Management of Organization
in the Age
of Globalization

Contents

Introduction

We are witnesses to deep transformations which touch nearly all aspects of life. The fast pace of changes, and especially technological advancement, has never been so visible. The world is becoming *global* and organizations which function in such reality are facing new challenges. Not only competitive environment is changing but also market and the needs of market participants. These processes also influence organization management.

Knowledge is never indifferent to changes. Thus new trends in management have also been reflected in this publication.

The role of knowledge, information, communication and the latest IT and technological solutions cannot be overestimated. What would the contemporary world be like without knowledge, without drawing conclusions from history, and last but not least, without skillful and effective organization management? What would our social life be like without reflection and analysis, without resourcefulness, go-getting energy and readiness to take risk?

The above and many more questions put by contemporary managers constitute challenges which are faced up by the authors of this publication.

We aspire to change surrounding reality. Yet, can we change outdated management models without relevant knowledge? The authors take the view that without recognizing the latest solutions we cannot consciously and effectively carry out transformations in management of organization and its environment.

This publication offers both well-tried models and innovative solutions in the field of contemporary organization management. The latest literature on the subject, which the authors used as reference materials, confirms multidimensionality of the issue and certain weaknesses in general theory.

How to manage knowledge in a modern organization? What actions should be taken to gain effective advantage over competitors? How to build marketing strategy and put it into practice so that it is effective? How to manage innovations in organization? And finally how to communicate easily, quickly and cheaply in the modern market?

The authors of respective chapters answer the above and other questions that managers ask every day. They describe modern management based on the latest theories, market segments, spheres of social life and own experience. They also indicate other, less known areas of management which will hopefully constitute basis for subsequent publications.

Management of Organization in the Age of Globalization is a compendium of information which in the authors' opinion will provide readers with valuable tips and become an inspiration to other researchers.

We would like to thank all authors who contributed to the final shape of this monograph.

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Knowledge Management in 21st Century Organization

Introduction

"Everyone has been surprised by globalization and interculturalism which reaches most unexpected spheres of our everyday lives. That is why globalization and interculturalism in management, which is closely related to it, is the most important of various factors of environmental scanning which affect the development of management thought"[1]. It should be added at this point that in 21st century organization management, issues of knowledge management are of special importance in the age of globalization which affects from outside everything that is inside a modern organization[2]. Let us emphasize that "organization is the most complex and intensive construction of human community in terms of relations. It is characterized by different structures, legal forms and types of relations. The knowledge about its functioning is essential to competent organization management"[3]. Applying information technologies in organization management determines changes in economic relations and attitudes substantially. These technologies influence changes in organizing company work and functioning of certain elements of company environment. Therefore, the very new information technologies allow for globalization process – that is for reducing financial, political and social barriers in a significant way[4].

This doctoral thesis discusses the role of management which is set in the area of contemporary organization theory with a particular reference to knowledge and its practical use. Although that theory often functions as a supporter of other branches, its role is extremely significant because the importance of modern organizations increases in social life. They replace various primitive groups, like family and tribal communities or local ones. As Andrzej K. Kozminski puts it [after Perrow 1969] "according to some researches, social life outside organizations would be impossible, because the modern world is the world of organizations"[5]. But this "world" must be skillfully mana-

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[1] K. Czainska, *Odkryć zarządzanie* (Warszawa: Wydawnictwo Profesjonalne PWN, 2010), p. 92.

[2] B. Siuta-Tokarska, „Zarządzanie wiedzą jako czynnik rozwoju współczesnej organizacji" in R. Borowiecki, J. Czekaj eds. *Zarządzanie zasobami informacyjnymi w warunkach nowej gospodarki* (Warszawa: Difin SA, 2010), p. 106.

[3] M. Kugiel, „Istota organizacji" in M. Kugiel ed. *Zarządzanie* (Warszawa: Wyższa Szkoła Promocji, 2010), p. 214.

[4] G. Kobyłko, M. Morawski, *Przedsiębiorstwo zorientowane na wiedzę* (Warszawa: Centrum Doradztwa i Innowacji Difin Sp. z o.o., 2006), p. 139.

[5] A.K. Koźmiński, D. Latusek-Jurczak, *Rozwój teorii organizacji. Od systemu do sieci* (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2011), p. 14.

ged to be able to develop normally and dynamically. It should be emphasized here that "managing is significant in building new value systems of modern human"[6], whereas "information technologies constitute a foundation for other knowledge-based economy subsystems"[7] which affect functioning of various organizations and values they are directed by. The values in organization constitute one of more significant areas of interest for the author and they have been devoted a lot of attention in his research so far. Hence an inspiration to take a stand in the aforementioned issue which is directly connected with the doctoral thesis in preparation. The thesis is set in the field of organization management [a catholic parish specifically] in a context of using new ICT applications. It broadly presents the problem of relation management and communication- not only in local but also in more global dimension[8].

1. Culture and values in organization management

While looking into the phenomenon of common globalization, especially in organization management, it should be pointed out that modern managers must take on a global strategy in their assumptions now. It ought to be based not only on a vision, but on global aims as well. Culture[9] is a foundation of such a broad perception of the meaning of organization, strategy and management itself[10]. What is organization culture then? It is an individual for each organization value and thinking system which makes it unique[11]. Without that system it is difficult to imagine contemporary management. Mary Jo Hatch says that "organization culture is probably the hardest to define notion in the organization theory"[12]. This statement is almost undisputable. Moreover, not only culture[13] can be described in such a way but also the value system, without which effec-

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[6] W. M. Grudzewski, I. K. Hejduk, A. Sankowska, M. Wańtuchowicz, *Zarządzanie zaufaniem w organizacjach wirtualnych* (Warszawa: Difin, 2007), p. 24.

[7] W. M. Grudzewski, I. K. Hejduk, *Zarządzanie technologiami. Zaawansowane technologie i wyzwanie ich komercjalizacji* (Warszawa: Difin, 2008), p. 33.

[8] „As far as the theory of organization is concerned, one can confirm the legitimacy of analysis of interrela tions between changes and adaptability on the global community level as well as on the level of individual organizations" See: K. Grzesiuk, „Adaptacyjność jako wyzwanie współczesnych społeczeństw i organizacji" in M. Pawlak ed. *Nowe tendencje w zarządzaniu* (Lublin: Wydawnictwo KUL, 2010), p. 204.

[9] Basically, organization culture constitutes the character of an organization. See: S.L. Dolan, S. Garcia, B. Richley, *Managing by Values: A Corporate Guide to Living, Being Alive and Making a Living in the 21st Century* (*Basingstoke* [England]; New York: Palgrave Macmillan, 2006), pp. 1-17.

[10] Z. Malara, J. Rzęchowski, *Zarządzanie informacją na rynku globalnym. Teoria i praktyka* (Warszawa: Wydawnictwo C.H. Beck, 2011), p. 15.

[11] M. Chrząścik, „Zarządzanie wiedzą" in *Zarządzanie. Praca zbiorowa pod redakcją naukową dr. hab. Mirosława Kugiela* (Warszawa: Wyższa Szkoła Promocji, 2010), p. 180.

[12] M.J. Hatch, *Organization Theory* (Warszawa: WN PWN, 2002), p. 206.

[13] "Organization culture is defined in various ways. The term is used in many fields of science and is interpreted diversely. In the area of organization and management theory there is no agreement among research ers as to the content of this phenomenon. One of the definitions says e.g. that organization culture is a set

tive managing of a modern organization is difficult to imagine.

While discussing the value system in management in the time of common globalization of social life, let us refer to the author's largest authority. According to John Paul II teaching,: "globalization is not good or bad a priori. It will look like people will make it. No system is an aim in itself, so it should be stated consistently, that globalization, like any system, must serve an individual, and must serve solidarity and common good"[14]. These words contain an important message which deserves our attention while analyzing globalization[15], in the context of organization management.

Monika Kostera reminds us that: "the modern world is the world of organizations. It does not mean that they are a new phenomenon, because they have accompanied human experience since the most ancient times"[16]. Let us add that this thought is applicable to other notions e.g. *information* and *knowledge*. Therefore, from a much larger perspective (almost the whole human history that we know), let us notice that: "matter, energy and information are the three elements the arrangement of which determines civilization paradigms. […] In the pre-industrial era it was matter that dominated. In the early-industrial era the use of energy gradually grew up, to reach a high level of mechanized processing. In the industrial one the importance of matter and energy was relatively diminished while information[17] and knowledge became key factors"[18]. As we see, the main value in the new global society will be knowledge. Hence the notions which are frequently used: "economy based on knowledge" and "knowledge society"[19]. Modern economies and societies are commonly described in this way[20]. At the same time extraordinary importance of knowledge in the development of modern civilization is emphasized.

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of sound rules of behaviour discovered, formulated and developed by the group". See: G. Zasuwa, "Kultura organizacyjna i zarządzanie zmianami" in A. Lisiecki, H. Ponikowski eds. *Współczesne organizacje i regiony w procesie zmian globalnych* (Lublin: Wydawnictwo KUL, 2004), pp. 203-204.

[14] John Paul II, *Globalization and Ethics.* Addressing participants of 7th Plenary Session of the Pontifical Academy of Social Sciences, 27 April 2001.

[15] „Globalization is a concept referring to characteristic trends in world economy, politics, social life and culture, manifesting themselves in dissemination of similar phenomena and processes all over the world". See: Z. Malara, J. Rzęchowski, *Zarządzanie informacją na rynku globalnym. Teoria i praktyka* (Warszawa: Wydawnictwo C.H. Beck, 2011), p. 14.

