dialogue, employment and social affairs and other activities that would diminish the lack of common knowledge on the European Union in Turkey were also implemented in order to increase the foregone dialogue (Aksel, 2009).

The European Commission's communication of the 2005 for enhancing civil dialogue with the candidate countries (COM [2005] 290) highlighted that the European Initiative for Democracy and Human Rights and the pre-accession financial assistance programme aimed the development of civil society in Turkey. In order to establish a long-term partnership between organizations, the EU demanded from Turkey bilateral exchange projects that would include Turkish and the EU organizations. In the EC's communication, gender equality, business relations, cooperation between local communities, youth, university and professional exchanges and culture, and the media are defined as areas of significance. The gender equality is represented as an area that should be enhanced, and accordingly it was indicated that 'the EU aims to strengthen the position of women in Turkish society and to tackle other issues such as domestic violence. The Commission will seek to include gender equality and the equal opportunity dimension in all its activities' (Aksel, 2009).

The European Union members aim to build a structure of a civil union, such as the one the member states and candidate countries already have. The NGOs have variety of tasks in the accession process of the EU. Firstly, NGOs have to inform the public about negotiation and accession process. In addition to this, NGOs who support the EU membership have to raise public awareness among the people against membership. On the other hand, they work with the financial support for the unemployment, discrimination, poverty and xenophobia struggle, environment, trade, development, social welfare and human rights to develop the welfare level and democracy. Next section will provide more details examples about the NGO's roles.

3. The NGO's roles in the EU in the process of membership

In the process of the EU, Turkish people are in need to learn about the EU implementations and to adapt this to their lives. But the EU citizens need to learn more about the Turks, too. This mutual recognition process cannot only be carried out by the hands of governments. Therefore, it is so important that the NGOs raise awareness of the both sides. In addition, it will help for the membership provided the trade unions and employers' unions cooperate and transfer the works done for this membership to the addressee. In this process, the NGOs roles are not just limited in the country. When Turkey's membership is on the table, the EU public opinion will be highly effective. Thus, the NGOs that work for the EU areas also take the roles such as lobbying, to create joint projects. In the EU–Turkey integration, they work for

the civil society organizations to get integrated. The purpose of civil society organizations is not only to determine the subjects and to inform the public. It is also so important to set up a network between different NGOs and to keep them active, to provide the cooperation between international ones and to build partnerships. The Turkish NGOs are also support and show so much effort for the public diplomacy in the eyes of the EU public. For example, TUSIAD, one of the Turkish NGOs, helped Turkey to gain the member status by lobbying during the 1999 Helsinki Summit (Keyman, 2005). Also, with the ongoing lobbying activities, TUSIAD created Turkey's expansion file on the website called 'www.euractive.com'. TUSIAD builds relationships with European Commission, European Parliament and other EU institutions, also uses newspapers, television and radio to reach the EU public. Another NGO that works for the EU public diplomacy is Economic Development Foundation that was established in 1965 and since then carries out organizations to strengthen the relationship between Turkey and the EU sector.

The importance of civil society organizations come to the forefront in field of lobbying, which is one of the most important ways for political communication. Lobbying can be defined as an influence and guiding decision strategy for the process of decision making. Lobbying gained great importance in the process of the EU accession in particular.

Since 2000, TUSIAD increased the lobbying activities especially in Brussels. It arranged multiple visits to all the EU countries for more than one between 2000 and 2002, got in contact with the NGOs and officials. By organizing Turkish SIAD Platform in Brussels before Copenhagen, it aimed to increase the belief in business life and show its support to Europe.

Also IKV directed itself to inform the public about the subjects in the Turkey–EU relationship and to provide the participation of the business life and civil society organizations.

4. Conclusions

The most important role of the NGOs is to remark the social and economic problems of the country and to use its effort for these problems solutions with different ideas, to deepen the relations with international and supranational institutions, to promote the country and to contribute the positive image of the country. In this context, the NGOs have been found helpful in many operations to support Turkey to get the membership of the EU. In the EU and Turkey relations they transferred the efforts of Turkey to have the EU membership by having close contact with the institutions. They also visited the EU countries and lobbied. Furthermore, it can be said that they worked to fulfill the function of informing people. On the other hand, to ensure the compliance with the Copenhagen criteria, the NGOs have shortened the nomination process for Turkey by working for fundamental rights and freedoms, education and environmental issues. By taking such important roles in the process of democratization, they showed an effort that can be named 'floor to ceiling'.

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Rola organizacji pozarządowych w Turcji w procesie akcesji do Unii Europejskiej

Abstrakt: Społeczeństwo obywatelskie i członkostwo w Unii Europejskiej są obecnie tematami często dyskutowanymi w tureckich kręgach politycznych i intelektualnych. W dzisiejszej Turcji, w której podejmowane są znaczące kroki na drodze akcesji do Unii Europejskiej, niezwykle ważny jest wpływ organizacji pozarządowych na rozwój demokracji. Także Unia Europejska przypisuje duże znaczenie społeczeństwu obywatelskiemu i organizacjom pozarządowym w rozwoju de-

mokracji uczestniczącej w Turcji. Demonstrowane jest to poprzez środki pomocowe i inne mechanizmy wspierające. W artykule przedstawiono tureckie doświadczenia związane z procesem demokratyzacji oraz rolę, jaką odgrywają w nim organizacje pozarządowe. Zbadano postawę, jaką te organizacje przyjęły w celu ustanowienia w Turcji demokracji uczestniczącej, pokazano wdrożone projekty przygotowane przy wsparciu Unii Europejskiej.

Słowa kluczowe: organizacje pozarządowe, Unia Europejska, Turcja

E-learning and enterprise innovation

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Abstract: The purpose of this article is to present the essence and importance of e-learning in the process of organizational learning and the presentation of the model of the company innovation system, as well as to provide the concept of enterprise innovation capacity analysis. This model presents a concept of the analysis of relationship between determinants of organizational innovation and the level of innovation, taking into account the contextual variable that regulates the established relationships, i.e. e-learning. The following determinants of innovation potential and determinants of innovation capabilities have been characterized: knowledge management, modern IT infrastructure, competence of employees, external cooperation in the field of knowledge and information, organizational structures and processes. The empirical part of the article contains findings of the assessment of the degree of innovation of enterprises of the Małopolska, Silesian and the Subcarpathian Regions. It has been stated that the management of knowledge, modern technology and skills of IT workers determine the degree of innovation of the company. A great influence of contextual variable in relation to organizational innovation, i.e. e-learning, has been emphasized.

Key words: learning organization, knowledge management, e-learning, innovativeness, determinants of innovative capacity

1. Introduction

The main problem of most organizations functioning in the present century is the ability to adapt to changes in the environment and the ability to create changes. A contemporary enterprise must develop an entirely new model of acquisition and transferring knowledge based on modern information technologies.

The discovery of this new medium of communication and its application in social and economic life has always led to changes in the existing order. Such was the case with the invention of writing, the invention of printing, in more recent times, the telegraph and the telephone, and more recently the Internet, which along with other IT elements is an important component of the business model of a modern organization. It influences the structure of the organization towards implemen-

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tation of network structures, creates new patterns of behaviour and business contacts in which direct relationships exist together with remote contacts which are implemented via virtual cooperative networks. Moreover, it stimulates the formation of innovation within the organization and it has a strong positive impact on the quality and efficiency of operational processes.¹ The above mentioned vision of the organization is consistent with the one proposed by creators of a learning organization. The creation of a learning enterprise is seen as a strategic project being a reaction to the increasing rate of technological, economic and social changes. The following concepts are applied for the description of these phenomena: learning and creating knowledge, intelligent organization, network organization, or the organization based on the use of intellectual capital. In this conception it is assumed that people in an organization acquire knowledge through traditional learning which consists of a realization of a process of improving one's competence through training, lectures, classes, training sessions and self-education. Knowledge acquired in this way is applied in practice within the cycle of learning through experience, among others through engaging in activities. This cycle consists of planning, activities, observation and reflection which enrich the knowledge acquired during the process of traditional learning. Knowledge acquired from experience is spread within an organization through the process of traditional learning. Yet, despite the long-standing process of development of the theory of organizational learning with the help of information and knowledge, it continues to remain in the sphere of conception. It was only the emergence of the Internet and various telecommunication devices that contributed to its practical use on a large scale. Among the numerous uses of the Internet, it is e-learning that deserves special attention.