[16] M. Kostera, *Współczesne koncepcje zarządzania* (Warszawa: Wydawnictwo Naukowe Wydziału Zarządzania Uniwersytetu Warszawskiego, 2008), Introduction.

17 „When information is juxtaposed with contexts and experience, it becomes knowledge". See: Z. Malara, J. Rzęchowski, 2011, op. cit., p. 19.

[18] K. Krzysztofek, M.S. Szczepański, *Zrozumieć rozwój-od społeczeństw tradycyjnych do informacyjnych* (Katowice: Wydawnictwo Uniwersytetu Śląskiego, 2002), p. 176.

[19] See: W. Wątroba, *Społeczeństwo konsumpcyjne* (Wrocław: Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, 2009).

[20] L.W. Zacher, *Transformacje społeczeństw od informacji do wiedzy* (Warszawa: Wydawnictwo C.H. Beck, 2007), p. 190.

2. Knowledge versus modern organization management

While examining the role of knowledge in modern organization management let us quote a few interpretations of the word "knowledge". For example, Richard McDermott treats it as the remains of thinking and more precisely as a result of information and experience application in the thinking process[21]. Elżbieta Skrzypek, who presents knowledge in a slightly different way, characterizes it as an ordered reflection of reality in a human brain, a creative attitude that forms new solutions and processes[22]. Ikujuro Nonaka and Hirotaka Takeuchi, on the other hand, call knowledge a "confirmed conviction"[23]. There are many more definitions concerning knowledge and its role in modern organization management. Some of them will be referred to, but only in the context of management.

A few chosen definitions should be known in order to have a reference point in further discussions of the role of knowledge in modern organization management. They are as follow:

1. "Knowledge management is an attempt to add or make values through more active influence of abilities, experience and wisdom which, in many cases, are present outside the organization"[24].

2. "Knowledge management is strategies and methods of knowledge identification and acquisition as well as knowledge impact in order to make a company more competitive"[25].

3. "Knowledge management is a multidisciplinary approach of a company in order to reach the designated aims through making the best use of knowledge"[26].

4. "Knowledge management is a method of identification, creation, acquisition, assimilation, sharing and using knowledge by an organization"[27].

5. "Knowledge management is formation and subsequent managing of an environment in which the knowledge is made, shared, improved and where it is used for the organization and its customers' sake"[28].

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[21] R. McDermott, „Why Information Technology Inspired But Cannot Deliver Knowledge Management," *California Management Review* No. 4/1990, p. 106.

[22] E. Skrzypek, *Miejsce zarządzania informacjami i wiedzą w strategii przedsiębiorstwa* in A. Stabryła ed. *Zarządzanie firmą w społeczeństwie informacyjnym* (Kraków: Wydawnictwo EJB, 2002), p. 680.

[23] I. Nonaka, H. Takeuchi, *Kreowanie wiedzy w organizacji* (Warszawa: Poltext, 2000), p. 80.

[24] R. Rugells, „The state of the notion: knowledge management in practice," *California Management Review*, No. 40-3 (1998), p. 80.

[25] C. O'Dell, K. Wiig, P. Odem, „Benchmarking unveils emerging knowledge management strategies," *Bench marking*, No. 6-3 (1999), p. 203.

[26] SAI, *Knowledge management: a framework for succeeding in the knowledge era* (Sydney: Standards Australia International, 2001), p. 7.

[27] M.C. Rumizen, *The complete idiot's guide to knowledge management* (Madison: CWL Publishing Enterprises, 2002), p. 288.

[28] BSI, *Knowledge management-vocabulary* (London: British Standards Institute, 2003), p. 19.

6. "Knowledge management is systematical and organized use of knowledge sources [including information on customers, products, processes, competitors etc. in a formal or uncodified form] to make the organization function better"[29].

Let us notice these are only definitions that have been chosen from among many others and which are found in specialist literature. They have not been quoted accidentally. In the author's estimation they convey both variety of interpretations and the richness of the notion which we still try to place in the general theory of organization.

So we see how broad a term knowledge is. It can be defined in various ways and many interpretations are not uncontroversial, but it is possible, and even necessary, to polemicize with them. We do not, however, take such an ambitious challenge, restricting ourselves solely to a sketch approximation of the problem which concerns the author's professional experience.

3. Knowledge and information in creating information society

Let us remember after all that information is bound inseparably with knowledge which, in turn, is a foundation of such a dynamic development of the *information society*[30]. That development influences global economy, culture and information. We should not forget that "knowledge has never been and will never be reducible to information as such, because it contains, apart from bare information, the competence of its interpretation, use and application"[31]. L. Zienkowski wrote that economy development had always been based on one or another kind of knowledge and the countries where it was on a high level, gained a comparative advantage, thanks to which their development was faster[32]. We can state now, with certainty, that we are co-creating the *knowledge society*. Yet, it should be noticed that the way to this stage was not short, as it lasted thousands of years. Even the very attempt to look at the process, not from "here and now" point of view, but from a much further perspective, will enable us to see that humanity has only attained a half-way of their cognitive development. While looking into the human history we state that knowledge is, by no means, a new component in the world of humanity. People have created, collected and made use of knowledge since time

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[29] KPMG, source: *Knowledge Management in Poland 2004. KPMG-Research Report.*

[30] „In information society people and the knowledge they've acquired are treated as company's assets which can be acquired, motivated, developed, supervised and estimated. Through training process such assets become a strategic factor in information and communication media in complex market environment." See: Z. Malara, J. Rzęchowski, 2011, op.cit., p. 60.

[31] R. Tadeusiewicz, „Rewolucja społeczeństwa informacyjnego na tle wcześniejszych rewolucji cywilizacyjnych" in L.H. Haber, M. Niezgoda eds. *Społeczeństwo informacyjne. Aspekty funkcjonalne i dysfunkcjonalne* (Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego, 2006), p. 38.

[32] L. Zienkowski, „Wprowadzenie" in L. Zienkowski ed. *Wiedza a wzrost gospodarczy* (Warszawa: Wydawnictwo Naukowe SCHOLAR, 2003), p. 9.

immemorial. Among the documented ones there are excellent examples: the archives that have been found in Syria, dating from 4000 years ago or, founded over 300 years B.C. the Alexandrian Library. It was much later, just in 19th century, when the works of eminent economists: Friedrich von Hayek, Alfred Marshall and Joseph Schumpeter contributed to introducing knowledge into the general theory of economics. That was also the beginning of both radical changes in viewing it and its growing importance. All that was happening at the turn of 20th and 21st centuries, along with the abovementioned development of *information society*[33]. While analyzing the possibility of practical use of knowledge, we can assume [like Ray Kurzweil] that as early as in the first half of 21st century an artificial intelligence which exceeds human intelligence and which will be even a billion times more powerful, can be created[34]. The future will show whether it happens or not. When one takes into account the dynamics of technological development it is not only believable. A proposition can be risked that today we are not able to imagine where and how far the development of modern science and technology will lead us.

It is still a distant and uncertain future, although it is worth giving attention to one more contemporary definition of knowledge while giving some thought to how humanity can utilize the acquired knowledge. In the PWN [Polish Scientific Publishing House] Encyclopedia we can find the following: "it is the whole of reliable information on reality along with the ability to use it"[35]. As we see then, everything depends on skilful utilization of the acquired knowledge. We should hope that humanity will make use of it to attain peaceful goals. First of all, to develop organizations for the social sake, not for military aims, because the history of humanity proves otherwise.

From the point of view of modern organizations which use knowledge to share and popularize it, we see that knowledge constitutes the most important factor to effectively use both individual and group experience in the activity of those organizations. It enables single, isolated pieces of information or skills to be transferred into stores of knowledge that serve the whole organization[36]. Those, in turn, are of inestimable value for the executives, who are interested in a skilful[37] and effective knowledge management[38], which is the key store of the given subject.

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[33] E. Krok, „Zarządzanie wiedzą" in A. Szewczyk ed. *Społeczeństwo informacyjne-problemy rozwoju* (Warszawa: Difin, 2007), p. 172.

[34] R. Kurzweil, *The Singularity Is Near: When Humans Transcend Biology* (New York 2005), pp. 278-379.

[35] *Encyklopedia PWN 2000,* vol. 13 (Warszawa: PWN, 2002), p. 87.

[36] M. Chrząścik, op. cit., p.184.

[37] The definition of effectiveness was adopted by W. Kieżun after T. Kotarbiński [*Polish philosopher*], who stated that "effective action is such an action which leads to the effect intended as an aim". See: T. Kotarbiński, *Traktat o dobrej robocie,* 4th ed. (Wrocław-Warszawa-Kraków-Gdańsk: Zakład im. Ossolińskich, 1975), p. 104.

[38] „Treating knowledge as a key store of a company requires managing such a store in order to use it effectively for the company (organization) sake". See: E. Krok, 2007, op. cit., p. 177.

Therefore, we see how important a store is knowledge for the functioning of an organization. While thinking of an effective[39] organization management, let us quote Aristotle: "to know means to be able to act." Since in the managing process, knowledge and its flow among the particular units are directly bound with key management decisions. We can say that here we touch on the notion of interpersonal communication where "knowledge sharing" concerns intraorganization transfer. It is an exceptionally important process in organization management, as "communication influences an effective knowledge transfer"[40].

Such a significant store of an organization requires a professional, competent[41], and, above all, efficient[42] management[43]. The above especially applies to modern organizations of the beginning of 21st century.

4. Knowledge management and organization wisdom

More and more can be read and heard of knowledge management nowadays. In the author's opinion this modern concept is rightly based on the assumption that knowledge is the most valuable store that a contemporary organization possesses. However, to be able to manage that wealth more efficiently, new ways of its better use are being searched. Knowledge management in the context of earlier quoted history of its use, is a comparatively a new concept, because it was formulated as late as the 80s of 20th century. The year 1987 has been accepted as its beginning when, in the USA, the first conference: "Managing the Knowledge Assent into 21st Century" organized by Purduge University and the DEC Company took place. The development of knowledge management came in the late 90s. The trend has invariably lasted up till now[44].

Thus we should agree with the statement: "knowledge management includes the whole of processes connected with acquiring, localizing, producing, transferring, utilizing and retaining knowledge, so the aims of the organization can be realized. It relies on such an approach to the organization experience that it is accessible for each

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[39] W. Kieżun claims that the basic forms (advantages) of efficient action which prevent its chaotic nature and disorder are: effectiveness, profitability and cost-effectiveness. See: W. Kieżun, *Sprawne zarządzanie organizacją* (Warszawa: Oficyna Wydawnicza SGH, 1998), p. 18-20.

[40] P. A. Szymański, „Wybrane zagadnienia emisji głosu w pracy pedagoga" in J. Skwarek ed. *Zamojskie Studia i Materiały. Seria: Pedagogika,* No. 1/2011 (Zamość: WSZiA, 2011), p. 102.

[41] „It is not company that is competent-it is employees who have to be competent. So, if anyone can manage competence, there should be those who are competent themselves" See: M. Sidor-Rządkowska, *Zarządzanie kompetencjami-Teoria i praktyka,* http://www.wsz-pou.edu.pl/biuletyn, accessed 10 August 2009.

[42] "[…] management theory deals with directives of (efficient) action in the sphere of organization management". See: A.K. Koźmiński, D. Latusek-Jurczak, op. cit., p. 17.

[43] „[…] knowledge, qualifications, and employee attitudes decide about differences between companies which are successful and those which are mediocre". See: Z. Malara, J. Rzęchowski, op. cit., p. 60.

[44] M. Chrząścik, op. cit., p. 171.

employee easily and quickly, depending on their interests, needs and qualifications"[45]. In the author's view, which results from his professional experience, it is a way of a more effective knowledge and human resources management, as he has been a manager, co-owner and shareholder of many ICT companies [from 1993 to 2012][46].

When we want to refer to a purely economic aspect of the organization functioning, we become convinced at the very beginning of the literature analysis, that the attempts of knowledge definitions which have been made connect it to the data and information notions. Let us emphasize here that e.g. Annie Brooking[47] treats numbers, symbols, pictures and facts without a context as the data. She recognizes the data placed in a certain context as information, but the knowledge as such is described as the *ability to use information*. David J. Skyrme[48] also defines knowledge alike.

So we notice that the notions of information and knowledge are not always identical, what is more, they can be even contradictory. Jürgen Mittlestrass is right when he pays attention to it and who discriminates knowledge and information while stating: "Information is seen as the whole knowledge, but then it is not noticed that information is only a special kind of knowledge, namely a way and means of its relocation. […] There appears an ability of transformation and a belief in "righteousness" of the information in the place of one's own skill to create the knowledge. The information should be believed in. If the knowledge cannot be tested, it becomes visible thanks to the information[49]".

In spite of the fact that there are vast stores of knowledge at our disposal, we have to learn how to make use of it intelligently. Only then we will be fully aware how a great and strategic achievement for humanity both information and knowledge are. It can be stated therefore that intelligent and conscious application of the owned stores will enable us to attain the highest development stage that is *wisdom*[50].

That wisdom [in the author's view] will let us understand then, in a more global dimension, the following statement: "[…] each technology: information, biology, communication and nanotechnology has a material base but it functions on the grounds of knowledge based information controlling processes. That way the importance of energy and mass diminishes while the importance of information increases which

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[45] Ibid., p. 171.

[46] Framko sp. j.; Framko 2 sp. j.; Framko 3 sp. z o.o.; Przedsiębiorstwo Komputerowe Framko 4 sp. z o.o.; Framko 5 s.c.; Framko 6 Lux sp. z o.o.; Framko 7 Vip sp. z o.o.; Przedsiębiorstwo Optimus sp. z o.o.; Lubelskie Centrum Komputerowe sp. z o.o.; Knowledge Innovation Center sp. z o.o.

[47] A. Brooking, *Corporate Memory. Strategies for Knowledge Memory* (London: International Thompson Business Press, 1999), pp. 4-5.

[48] D. J. Skyrme, *Knowledge Networking. Creating the Collaborative Enterprise* (Oxford: Butterworth Heinemann, 1999), p. 47.

[49] J. Mittelstrass, LeonardoWelt *Über Wissenschaft, Forschung und Verantwortung, Suhrkamp* (Frankfurt, 1993), p. 24.

[50] M. Karciarz, M. Dutko, *Informacja w Internecie* (Warszawa: Wydawnictwo Naukowe PWN, 2011), Conclusion.

leads to the establishing of information society. This trend is visible in long waves of basic innovations that present the development of production forces. It is accompanied by globalization processes which require high-level information and organization achievements of a regulative type in technological development, production and distribution management"[51].

5. Knowledge and new technologies in creating competitive advantage

In the era of strong competition, organizations have to not only watch the advancement of new technologies, but also to implement them in their everyday activity. It is vital both for individual organizations and for the whole economy. To attain that most welcomed social process, the development of new technologies, especially the ICT ones, should be supported. Those technologies enable a faster social and economic advancement and involve us in the creating process of the global information society[52]. Certainly nothing revealing has been presented here, especially in the context of organization competitiveness. Many years ago Joseph Schumpeter[53], Peter Drucker[54] and Robert Solow[55] maintained that technological progress, especially that of technologies, and their implementation into manufacturing processes[56], constitute a significant lever in gaining an advantage in competition. They are, therefore, a leading force towards economic growth of not only organizations but of states and nations as well. It is a fact but this process is worth quoting and emphasizing.

A condition of its development is a necessarily effective, of good quality, extended telecommunication infrastructure. It is important, as ICT technologies make an access to information as well as to knowledge much easier[57]. The access as such is not sufficient, because there is another, not a less vital condition. In fact the abovementioned knowledge will be more dependent on the knowledge created in a scientific manner,

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[51] M. Wechmann, G. Wechmann, „Kształtowanie społeczeństwa wiedzy" in J. Demianowicz ed. *Wpływ idei zrównoważonego rozwoju na politykę państwa i regionów* (Białystok: Wydawnictwo Wyższej Szkoły Ekonomicznej w Białymstoku, 2009), pp. 99-100.

[52] I broadly discussed the issue of information society in the article „Społeczeństwo informacyjne w globalnym świecie" [„Information society in the global world"], published by Wydawnictwo IVG in the book *Gospodarka XXI Wieku. Innowacyjność, ekonomika i organizacja, Wydanie II* (Szczecin 2012).

[53] J.A. Schumpeter, *The Theory of Economic Development* (Cambridge, Massachusetts: Harvard University Press, 1949), p. 68.

[54] P.F. Drucker, *Innowacje i przedsiębiorczość* (Warszawa: PWE, 1992).

[55] R.M. Solow, „Technical change and the aggregate production function," *Review of Economics and Statistics*, vol. 39 (1957), pp. 312-320.

[56] „Manufacturing process can also be called a production process of manufacturing and assembling nature. […] Manufacturing process functions on the basis of conducted research and development works, proper production technical preparation, supplies and realization of various technological processes." See: W.M. Grudzewski, I.K. Hejduk, op. cit., p. 18.

[57] A. Dąbrowska, M. Janoś-Kresło, *Konsument na rynku e-usług w krajach Europy Środkowo-Wschodniej* (Warszawa: Difin SA, 2010), p. 22.

as it is the scientific one that gradually becomes the main source of generally recognized knowledge. This does not mean it is the only one for a society. Apart from the science there are also common wisdom, religious knowledge, poetic intuition and a number of others[58].

In the context of the organization management, first of all, let us focus on the *scientific knowledge*, together with a scientific[59] approach to managing it. Knowledge management has been enormously popular for over the last decade. Its popularity is still growing which can be confirmed by a considerable number of publications and organization initiatives[60]. Therefore many of *pop management* type publications can be easily found nowadays. These present knowledge management as the best panacea for each organization problem[61]. Let us ask a question: Is it really so? Certainly it is impossible to agree with such a view. Organization and management theories, considering the knowledge factor, are much more complex than we can imagine. Knowledge management is concerned with complicated "processes of knowledge creation, its codification, organizing, storing, finding, applying and transferring"[62]. "The key processes of knowledge management first of all include knowledge acquiring, knowledge retaining, knowledge localizing, knowledge utilizing, knowledge sharing[63], its dissemination and development"[64]. Thus, knowledge management is not important only in the aspect of individual organization competitiveness. It should be applied broader-to multinational [global] corporations, states and even the whole nations.

Nowadays [from a global perspective] we clearly see that the states which invested considerable means in science and knowledge development as well as in mastering systems of its management were economically successful. It was possible because these components of their strategy facilitated development of innovation processes based on implementation of new organizational solutions with the use of new technologies, systems and management strategies. These, in turn, enabled the companies from those

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[58] M. Wechmann, G. Wechmann, op. cit., p. 100.