E-learning is a method of knowledge acquisition (a teaching technique and a method of study) with the help of electronic media. It can be briefly described as learning via the Internet. The thus conceived e-learning extends to nearly every type and method of studying with the help of the Internet. This seemingly simple, but capacious and interesting definition of e-learning also comprises studying in isolation from educational institutions, teachers, trainers, educational programmes and requirements, but the educational aims continue to remain the same: improving the organization and its employees in the context of increasing the efficiency of their operation.

In the context of the above-quoted broad definition, e-learning contains various forms of e-education, namely: academic e-learning, school e-learning and corporate e-learning; the latter has been described at more length in the present article.

In contrast to academic e-learning, corporate e-learning is focused mainly on practical objectives associated with raising the competitiveness of a company, through learning organizational skills, whereas the method of learning through the Internet may be detached from an educational institution; it may be spontaneous and therefore it could be referred to as extra-institutional education. Spontaneous learning, detached from educational institutions, is defined

¹ The concept of the learning organization was formulated in a brief and concise way by C. W. Wick and L. S. Lean in 1995. According to them, it is an organization that is constantly improving through the creation and use of conditions and opportunities to achieve success in the future (Kowalewski, 2004, p. 155). C. Argyris, D. A. Schon, and J. Brillman conceived learning more broadly, emphasizing the importance of this concept in self-education, development of the organization, creation and implementation of innovations (Argyris, Schon, 1996; Brillman, 2002, p. 413).

as 'learning from others', particularly from stakeholders. It results in taking advantage of their experience, skills, expert knowledge, as well as taking advantage of the knowledge concerning cooperation in the process of satisfying needs, both similar and complementary ones.

Summing up this brief discussion concerning the very foundations of e-learning, one should add that it constitutes a major part of the process of learning; therefore the issue of making a distinction or choice between training and learning does not exist. It is also worth emphasizing that the pillars of an organization which is open to learning and its key instruments are: an organization's eagerness to learn, education of its members and learning how to learn in the sense which is given to this concept by C. Argyrius. The last issue, the most important from the point of view of this analysis is contained in the assertion that the directional and methodical acquisition and use of knowledge is increasingly possible through the Internet, using e-learning technologies.

Without modern technology, and e-learning in particular, creating, expanding, and sharing information, especially in large, geographically dispersed organizations would not be possible. Therefore, according to Gartner Group estimates, up to 75% of expenditure on knowledge management is spent on computer equipment, software, and communication infrastructure, and only 25% of the expenditure is spent on developing the soft aspects of knowledge management (<http://www.assecobs.pl/INCENTI/en/1682/>, 2010).

The purpose of this article is to present the analysis focused on the evaluation of e-learning as a determinant of potential and innovative capacity of a company and present the results of empirical research.

The problem which was presented in the article is the identification of the determinants of innovation potential and innovative capacity as a prerequisite for the development of innovative activity.

The following theses of presented concept were adopted:

- innovative capacity is a function and at the same time the criterion of enterprise innovation system, as well as the projection of the possibilities of expanding the innovative activity.
- innovative capacity can be analyzed in particulate forms (which correspond to the determinants of this ability) and can be included in the formula for the aggregate enterprise or across the industry;
- in light of the foregoing article, the innovative capacity was analyzed in particulate forms, i.e. the assessment was made in relation to the determinants of this ability, i.e. e-learning, which is considered as an adjusting variable, i.e. a variable moderating—acting in the context of enterprise innovation.