[59] „Social reality exists objectively and should be reflected in research process based on scientific method". See: Ł. Sułkowski, "Metodologie emic i etic w badaniach kultury w zarządzaniu," *Management and Business Administration Central Europe*, 1/12 (Warszawa: Akademia Leona Koźmińskiego, 2012), p. 66.

[60] K. Klincewicz, „Cele zarządzania wiedzą" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 71.

[61] D. Jemielniak, „The Management Science as a Practical Field: In Support of Action Research," *International Journal of Knowledge, Culture and Change Management*, Vol. 6, No. 3 (2006).

[62] A. K. Koźmiński, *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), Introduction.

[63] Out of all processes of knowledge management, the process of knowledge sharing is viewed as one of most difficult processes to be realized by business people. See: M. Staniewski, "Zarządzanie wiedzą w przedsiębiorstwach-przegląd badań" in J. Dąbrowski, G. Gierszewska eds. *Strategie przedsiębiorstw a zarządzanie wiedzą* (Warszawa: Wydawnictwo Wyższej Szkoły Zarządzania i Przedsiębiorczości im. Leona Koźmińskiego, 2005), p. 28.

[64] M. Chrząścik, op. cit., p. 175.

states to gain a significant competitive advantage[65] on the global market. We can state convincingly that knowledge is an "indefinable" organization store which, when properly developed and skillfully managed leads it to a certain success. In a modern organization a based-on-knowledge strategy focuses on a relatively small group of key workers who are able to retain, develop and multiply knowledge. The foundation of this strategy is the concept "the winners take it all"! As a result of that strategy, an organization aims at gaining an exceptional advantage over its competitors and at getting an extraordinary "allowance" being the effect of a uniqueness of knowledge which it has at its disposal[66]. It should be remembered, however, that the majority of products which are on the market, is based on the knowledge use. Therefore, it is not in itself a source of competition advantage. While comparing our organization to the competitors we are able to evaluate how precious the possessed knowledge is and to find its significant differences. We ask then what exceptional innovation or know-how we possess[67] and how we use them. An answer to these questions is a "magic key" how to gain a competitive advantage. Both companies and societies which have discerned the need of investing into knowledge and creating *information and knowledge* society, develop this way.

6. Information technology in organization management

Employing top qualified people makes a base for social and cultural use of knowledge and its accumulation in the organization. The shaping of organizational culture which, in turn, creates favourable conditions for using those qualifications in order to create new organization knowledge and active use of the existing one, makes a basis for an effective management here. It also makes the organization culture similar to the cultural patterns which are in effect in research teams[68]. Andrzej K. Koźminski includes a passion for learning, searching for a based on recognized scientific achievements prestige, freedom of creation activity in freely formed research teams which consist of people who have similar interests and are receptive both to the world and to other professional circles.

An important thought of Professor Koźminski should be emphasized here. He says: „the organization based on knowledge must create a very peculiar and sophisticated information environment because the information processes are the basis for creating and using knowledge. They must take place in the environment of the most advanced information technologies that include both hardware and software"[69]. New innovative technologies also [if not first of all] supply useful tools which make knowledge

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[65] W.M. Grudzewski, I. K. Hejduk, op. cit., pp. 24-25.

[66] Ibid., Introduction.

[67] K. Klincewicz, op. cit., p. 75.

[68] A.K. Koźmiński, „Zarządzanie a nauka," *Nauka* 2000 No.1.

[69] A.K. Koźmiński, op. cit., p. 19.

management easier. The most popular include: systems of document management, workflow systems, systems of group work supporting, intranet and e-learning tools[70]. While talking about innovative technologies in the context of knowledge management, let us notice that its task is also directing the creativity of individual workers and enabling them to develop new solutions which are useful for the company[71]. Here we touch the field of human resources management which constitutes an extremely important component of a general theory of knowledge management in a modern organization.

There is no contradiction in the fact that implementing solutions in the area of knowledge management with the use of the newest technologies is usually very expensive and time consuming. Because of that it requires a convincing economic justification which is well-prepared and adjusted to the abilities of the organization business plan. It can be drawn up on the basis of the assumed [as a result of an evaluation] benefits from the efficient knowledge management. We also consider here how easy it is to reach the necessary information and to make reaction time faster as well as to base managerial decisions on the appropriate knowledge. We can get more arguments from critical situation analysis and costs of lacking knowledge or a sudden loss of it[72] [i.e. as a result of improper policy in the protection of intellectual property]. It is crucially important and even dangerous while considering further organization functioning.

Let us remember however, that knowledge resources management should not be restricted to the protection of intellectual property! Also the identification of knowledge management with the company computerization would be a similar mistake[73]. The managers who head organizations must now remember that no information system is able to accomplish organizational knowledge management tasks on its own[74], as organizational knowledge is a sum of concentrated-on man resources, intellectual stores, structural and market ones. In other words organizational knowledge can be described as processed information which is nested in algorithms and in processes that enable action. It is also the knowledge which has been intercepted by organization systems, processes, products, rules and culture[75]. Although the importance of culture has been mentioned earlier, let us add and emphasize that the ties between organization culture and the way of managing knowledge in the organization are very close. While both organization culture and its knowledge, in theory, can be analysed apart – in practice

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[70] D. Latusek-Jurczak, „Rola kultury organizacyjnej w zarządzaniu wiedzą" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 156.

[71] K. Klincewicz, op. cit., p. 76.

[72] Ibid., p. 83.

[73] K. Klincewicz, *Management Fashions. Turning Best-Selling Ideas into Objects and Institutions* (New Brunswick: Transaction Publishers, 2006), pp. 56-57.

[74] R. McDermott, „Why information technology inspired but cannot deliver knowledge management," *California Management Review*, Vol. 41, No. 4 (1999).

[75] M. Chrząścik, op. cit., p. 179.

there are direct relations between them. These relations can be formulated as follows: the culture as a "system of rules" and the culture as a knowledge "storehouse"[76]. The *system of rules*, of course, may be a component of the *computer system*, alike archival data base [information database]. Yet, in order to possess essential information database we should first of all work out means of systematic data collecting and adjusting them to specific needs of our organization[77]. For computer system is a collection of interdependent components whose role is to process the collected data by means of computer techniques[78]. Typical computer systems are here advanced applications which aid the work of highly qualified specialists where "highest application layer is made up of integrated computer systems. These systems are implemented as a computer application environment which integrates various areas of company functioning on the operation level"[79]. However, in order to possess vital information database we should first of all work out means of systematic collection of essential data adjusted to specific needs of our organization[80].

In the context of modern organization management, applying computer and telecommunications systems also significantly facilitates coordination of staff teams which do not have to meet at the same time and in the same place[81]. Thanks to that we save time and means of a given organization. Internet is unquestionably an inestimable tool for a modern manager as it facilitates communication in teams[82]. Thus, managers have a possibility of conducting virtual meetings and working from a distance. It is possible thanks to tools such as online chat, electronic mailing lists, teleconferences and video-conferences which connect individual computers, the so called peer-to-peer solutions (P2P). We already have a possibility of remote monitoring a computer screen of the other person, joint writing of the same document or completing a graphics diagram[83]. These are very useful tools which substantially facilitate communication and support processes of organization management at the same time.

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[76] D. Latusek-Jurczak, op. cit., p. 148.

[77] J. Fudaliński, *Analizy sektorowe w strategicznym zarządzaniu przedsiębiorstwem* (Kraków: Antykwa, 2002), p. 136.

[78] Compare: I. Sommerville, *Software Engineering* (Reading Massachusetts: Addison-Wesley, 1996), p. 24.

[79] M. Flasiński, *Zarządzanie projektami informatycznymi* (Warszawa: Wydawnictwo Naukowe PWN, 2007), p. 18.

[80] J. Fudaliński, op. cit., p. 136.

[81] D. Latusek-Jurczak, op. cit., p. 198.

[82] „A turning point emerges in thinking about communication and the very process of communicating – that is Internet." See: M.K. Szpakowski, „Internet as a tool supporting creating communities" in J. Skwarek ed. *Zamojskie Studia i Materiały. Seria: Pedagogika,* No. 1/2011 (Zamość: WSZiA, 2011), p. 95.

[83] K. Klincewicz, „Systemy i struktury gromadzenia i rozpowszechniania wiedzy" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 198.

7. Communication and human factor in organization knowledge management

Both practitioners and theoreticians of organization management sciences emphasize numerous benefits of team work and face to face meetings as forms of exchanging information and working out new ideas. Different knowledge and experience of participants at such meetings enable decision-makers to look at the same issues from different points of view. Such a possibility stimulates seeking creative and best conceptions. Joint team work also makes it possible to find solutions which could not be worked out individually. It is the effect of synergy according to which a team means something more than a total of individuals. Thus, such meetings make it possible to refer to unique stores of knowledge of individual participants[84] and their competence. Professional *competence* management enables predicting future needs and preventing lack of knowledge in future. Consequent supporting and developing staff competence constitutes an essential element of organization management. Admittedly, it is rather a traditional element in processes of managing human resources which was broadly discussed in literature on the subject long before the concept of knowledge management emerged but it still works perfectly in a modern concept of management. It is still popular although more and more often applied interchangeably with the concept of knowledge management[85]. With reference to management context and best practices in this field, let us move back to the year 1989. It was when consultants at McKinsey Company published a bestseller entitled *In Search of Excellence* by T.J. Peters and R.H. Waterman, Jr, who presented standards to follow based on best managed companies in the USA. Thomas J. Peters was hailed *business guru* by "Fortune" and "The Economist" and "Los Angeles Times" called him *father of post modern corporation*. He is the author of numerous international publications, among others: *A Passion for Excellence* and *Thriving on Chaos*. Professionally, he is Chairman of the Board at "Tom Peters Company". Whereas Robert H. Waterman, Jr is the author of best selling books *The Renewal Factor*, *Adhocracy* and *What America Does Right*. Professionally, he is the director of "The Waterman Group". At the very beginning of their book the authors state that: "[…] we (authors) were ideal leaders of the project concerning organization effectiveness". It may sound not very modest but it is true after all.