The scope of the research was limited to micro-economic and micro-social scale, paying particular attention to the problems of enterprise innovation and taking into account their proximal environment.

2. The concept of innovation companies—assumptions

Innovation is understood as any change (assumed as favourable) in different areas of the organization which brings progress in relation to the status quo (Kozioł and Karaś, 2013,

p. 136). This is often of an evolutionary character aimed at correcting the status quo perceived favourably in the light of the criteria that are in force in a given organization.² Then again, this innovative activity (innovativeness) is understood as all the activities of a scientific, technical, organizational, financial and commercial nature, which really lead or are intended to lead to the implementation of innovation. Some of these activities can be of an innovative nature themselves, whereas others are not novel, yet they constitute an indispensable step towards its implementation (OECD, 2008, pp. 20–21).

Innovativeness in any enterprise is a function of the innovative potential that can be defined as a set of the social and economic features shaped during the development of a given enterprise; and these constitute the basis of its innovative activity. Particularly, these are the resources, processes, structures and factors that the enterprise has at its disposal. Those of them that are efficiently used as they arise during the innovation process and are commercially important, constitute the ability of the enterprise to be innovative.

This innovative potential is also determined by the sector, i.e. mostly by the market, namely by the enterprise along with its customers, competitors, suppliers and partners. Thus, this is a set of features of a given sector that are conducive to the innovative activity of the enterprise³ (Figure 1).

Thus the efficiency of the enterprise to create innovations depends on the above mentioned resources (innovative potential) developed in the past, as well as adequate methods, skills and the ability to utilize them. In other words, innovative capacity is the ability to create new ideas, inventions, which are the result of innovation, the popularization (diffusion) of which is beneficial to the enterprise (Innowacje i wiedza, 2006). This ability is perceived as a driving force for the development of the organization and its economic growth, whereas e-learning⁴ is the regulative variable (moderating variable, moderator).

² Similarly innovation is defined by Philip Kotler who writes: ‘innovation refers to any good, service or idea which is perceived as new. An idea can exist for a long time, but may be innovative for a person who perceives it as new’ (2004, p. 64). According to the *Oslo Manual*, innovation is defined as ‘the whole of the scientific, technical, organizational, financial and commercial activities which really lead or are intended to lead to the implementation of innovation. Some of these activities are innovative in themselves, whereas others are novel, yet they are necessary for innovations to be implemented’ (OECD, 2008, p. 49).

³ A comprehensive concept of the factors that form innovative potential was proposed by D. Samson who distinguishes: strategy, leadership, changes, orientation towards customer, pro-innovative organizational culture, alliances of knowledge, quality of processes, education, innovative orientation HR (Gloet and Samson, 2013, p. 3690). On the other hand, Tidd, Bessant and Pavitt (2001) concentrated on the in-house stimulators of innovative processes of which the most important are the following: visional leadership, suitable organizational structure, recruitment, willingness to participate in the innovative process, leadership skills in team work and readiness to learn and adapt new solutions.

⁴ Moderating appears when the influence of independent variable (X) on dependent variable (Y) differs depending on the level of the third variable (Z), called regulative variable (Moderating variable, moderator), which correlates with the independent variable (Baron and Kenny, 1986, pp. 1173–1182). The moderator determines the direction and/ or strength of the correlation between the organization’s innovativeness and its chosen determinants. The moderator qualifies the conditions in which the independent variable (resources) bears on the dependent variable (level of organization’s innovativeness). In other words, the moderator determines the growth, lack of change or fall in the value of the dependent variable (Pichlak, 2011, p. 23).

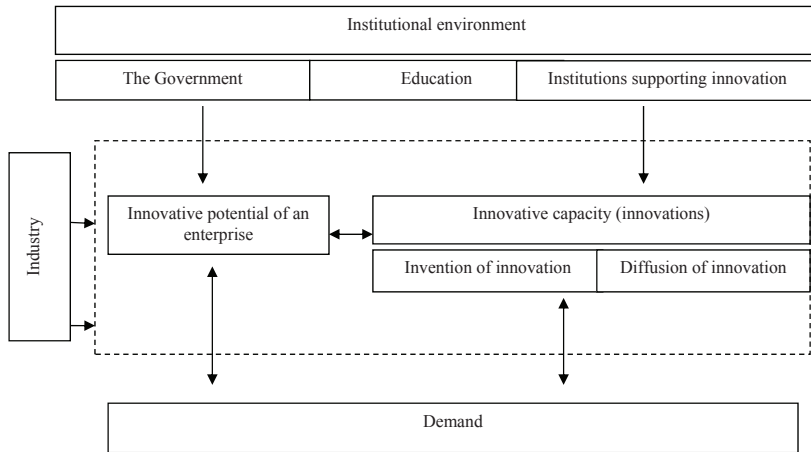


Figure 1. Innovative potential and innovative capacity within the innovativeness system functioning in the enterprise

Source: Authors' own elaboration based on (Kozioł, Wojtowicz and Karaś, 2014, p. 49).

Innovations are perceived more and more often as the result of an interactive process of the creation, diffusion and use of knowledge. The interaction of knowledge and innovation, and even the identity of both categories are underlined in the literature describing the areas of innovative environment, the expansion and transfer of knowledge. Above all, it is the knowledge collected by the enterprise during in-house training, knowledge of deliberate creation which allows utilizing its innovative potential (resources) for innovative activity, i.e. knowledge encapsulated in patterns and economic practice, which is the prime mover of profitable changes and progress and it constitutes the ability of the enterprise to innovate.

If we take the above mentioned statement into consideration, it is possible to formulate a rule of logical sequence of processes of organizational learning using e-learning in the aspect of reaching a high organizational capacity and high innovativeness. Organizational learning is a process that involves knowledge and information, it leads to a change in knowledge and can lead to a change in performance, it can also lead to innovative capacity of a company, which will lead it to a state of high innovativeness. Introducing e-learning into the process of organizational learning in the aspect of increasing the innovativeness induces, and even creates innovation.

The notion of the development of company's innovativeness is seen in two major aspects: innovative potential and innovative capacity, which mainly consists of creating novelties (innovation invention) and putting it into practice (innovation diffusion). Correlation factors of each aspect are the spheres of changes and development, i.e. the fields specifically linked to the sphere of innovativeness. The determinants of spheres of change and development of companies' innovative potential⁵ are presented below (Table 1).

⁵ This group of determinants of the innovation potential was chosen among many variables and companies' resources with use of the influence factors. They pointed to those of them that show vital cause-result relationships with innovativeness now and in the future. In the process of identification multiple sources of information were used. The ones that concern the environment are: statistical data, special reports, the results

The determinants of the sphere of changes and development of innovative capacity of a company are those among the determinants of innovative potential that are successfully and effectively used to create innovation. In this sphere, a characteristic group is formed by: product innovations, process innovations, organizational innovations, marketing innovations and above all the results obtained.

The above mentioned specific components of the sphere of change and development of the company's innovativeness are also the criteria of assessment of the above mentioned spheres (Stabryła, 2013).

Table 1. The determinants of the sphere of changes and development of a company's potential for innovation

Determinants	Individual elements
Modern IT technologies	Composition, structure of the information system Use of IT infrastructure Company employs its own IT specialists E-learning systems Database systems
Employees' competence	Employee innovativeness Realization of the competence development programme comprising external and internal training sessions, courses, conferences, seminars and symposia Use of modern training techniques Participation of employees using IT technologies Company makes use of methods which enrich qualification potential (innovation abilities) of employees
Structures and organizational processes	Existence of R&D department IT infrastructure supports information and decision-making processes Information processes support internal communication Team problem solving Flexible labour organization forms are used which facilitates exchange of information and knowledge
External cooperation in the sphere of knowledge and information	Common databases shared with cooperating parties Cooperation with clients, suppliers and cooperating parties Obtaining knowledge from competitors Academic institutions and universities as sources of knowledge Trade fairs, exhibitions, seminars and other sources of knowledge
Knowledge management	Company has a system of knowledge management Employment of people responsible for knowledge management Use of information and communication systems for spreading and popularization of information Knowledge management is a strategic issue which constitutes an important part of the realized mission Exchange of information between employees takes place through informal contacts

Source: Authors' own elaboration.

of other researchers and experts' opinions. In relation to the companies' resources the opinions of the managers and specialists were used. Information gathered in this way was the basis to choose the determinants of the development of companies' innovative potential.