Since the book's publication almost every author of a how-to book or a textbook addressed to business people has referred to the formula described there, the formula concerning guidelines – how to enter the path to success effectively. Every ambitious

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[84] D. Latusek-Jurczak, op. cit., p. 198.

[85] K. Klincewicz „Cele zarządzania wiedzą" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 84.

manager wanted to copy the presented successes by following the example of other organizations and drawing on their experience and knowledge. Company best practices adopted by reputed firms which are worth following are often discussed in this context. In his doctoral thesis the author also refers to the aforementioned concept but in a slightly different context. As a formality, let us also add at this point that there has even been created a new technique of "watching" and "imitating" best undertakings called *benchmarking*. To put it simply, the technique consists in observing activities of such organizations which are considered market leaders and copying the methods in own company[86]. It is a very effective tool which aids organization management successfully on modern and very competitive global market.

Advanced and highly dynamic development of modern economy, as it were, demands of companies not only effective knowledge management which is created inside an organization, but also active search for knowledge from the outside[87]. In most general perspective, organization environment consists in everything that lies beyond its [organization's] borders[88]. Using knowledge from this environment is facilitated by dynamic development of information and communication technologies, where the main area of communication is the aforementioned Internet[89]. In its abundance of information we can also find different types of thematic discussion forums. Since membership in different types of forums is voluntary and informal, their scope is almost global. There are practically no barriers to enter such communities. Internet also changes the very process of getting information. There emerge new rules of the "game" of getting it and new possibilities in that respect[90]. There are innumerable portals and discussion forums for specialist in given professions, organizations or simply internauts interested in a given topic. They exchange views and experience there and they can get a fast and professional help as well. Thus, we have invaluable, easy and quick access to knowledge. It is essential in a situation when reaction time determines competitiveness of our organization. Certainly, such possibilities do not exclude meetings in real world, but these are less common and important[91] (according to many managers heading various organizations). Let

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[86] Ibid., p. 89.

[87] J. Dąbrowski, I. Koładkiewicz, „Zarządzanie wiedzą w przedsiębiorstwach działających w Polsce-wyniki badań" in B. Wawrzyniak ed. *Zarządzanie wiedzą w przedsiębiorstwie* (Warszawa: Wydawnictwo WSPiZ, 2003).

[88] M.J. Hatch, op. cit., p. 77.

[89] The role and importance of Internet in contemporary world is presented in my article „Internet as a tool supporting creating communities", published by Wyższa Szkoła Zarządzania i Administracji in Zamość in *Zamojskie Studia i Materiały*, Seria: Pedagogika, No. 1/2011.

[90] K. Mah, „The Internet will continue to revolutionize international competitive intelligence process" in Blenkhorn D.L., Fleisher C.S. (eds.) *Competitive Intelligence and Global Business* (Westport 2005, CT: Preager), pp. 120-126.

[91] D. Makowski, „Pracownicy intelektualni. Profesjonalizacja wiedzy" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 403.

us emphasize though that traditional interpersonal communication is still the most effective way of sharing knowledge. Despite organizational and technological advancement, oral tradition is still as important as in Homer times, for example. Some organizations intentionally base their management strategies on personalization[92] not on codification[93] and rightly so! In spite of the fact that they can build document files, implement procedures of knowledge codification and use modern technologies, they still appreciate the importance of direct contacts among organization members[94]. For let us remember that besides new phenomena and our fascination with high technologies, there appears invariably human factor, which concerns not only individuals but whole societies as well[95]. In this context, the author, an incurable traditionalist, while managing ICT companies (wonders never cease!) has always promoted traditional tools. An excellent example is a traditional diary compared to electronic gadgets. Young people have usually believed in effectiveness of electronic diaries and "innovations" almost unquestioningly. Unfortunately, it happened quite often that they lost some data and important information and overlooked or passed over important dates. It is neither easy nor possible to take the minutes of business negotiations, note down own conclusions, suggestions or innovative ideas using a mobile or tablet. Is not that exactly what managers do on daily basis?! It is obviously a very banal example, but it confirms the argument that simple forms are most effective. We do not know how long it will take us to defy these new solutions – probably until technology equips us with simple, convenient and effective solutions. Let us add here that if we analyze this topic further, we will see that omitting a traditional factor in managing processes and concentrating only on new technologies may bring even certain threats! Too "exaggerated belief in usefulness of computer systems in knowledge management constitutes an element of another problem: coming down initiatives in this area to recording possessed knowledge and placing it in organization files"[96].

One certainly cannot question the usefulness of new solutions which new technologies give us in abundance. For instance Document Management System – DMS, which was designed to facilitate gathering, managing and disclosing documents in electronic or paper version. It is a system which represents a whole group of systems which basic role is to assure as far as possible convenient access to information recorded in documents. These documents are both files compiled with the use of text editors

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[92] Personalization strategy-concentrated on communication and cooperation with experts, stimulates transferring hidden knowledge.

[93] Codification strategy consists in recording knowledge in documents, creating organization knowledge database and using computer systems to manage such files.

[94] D. Latusek-Jurczak, op. cit., p. 197.

[95] D. Jegorow, „Przedsiębiorczość akademicka-rzeczywisty wymiar, a potrzeby gospodarki opartej na wiedzy" in B. Kościk, M. Sławińska eds. *Przedsiębiorczość akademicka* (Lublin: Gaudium, 2010), p. 36.

[96] K. Klincewicz, „Wyzwania zarządzania wiedzą" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą*, Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 448.

and images of scanned documents and spreadsheet files or multimedia presentations. Thus the importance of document management systems within a company knowledge management system is difficult to be overestimated[97]. Yet, it does not change the fact that contemporary organization needs several able people, working in harmony as a team who "cooperate mainly in order to exchange information and take decisions, striving to help one another in achieving results which belong to the scope of duties of each team member"[98]. A team is a "basic structure in which trust is centred"[99]. The definition shows that a "team is a small number of people who mutually complement their qualifications (professional, decision-making and interpersonal skills) involved in accomplishing common aims and tasks. Teams are characterized by common attitude towards their tasks, i.e. common understanding of both effects and ways to achieve them. Each team member feels responsible towards the others"[100]. Certainly, each team must have a leader who heads an organizational unit or a workgroup, at least periodically. When we analyse managers' statements, we notice how often they complain about the lack of good and responsible leadership inside an organization. Leaders are responsible for knowledge management within teams and organizations on each level. Let us remember though that knowledge development and continuous learning are not only tasks to be accomplished at the top of organizational hierarchy. It is the aim of each member who works at the organization executive level (but not only of course). Modern organizations which actively manage knowledge tend to redefine the traditional understanding of a manger's role. D. Lasutek-Jurczak reminds us that mangers no longer only plan, organize, motivate and control others. For she claims that "an organization geared towards knowledge cannot be after all an organization of subordinates and superiors but partners. Learning process does not know hierarchy or business dependence after all"[101]. The author's professional experience to date entirely confirms this argument. One can also believe that we touch upon much deeper message, which should be related to general theory of knowledge management in modern organizations that function on global market in conditions of great competition.

At least two basic and essential conclusions for knowledge management can be drawn up from the above deliberation. Firstly, we should care about leadership potential in our organization systematically, so that our leaders become better and better. Secondly, knowledge management should be a normal part of each manager's everyday

[97] A. Rydz, „Systemy informatyczne wspomagające zarządzanie wiedzą" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 312.

[98] S.P. Robbins, *Zachowania w organizacji,* Wyd. II zmienione (Warszawa: PWE, 2004), p. 197.

[99] A.K. Koźmiński, *Zarządzanie w warunkach niepewności* (Warszawa: WN PWN, 2004), p. 147.

[100] A.K. Koźmiński, *Zarządzanie międzynarodowe* (Warszawa: PWE, 1999), p. 199.

[101] D. Latusek-Jurczak, „Zadania liderów w stymulowaniu kreatywności i w zarządzaniu wiedzą" in D. Jemiel niak, A.K. Koźmiński ed. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 370.

work[102]. Is it a standard recognized by modern organizations? Not yet, probably. Should it be? Yes, definitely! For a person who manages others should not only possess qualities of a leader but also be an expert in a given field. "An expert is a person who can formulate sensible questions addressed at trustworthy and impersonal knowledge collected by science and understand the most intimate thoughts and yearnings of an individual at the same time"[103]. How can one exercise any responsible function in any organization without putting into practice this obvious and basic rule as far as management theory is concerned? Organization management is neither an obligation nor a privilege after all. It is a consequence of hard [often many years'] work, education, acquiring knowledge, experience and social position. It is even some degree of mastery in this specific field, where organization management fits in perfectly. Executives are ordinary people after all and "people with high level of personal mastery are able to achieve aims important to them consequently. In fact they treat their lives like artists treat their works of art. They are driven by inner need to learn all their lives"[104] and to preserve good manners and organizational culture. Certainly, there are rare exceptions from this rule, just like in any other field. Nevertheless, management model cannot exclude such an important element as organization management. For instance, DeLong and Fahey present several ways in which organizational culture influences knowledge management in an organization. They claim, among other things, that culture is the source of assumptions related to usefulness of a given type of knowledge in this subject and that it is culture which forms relations between individual knowledge and organizational one. They also state that organizational culture gives context to social interactions and shapes processes of creating and adapting new knowledge in an organization[105]. What has been said exhausts the subject but may be not. Let us add however that "it would be difficult to find a manager or management specialist nowadays who would not consider knowledge an essential organizational store or would not appreciate the importance of knowledge management"[106] irrespective of organizational culture. Certainly the author of this compilation also belongs to abovementioned group being a manager and businessman-born in Zamojszczyzna [the Zamość Region].