In the process of evaluating the organizational capability, a standardization of the type of point aggregation was applied. It was assumed that for each sub-criterion of the evaluation process (each component element), the model score will be 1 (positive scale) and 0 (negative scale). If the score of two sub-criteria (component elements) of a given determinant is positive (positive scale, i.e. 1), the qualification of this determinant of the company's innovation potential will be regarded as positive.

3. Comparison of innovation potential of companies using e-learning and those operating in a conventional way—results of empirical studies

In the research 166 companies from the Małopolska, Subcarpathian and Silesian provinces participated. The study was carried out on the basis of a survey method. The survey consisted of two parts. The first one contained questions concerning the character of the conducted economic activity, whereas the second one contained an assessment of available resources and degree of innovativeness of the organization and the assessment of its sector environment. The analyzed companies belong mainly to small and medium-sized enterprises. From the point of view of the number of employees, small companies (from 11 to 50 employees) and so called micro-companies (up to 10 employees) were dominant. Altogether they constituted 79% of the total of examined organizations (131 companies). The remaining 31 companies (18.7%) were medium companies that employ more than 50 people. In four cases the number of employees was not specified.

While analyzing the scope of business, 61 declared it to be the local market, 57 companies pointed national market, and 41 companies to international market. The companies were involved in production, services and trade. Almost half of them declared their financial situation to be good.

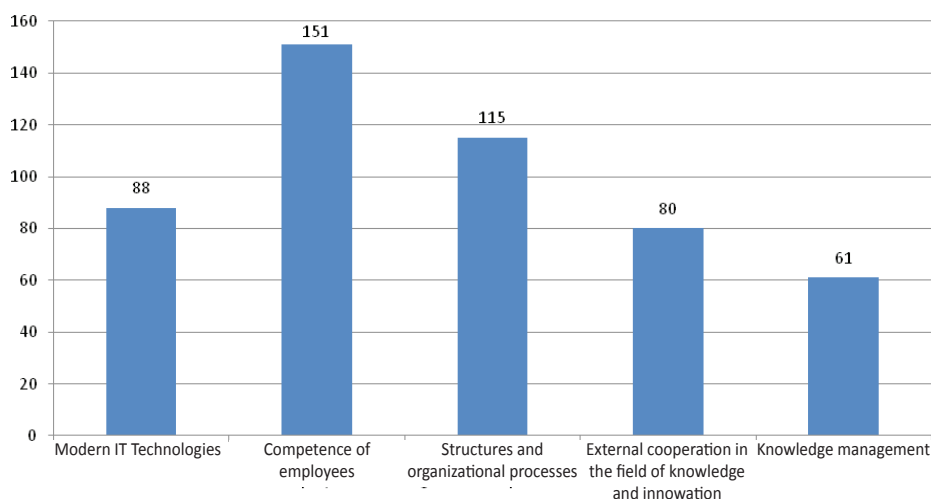


Figure 2. Determinants of innovative capacity

From the analysis of the gathered data it can be concluded that 151 companies employ qualified staff that have specific qualifications in the field of innovation (Figure 2). The second important determinant of creating the innovation, according to 115 companies, is the structure and organizational processes. 88 companies declared that modern IT technologies are important as a determinant of the innovation capacity, 80 companies pointed to an outside company cooperation as a source of knowledge and innovation and 61 companies declared that it is information management.

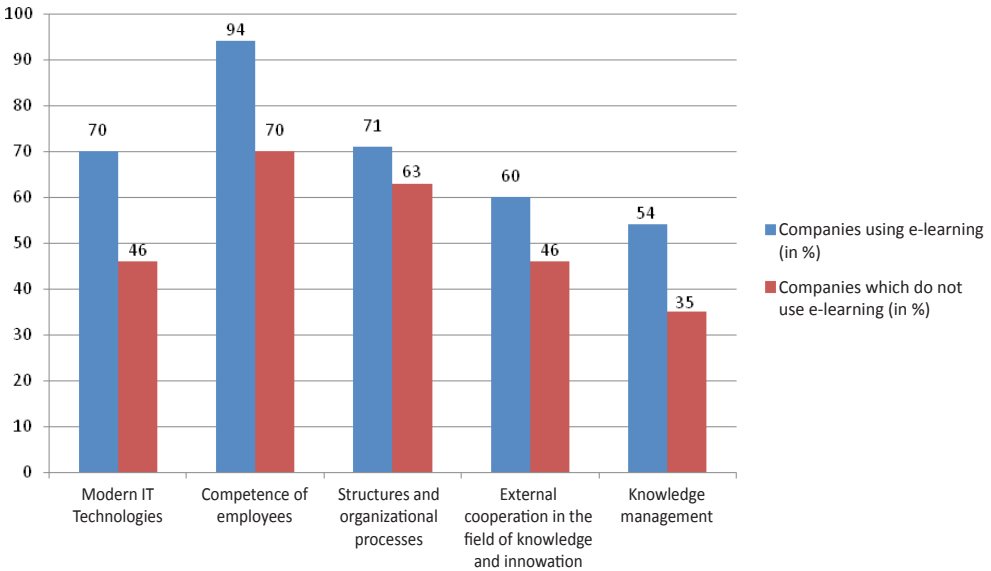


Figure 3. Determinants of innovation capacity of enterprises using e-learning and acting in a conventional way

Source: Authors' own elaboration.

Table 2. The effects resulting from the use of modern information technology and information technology by the company*

Specification (in %)	1		2		3		4		5		0	
Enterprises	A	B	A	B	A	B	A	B	A	B	A	B
Satisfying customers' needs in a better way	0	1.39	0	2.78	0	9.03	21.43	48.61	78.57	38.19	6.67	7.69
The increase in the number of acquired customers	0	5.84	0	8.03	21.43	32.85	21.43	28.47	57.14	24.82	6.67	12.18
Improvement of management methods	0	10	0	6.43	7.14	25	42.86	32.14	50	26.43	6.67	10.26
Improving communication within the company	0	5.63	0	4.93	21.43	21.13	21.43	33.8	57.14	34.51	6.67	8.97
Simplification of procedures	0	7.25	7.14	4.35	21.43	29.71	35.71	33.33	35.71	25.36	6.67	11.54

Specification (in %)	1		2		3		4		5		0	
	A	B	A	B	A	B	A	B	A	B	A	B
The increase in efficiency	0	3.38	0	3.38	7.14	20.27	35.71	43.92	57.14	29.05	6.67	5.13
The increase in employees education	0	7.8	7.14	14.18	14.29	38.3	50	27.66	28.57	12.06	6.67	9.62
Improving relations with stakeholders	0	3.73	0	2.24	7.14	17.91	35.71	44.78	57.14	31.34	6.67	14.1

* On a scale of 1 to 5, where 1 means not very useful, 5—very useful, 0—no reply, A—enterprises using e-learning; B—companies which do not use e-learning

Source: (Kozioł, 2012, pp. 135–136).

The analysis of the data (Figure 3) shows that e-learning significantly influences the innovative capacity of the surveyed companies. The differences in the determinants of innovative capacity between the two groups of surveyed enterprises are very important. The highest ones appeared in the case of knowledge management and modern IT technologies, whereas small differences occurred in relation to organizational structures and processes. For example you can specify that 33% of the companies using e-learning can confirm that they have the knowledge management system, which includes collecting, storing, processing and sharing knowledge. In the second category of the companies, i.e. those which do not use e-learning, the percentage amounted to 2%. In 27% of companies using e-learning, staff in charge of knowledge management is employed, whereas the companies that do not employ e-learning specialists in the field of knowledge management represent 17%. The other detailed elements of determinants of knowledge management were significantly more favourable in the companies using e-learning.