It is worth emphasizing that according to management theoreticians it is a fact that acquired knowledge may be an obstacle to effective actions. Dorothy Leonard-

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[102] Ibid., p. 363.

[103] Z. Bauman, *Wieloznaczność nowoczesna, nowoczesność wieloznaczna* (Warszawa: WN PWN, 1995), p. 218.

[104] P.M. Senge, *Piąta dyscyplina. Teoria i praktyka organizacji uczących się* (Kraków: Wyd. IV, Oficyna Ekonomiczna, 2003), p. 23.

[105] See: A. Marek, „Kultura wiedzy jako czynnik wspomagający rozwój zawodowy urzędników w starostwach powiatowych" in M. Pawlak ed. *Nowe tendencje w zarządzaniu,* Tom II (Lublin: Wydawnictwo KUL, 2011), p. 241.

[106] K. Klincewicz, op. cit., p. 446.

Barton[107] (1992) used a term "core rigidities" to describe opposites of key competences. Some companies are so much attached to traditional activity areas that they cannot adapt themselves to market demands and then using knowledge stores has the opposite effect from what was intended. For knowledge may be an obvious source of strength of individual members of an organization, yet it may also become the cause of internal games easily[108] which obviously have negative influence on a business entity. Let us remember that even working in a skilful team, individualism leads to organization loss because a "team is something which allows individuals to act more completely and obtain more for others and especially for oneself"[109]. That is why it is so important to manage knowledge competently for the sake of organization efficient functioning and even use psychological skills, from time to time, which team and organization leaders possess. As research quoted by Michael D. Mumford (200) shows, leaders on each organization level have great power of influencing creativity of their subordinates. Through their behaviour and practices they can determine, to a great extent, who will work creatively and in what type of work the contribution of creative thought will be the greatest. Mumford also claims that innovation and creativity among subordinates increases in superiors their readiness to help subordinates, to create the sense of self-worth in team members and stimulate subordinates' high self-esteem. Thus as we notice, creative leaders differ from other "specialists" mostly in their ability to perceive current problems and new challenges more broadly. They can also perceive problems in an interdisciplinary way and are able to synthesize experience and knowledge from different fields of study[110]. In author's opinion these are the qualities that characterize a real leader and manager of a modern organization.

Thus, let us admit that in modern organizations the image of a leader as a great, charismatic commander causing fear and demanding unconditional obedience in his subordinates or charges has been going out of date[111]. Today creativity and innovation are most desired qualities being the most difficult ones to be developed at the same time"[112]. That is why it is not easy to find employees who possess so many desirable qualities or who are able to form teams, manage them and also collect and manage organization knowledge and to be readily available on the labour market at the same time.

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[107] D. Leonard-Barton, „Core Capabilities and Core Rigidities: A Paradox In Managing New Product Development," *Strategic Management Journal*, No 13 (1992).

[108] A.K. Koźmiński, A. Zawiślak, *Pewność i gra,* (Warszawa: PWE, 1979).

[109] W. Piotrowski, *Przywództwo w zarządzaniu projektami,* a paper given at „VIII Krajowa Konferencja SPMP", [*7th National Conference of Project Management Association – Poland*] SPMP, Warszawa 2004, p. 8.

[110] M.D. Mumford, „Managing creative people: strategies and tactics for innovation," *Human Resources Management Review*, Vol. 10, No. 3 (2000).

[111] A.K. Koźmiński, (2004), op. cit.

[112] D. Latusek-Jurczak, op. cit., p. 377.

Conclusion

Let us notice that knowledge management really means [in a way] returning to practices that humankind has known since time immemorial. These are abilities that often even small children have and which are later simply suppressed by socialization processes. It is all about common-sense methods which require systematic and laborious work. It is all about a dialogue, cooperation, education, reflexion and aiming at individual and group "mastery". These are processes reaching the roots of human actions and interactions[113]. People who possess this incredible quality which is competent knowledge management constitute social elite in a class of its own and represent "something" more than only the ability to use computer management system.

For as Ikujiro Nonaka emphasizes, knowledge management is closely connected with values, experience, human activity and organizational context. It becomes a dynamic process of collecting and creating knowledge whereas typical IT initiatives are limited to statistical information management exclusively[114]. Theoreticians in knowledge management sometimes even fight with a belief that "knowledge management systems are systems of managerial information"[115]. Definitely, we cannot interpret such a complex problem so simply.

So, what should be included in conclusion of the above deliberation? It seems that the best solution would be quoting Martin Grossman, who emphasizes that "[…] in rising wave of activity and interest in knowledge management it is easy to overlook the fact that it is still a developing and forming field which lacks solid theoretical foundations. It will take much work and research in shaping and formalizing the structure, taxonomy and procedures essential for practitioners of knowledge management […]"[116] Wiesław Grudzewski, whose convictions perfectly fit the context of the above deliberation, presents a very firm stand which highlights the importance of knowledge. He claims that "current shift from backward to advanced society means transformation of industrial society into society which bases its main activity on processing information which serves knowledge creation"[117].

Let the above statement convey the message and stand that the author of this publication presents.

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[113] D. Makowski, „Pracownicy intelektualni. Profesjonalizacja wiedzy" in D. Jemielniak, A.K. Koźmiński eds. *Zarządzanie wiedzą,* Wydanie II (Warszawa: Wolters Kluwer Polska Sp. z o.o., 2012), p. 394.

[114] I. Nonaka, P. Reinmöller, R. Toyama, „Integrated Information Technology Systems for Knowledge Creation" in M. Dierkes, A.B. Antal, J. Child, I. Nonaka (eds.), *Handbook of Organizational Learning & Knowledge* (Oxford-New York: Oxford University Press, 2001), pp. 827-829.

[115] I. Tuomi, *Corporate Knowledge. Theory and Practice of Intelligent Organizations* (Helsinki: Metaxis, 1999), p. 32.

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Will the above work contribute [even a little] to arousing interest in such exciting issues? The author hopes so, dedicating the above work to his daughter, Magdalena.

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Marketing management as a base of creating company's effective competitive advantage in the market

Introduction

The main idea of the present reflections indicates tha mainly information, knowledge and creativity decide about the company's effective competitive advantage. The decisive factor in aiming at a success are people with their own knowledge, entrepreneurship and willingness for searching of new creative solutions.

In the article we indicate that creating of the market culture, inter organizational and the one regarding the contacts with actual and potential entourage, is a challenge for the recent firms.

1. Notion and meaning of market culture creation in the firm

In recent turbulent business surroundings employees of every firm have to be capable of foreseeing their future resources as far as the efficient dominance is concerned. Regarding the firm's management it means going back to the client and obeying the market culture of the firm. All the employees should understand the meaning of value for the client and how to realise that value. The firm should, though, possess the effective system of aspirations and expectations and the level of clients' satisfaction. The firm should also spread results of this research to their employees so that they are aware of missions that are being realised.

Only the entire use of existing resources and the firm's capability, according to clients' preferences, would ensure its effective competitive dominance. This dominance can be seen as an ability to establish prices at a lower level - that is cost dominance- or in ensuring better quality of products - quality dominance.

The first and the second type of dominance could be realised by the firm if it disposes of:

- material resources, personnel and finances,
- skills in gathering and transforming of information, organization and coordination of

material and decisional processes, starting and keeping good relations with partners of an exchange sphere, creation of work and management culture, risk tendency, innovation, capability to adjust to changes etc.

This dominance could be used by the firm (in a way of lower level of costs and prices or higher level of quality of products) when it obtains purchasers acceptation.

The information dominance of the firm is, though, necessary to gain and keep the effective competitiveness dominance, which ensures creation of the proper market potential. It can be created on the basis of two appearances:

- gathering information by the firm on purchasers and competitors,
- creating and spreading information to purchasers.

The firm that has obtained an information dominance can more effectively, than its competitors, discuss the cost and quality dominance with purchasers' preferences and change its potential form into an effective one. It can also exist as an autonomic kind of dominance. Its meaning growths when:

- the firm does not have the quality and price dominance,
- purchasers preferences' had not been determined,
- purchasers' preferences had been determined but they cannot be a subject of creation.

Acting in conditions of high competition forces the firm to use, widely understood, market orientation as a condition of gaining the long-lasting market success. Only market orientated firms are capable to continuously improve the marketing management, which effect is better and better adjustment of the offer to clients' expectations and their satisfaction improvement.

For gaining entirely competition dominance and for enlarging its dimensions, a wide market orientation of a firm is, then, necessary (all employees not only marketing services). It creates new possibilities of marketing management of the firm through stronger consideration of the relation between client and firms interest, which is a basic guarantee of gaining success by the firm. New marketing power - understood in that way- is a warranty of better and better adjustment of the offer to clients' expectations and improvement of their satisfaction level[1]. Clients' satisfaction is the best indicator of future firms' profits. High sale level which is a short-lasting aim of the market management and first step to success - is not now enough. A long-lasting success and a high profitability of a firm depend on clients' level of satisfaction.

Because of that, the recent role of marketing depends in high degree on cooperation of all function cells of the firm, which, following the marketing, should take on

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[1] K. Mazurek-Łopacińska, *Orientacja na klienta w przedsiębiorstwie*, (Warszawa: PWE, 2002), pp. 30-31.

market orientation in fulfilling their tasks[2]. In new competition surroundings marketing is too important to act only inside the marketing department. Only the cooperation of marketing services with technical, production and research development (R&D) services is a guarantee of success.

The firm should determine its competition dominance in addition to different activities - basic ones) organization infrastructure, human resources management, technology development, purchase and investment) and additional ones (enter logistics, production, exit logistics, marketing, services) - that create values. Each of these activities (not only marketing ones) that create values could be an asset in building of a relative cost dominance of the firm and create base of a distinguish strategy. If the firm is not market oriented, it is extremely difficult to force cells not participating in marketing activity to deal with searching for competition dominance.

Growing number of research regarding the relation between market orientation and business profitability, confirm that that is the proper way of the firm's management improvement. Precursors of this research, for example: Narver and Slater, remark that market orientation could not be limited only to client's orientation. Competitor orientation and intra -functional coordination is also of great importance[3].

J. Lambin makes the definition of market orientation wider, displaying it as a business philosophy, including all market participants and on all levels inside the organization. According to J. Lambin, market orientation regards five elements: last purchasers, distribution purchasers, competitors, the climate in the firm and coordination of all firms' cells[4].

Purchasers' orientation should be seen in all steps of formulation and implementation of marketing strategy, starting from market segments segregation, through product planning, price establishment, distribution's organization, to creating the advertisement and other instruments of communication with clients.

According to Mr Adrian Payne, professor at the Cranfield School of Management, building of firm's relations with clients has to be based on the transformation of simple purchasers into firm's spokesmen. They help the firm not only by purchasing goods but also though creating opinions on the firm and its products. It is, though, important for all the firm's employees to accept the idea in which the main role in marketing management has a client. The firm is acting more effectively when the level of clients' satisfaction is being checked regularly. The purchaser orientation means that they should be treated

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[2] F. E. Webster Jr., A. J. Malter, S. Ganesan, 'The Decline and Dispersion of Marketing Competence', *MITSloan Management Review* 2005, No. 4.

[3] The bibliography regarding this subject is shown by Jean-Jacques Lambin, look also. J.J. Lambin, The Mis understanding about Marketing, „The CEMS Business Review" 1996, nb.1.

[4] J. J. Lambin, „Strategiczne zarządzanie marketingowe", (Warszawa: PWN, 2001), p. 87, also W. Błaszczyk, *Metody organizacji i zarządzania. Kształtowanie relacji organizacyjnych*, (Warszawa: PWN, 2005), p. 42.

as clients, not only as partners. It is also necessary to know assets and disadvantages of competitors, which would enable anticipating of theirs strategies and quick reaction for theirs activities, as well as monitoring the whole surrounding as far as chances and risks are concerned.

The important factor of the market orientation is the inter - functional coordination. The efficacy of spreading of information on the market inside the firm, joining all cells to formulate strategies and using of perspective evaluations and skills necessary to estimate problems of the client - depends just on it[5].

Spreading around of market information would lead to preparation of decisions in the inter - functional procedure. Business teams should be the antidote for barriers in keeping regular contacts with clients made by function structures. According to McKinsey, it is the organization model in which the main role have integrators and specialists focused on specific business.

Integrators' activities should be placed along the whole chain of firm's values in addition to the specific market segment. These activities should be responsible for formulating and realization of marketing strategy. Technical and specific skills, needed for the proper realization of strategy taken in different branches, should be limited to specialists. All employees should though transform the basic responsibility coming from own charges into activities in relation market/client.

The number of opinions given by practicians and the theoreticians of management, remarking the leader role of market potential understood in immaterial categories in the creation of the firm, is still growing. The potential includes the following elements: the intellectual and the marketing potential of the management crew, innovation and risk tendency, firm and trade mark effigy etc. That potential is not easy to copy by the competition and it also indicates the surviving tendency. The overpoise of the potential is total and stable and that is why it could be the impellent giving the firm more market chances, in the comparison with other possible stores and aims.

The main deficiencies of the traditional management are cased by the limiting of the market culture to the activity of the market section of the firm. This could lead, and it often leads, to the lack of understanding of the conception of market management organization of the particular function cells. We also must not tolerate the situation in which the majority of the personnel do not know how to traverse the normal responsibility coming off ones duties into the activities in the market/client's structure.

The growing number of research regarding the relation of the market orientation and business profitability confirm that this is the right way to improve the firm management.

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[5] Ph. Kotler, *Marketing: Analiza, planowanie, wdrażanie, kontrola*, Gebethner i S-ka, Warszawa 1994, p. 161, also: J. Kisielnicki, *Informatyczna infrastruktura zarządzania*, (Warszawa: PWN, 1993), pp. 206-207.

Complete market orientation of a company demands efficient system of marketing communication. The task of marketing communication is to establish and maintain partner relations with various market's participants. Communication should result from the company's marketing strategy and should be subordinated to it. Communication also has to reflect company's style and culture through transferring characteristics and values which were accepted as a specific for a given company.

In times of the conscious creation of positive relations with the surroundings, marketing communication steps over the use of typical instruments of communication. What is more, the price of a product or services, employees' behaviour, company's furnishings and location, a company's stationary and logo, organizational culture and atmosphere in a company – all of these communicate something in the surroundings. Every single contact with a company or brand makes an impression which may intensify or reduce perception of its image by each group of publicity. The whole marketing-mix has to be integrated to ensure coherent communication transfer and strategic positioning of a company or its products/services in the market.

Marketing idea is the one which rarely has been entirely gained, however, it should control all firm's departments. We should always aim the best realization of this business idea, through creating of market culture in the firm.

Marketing cannot to limited to the range of aggressive sale instruments focused on the growth of short-lasting profitability of the firm. It has to comply with instruments of market analysis such as: sale foresees, stimulating models and market research based on more scientific approach to needs and demands' examination.

The advantage of recent marketing should be a proper balance between its operational and strategic dimension, which is only possible if the firm takes on entire and wide market orientation. That approach is the best way in covering purchasers' needs, building an advantageous firm's image and gaining a significant competitive dominance.
Tasks that have to be covered by the recent firm's marketing:

- finding clients' values which are connected to the firm's activity,
- having understood a relative importance of these values for every clients' segment and decision if supplying them would make the profit grow,
- spreading and supplying proper values to every clients' segment in the way in which the client would like to obtain them.

To sum up, marketing management should lead the firm to market chances, complying with its resources and know-how, as well as representing specific potential in the matter of profitability and growth. It is the best way in covering purchasers' needs, building an advantageous firm's image and gaining a significant competitive dominance. It perfectly fulfils its role because it integrates all fields o firm's activity and coordinates

all other functions. Apart of that, the organization structure of marketing cells is not important; however it is of great importance that the entire firm's activities have a "marketing spirit", because its aim (and the aim of all undertakings) is to reach the purchaser and staying with him in tight contact, focusing also on its quality[6].

2. The meaning of market character of decisions taken by the management team

The management team decides on strategies that are taken on. Orientation taken, social and personal values, skills and a qualification profile have an influence on the managing style and the choice of a marketing strategy.

The management team is responsible for the coordination of resources so that these resources could help in realization of goals and building the market dominance in the best possible way. These effects are not only the sum of individual abilities of particular managers; they are the result of a team work. Taking on the market character of decisions is valuable, because every decision has an influence on the market. Information taken from systematically conducted marketing researches provide basic premises to decision processes.

A growth of the role of marketing function cannot be limited to the creation of separate section or marketing department in a company. It has nothing to do with the formal character of a company's organizational structure. It is essential when a company's director makes marketing decisions, that is, he or she decides about the increase of a given product's production only if there is a certainty that this product is desirable or its demand can be stimulated by a proper marketing strategy.

The management team should fulfil the specific conditions, as far as their profile is concerned:

- orientation: firm, surroundings;
- social values: professionalism and optimality
- personal values: economic prizes, self-realization, flexibility, independency;
- skills: continuous learning, politic and charismatic leadership, firm's mission defining, providing (analytic) solutions to new problems, entrepreneurship;
- qualification profile: specialist, professional;
- world understanding: global surroundings, open system.

Marketing management demands mainly:

- decision making or defining potential customers and types of needs which should be satisfied,

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[6] T. Kramer, *Podstawy marketingu*, (Warszawa: PWE, 2004), p.12.

- detailed recognition of preferences, desires and possibilities of purchasers and the previous level of their satisfaction taking into account competitors' acting,
- planning of a proper marketing strategy and its accomplishment.

On the one hand, marketing management is an integral part of a company's management, on the other hand, it is a method which allows to intensify motivation of all managers. It makes them aware of their participation in company's management and creation of company's achievements.

In marketing management it is important to establish a business vision. The essence of a vision is:

- pointing at directions without knowing their limits,
- what it creates, but it does not end it,
- asking questions without giving a complete answer.