Most of the surveyed business entities emphasized a significant positive impact of IT on their operations, implementation of changes, however, these opinions were expressed more often by companies in group A than group B. The collected data show that 93% of the companies in group A considered IT useful and very useful, respectively at 4 and 5 in improving the company's image. For group B this percentage was 78%. The positive influence of IT on satisfying the customers' needs in a better way was pointed out by 90% of companies in group A and 87% of companies in group B, the increase in the market share 86% and 58% respectively, the increase in the number of acquired customers 79% and 53%, improving the management methods 93% of companies in group A and 59% in group B. Similarly, these relationships are formed in relation to the increased efficiency at work, innovation and growth in staff education level (Table 2). At the end of the discussion on this important issue one should emphasize great importance and high efficiency of IT, especially e-learning in the learning process and staff training schemes, as well as external cooperation in the field of knowledge and information.

4. Conclusions

Studying the innovative capacity of the enterprise is a special area of analyzing the innovative business activity. It constitutes the field of research procedure, the purpose of which is to assess progress in all or selected areas of a business enterprise and promote the change and development of the activity.

The use of e-learning as a method of learning based on IT resulted in applying the concept of a learning organization and knowledge management in the business enterprise, knowledge which in the commercialized part is the innovation.

The article analyzed the innovative capacity in a particulate form, i.e. the assessment was made in relation to the determinants of this ability, which is e-learning, regarded as a moderation variable.

It has been stated that the implementation of e-learning as one of the most important methods of knowledge management (management in general) stimulates and creates innovations in the whole organization through the development of innovative capacity determinants of the enterprise, namely:

- knowledge management;
- modern information technologies;
- competence of employees; and to a smaller extent:
- external cooperations in the field of knowledge and information;
- organizational structures and processes.

E-learning can function as an autonomous system along with traditional systems and knowledge management tools; integrated with traditional instruments of knowledge management it creates a new quality of management, creates a synergy of organizational learning and even creates innovation in the whole organization.

In the light of the results of empirical studies mentioned one can formulate a thesis that companies compete on the level of created innovations and innovative capacity dependent today on the application of e-learning.

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Wykorzystanie e-learningu w procesie tworzenia zdolności innowacyjnej przedsiębiorstwa

Abstrakt: Celem artykułu jest przedstawienie istoty i znaczenia e-learningu w procesie organizacyjnego uczenia się oraz prezentacja modelu systemu innowacyjności przedsiębiorstwa, jak również propozycja koncepcji analizy zdolności innowacyjnej przedsiębiorstwa. W modelu tym przedstawiono koncepcję analizy relacji pomiędzy determinantami innowacyjności organizacji a poziomem ich innowacyjności z uwzględnieniem zmiennej kontekstowej, regulującej założone relacje, tj. e-learningu. Scharakteryzowano determinanty potencjału innowacyjnego oraz determinanty zdolności innowacyjności takie jak: zarządzanie wiedzą, nowo-

czesność infrastruktury IT, kompetencje pracowników, zewnętrzna kooperacja w zakresie wiedzy i informacji, struktury i procesy organizacyjne. Empiryczny fragment pracy zawiera wyniki badań nad oceną stopnia innowacyjności przedsiębiorstw regionu małopolskiego, śląskiego i podkarpackiego. Stwierdzono, że to przede wszystkim zarządzanie wiedzą, nowoczesne technologie IT i kompetencje pracowników stanowią o stopniu innowacyjności przedsiębiorstwa. Podkreślono przy tym duży wpływ zmiennej kontekstowej w odniesieniu do innowacyjności organizacji, tj. e-learningu.

Słowa kluczowe: organizacja ucząca się, zarządzanie wiedzą, e-learning, innowacyjność, determinanty zdolności innowacyjnej

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