Company's management should be a vision's bearer and its "sender", who points at new values in its functioning. Company's vision is a specific instrument of marketing management. It is a concrete vision of the future. It is close enough to see possibilities of its realization and remote enough to raise enthusiasm for the realization of the new, future reality. Thus, a vision is a kind of result of three components: openness, spontaneity and sense of reality. Openness is directed on the outside, whereas spontaneity is directed on the inside. A vision may be created by basing on a realistic synthesis of openness and spontaneity.

A vision should be created by a team of company's management, representatives of each organizational unit, suppliers and cooperators, and representatives of the local community. All of them should be properly selected, creative, innovative, and willing to participate in a kind of intellectual adventure of great practical importance.

A proper company's vision ensures security, makes it easier to form a suitable organizational culture, strengthens mutual trust, directs activities at defined purposes and facilitates company's functioning. A person who has a vision may be mistaken, but he/she always corrects a course, since he/she knows its right direction.

Marketing management system has several advantages. Among them there are:

1. Each manager and team's concentration on really important issues which in a significant way influence profits. It helps to avoid scattering of activities which have a minimal impact on company's general results and its development, even if they are used in a perfect way.
2. Managers' better understanding of their superior's expectations.
3. Noticing unsolved problems which prevent from achieving higher effectiveness and creation of improvement plans which aim at solving these problems.

The warranty for good management and controlling of the most important firm's processes by the general director is his/her knowledge and being aware of:

- Are the aims taken based on strong grounds and create premises to obtain them under the planned marketing strategy?
- Do the particular organization departments and their managers know what to do to obtain the strategy taken on?
- Don't the managers allow for the situation in which valuable means are being used for the activities with little chances for obtaining high or even average effects?
- Is the team management strongly motivated to work and are they personally involved in aiming goals? Have they gained necessary knowledge and skills?
- What firm's changes will the future bring? What will be the firm profitability sources, taking into consideration exterior chances and risks, as well as assets and disadvantages of the firm?

Identification of these problems not only by the general director but also by the wide managing team and - up to the point- by all employees, enables the market culture development and the proper use of market potential.

Collecting and passing on the basic information by the managing team (on the firm and the surrounding in which the firm acts) is a base for creating marketing strategy. Creating desirable strategy is not possible if the way of thinking of all members of managing team is not based on the same set of facts. The leading role of general director is of great importance during analysing of collected information. He/she has to build the climate of wide sincerity and self-criticism.

Building the atmosphere of cooperation and common aiming the success and extending the marketing approach to relations among management and personnel are very important elements of firm's market potential. Employees are subjects in building and stabilization of competitive dominance. Their care regarding provision of high and special quality of products and good relations with clients is the best displayer of expected outside view of the firm. Firms which understand that relation focus on building proper professional behaviour of their employees. Clients dislike „artificial" way of communication, they wish to be treated seriously.

Quality-satisfaction-loyalty: these are the attributes of marketing management. When employees are satisfied, they tend to fulfil aims of the firm in much higher degree, they also realise a client orientation. The firm, employees and clients create a system in which there is a dynamic relation between particular elements.

In this situation there is a chance to obtain greater profits thanks to acceptance of marketing strategy and its particular instrumental strategies, which ensure rational firm's behaviour. Situations - in which there is the strongest impact/over- investiture only

to some parts of activity only because of high profits and opposite: less-investiture when the profits are small - should be strongly criticized. In managing of this effect, a huge role has a properly planned system of instrumental strategies, existing in whole problematics of the firm. Marketing instrumental strategies have a calming impact to the so called "emergency action programs". These strategies allow finding parts that could be improved; they also create proper actions aiming to obtain expected results.

The firm which has not planned the proper marketing strategy is at a state of potential risk. The perfect situation could have been when there was possible to predict precisely all changes and their proper planning that aims finding an optimal marketing strategy. Although, that is not always possible, so there is a necessity of flexible adjusting of firm's strategy to actual market situation. Some of the firms resign from it and react to pressures of the surrounding only when these pressures cause problems. These firms treat the changes of the surrounding as a continuous danger. Other firms try to predict changes in the surrounding through proper research and analysis of for example new technology development. They are aware of the fact that long-lasting marketing planning cannot exist without determining the borders of available knowledge and areas of uncertainty. The risk of "being surprised" is then lower and, marketing strategy which is more flexible and quicker reacting for changes allows avoiding difficulties and ensures the proper use of new possibilities.

3. Market's immaterial assets and their significance in formulating marketing strategy

Obtaining by the firm a long-lasting and stable success requires building of non-material market assets. Good leadership in business depends on marketing activity, which leads to competition dominance of the firm in its sector. The market potential of the firm as a result of its specific market activity is determined by four general questions: its notion, its measurement, displaying lacks of potential in specific sectors and development of remarking potential profile. The competition dominance in the frame of firm's market potential is a fundament of its general dominance. The elements of firm's market potential such as client orientation, human resources, corporation culture or trademark are important factors ensuring the success[7]. Awareness of the meaning of these non-material assets, not in the categories of technically defined criteria but mainly in the categories of the influence to the firm's success create the term of market-based capabilities.

Some of the firms posses the "technically proper" potential but it is not effective when it goes to winning at the market. These firms could, for example, have a firm's mission which looks as had been properly written, remarking, possessing all "necessary" ingredi-

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[7] K. Albrecht, *Social Intelligence: The New Science of Success*, (New York: Pfeiffer, 2005), p. 37.

ents. In spite of this, the declaration causes rather confusion and cynic reactions, which leads to lower effectiveness. Firms could have sophisticated systems based on brand new technologies, with above mentioned characteristics, acting in the real time, but they are not useful when the "first line" employees consider these methods as an obstacle rather than a mean to gain competition dominance. On the second hand, there are some firms, with great competition efficiency obtained with relatively low capital expenditures.

The market potential does not necessarily depend on the firm's dimensions. Sometimes it is just opposite; large firms with insufficient marketing activity begin to be ponderous, ineffective and inefficient in the market.

Possibilities of improvement of market assets are in most cases enormous. To find these possibilities we should only answer to some basic questions, which are not answered during "traditional" process of business carrying: Up to what point the potential, that my firm has got, is useful in the general sense and in relation to my competitors? What progress has been made during last five years? What is the recent trend? What steps am I going to undertake? Sometimes, making use of the possibilities in question brings the necessity of further investment but in other cases it goes rather to the relation: less do - more focus on what you do. The director or a manager cannot avoid responsibility for competition efficacy of a firm. This responsibility is a root of leadership[8]. The significant indicator of a firm's weakness is its incapability to identify and determine of non-material assets.

First attempts of market potential determination were taken in research in years 1998-2002 in the frames of so called„Rapport on the Competitive Fitness of Global Firms." The rapport regarded 8 sectors gathering over 300 of he biggest European and North - American firms. Formulated indicators (benchmark) of an organization potential gave managers basis for comparing their results to the results of competitors[9].

Methods of market potential defining will be continuously improved and adjusted as well as to the firm's dimensions as to the branch specifics. The fact of undertaking trials of identification and defining of market potential should be evaluated positively. We should remember that the competition dominance taken in the categories of market potential is a fundament for that dominance. Products and technologies could be seen easily and precisely determined, so they could be copied by others who are ready to invest. The potential is often non-material, composed from other elements - innovations, human resources, corporation culture. The potential tends to resist and ensures firm's competition dominance in different markets, not only in the specific area or segment. The dominance based on the potential is entire and stable and that is why it could be the impellent creating short and long-lasting values.

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[8] Ibid., p. 48.

[9] K. Albrecht, *Social Intelligence: The New Science of Success*, (New York: Pfeiffer, 2005), p. 57.

Differences in „business practices" and potentials of different firms of the same sector will be repeatedly larger and we will be dealing as well as with firms which significantly develop as with ones lagging behind innovations and other key potential ingredients. The last ones are not aware of the decrease of their competitiveness because they do not analyze their market potential. These firms would realize the regress only when there is a decrease of efficiency; but then it is more difficult to cope with the problem.

Does it mean that all efficacy firms should be equally strong in all elements building the firm's potential? Surely it does not. The research shows that the strongest firms have „personality", distinguishing profile of competition efficacy.

There are firms which are over the average in addition to most of the elements of the potential. These firms have an untypical profile, which shows their unique personality, which is the result of a great creativity. This effect could be a result of work of generations as well as just a recent transformation and activities. However, these profiles of competition's efficacy does not appear in the way of „traditional" business making. Investment in -what was called by Jack Welch a „soft values"- requires a strong leadership[10]. Apart from the strategy, the key task for leaders is a selection of priorities which aim developing of firm's potential.

The focusing on short-lasting effects or on narrow strategy leads some firms to decrease of their market assets. The challenge for a great leadership is work on all three levels: results, strategies and a market potential. The last one is the most important as far as a stable, long-lasting success is concerned. Unfortunately, a market potential is the most difficult to understand and the easiest to neglect. The effective management of non-material assets requires the identification and measurement of market potential and investment in developing of better, distinguishing firm's potential profile.

Looking for success-making factors, the best is to recognize the great importance of such non-material assets as: human resources, client orientation, corporation culture or trade mark. It means that the success should not be defined only in technical criteria but first of all in categories of market potential. Competing firms often have the same suppliers, similar structures, gain information from the same consultants etc. They have in most cases the same information. However some of the firms build completely different strategies which are the effect of a different intellectual process. Thus, the process of transformation of information which reaches them would determine their business behavior[11]. The rules of a game taken by firms are the result of a specific transformation of primary information, and the strategy prepared has to keep them beside the firm. The real value and its derivative, competition dominance, will be won by the firm which entirely capitalize and invests in its personnel talents. The highest level of management

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[10] Jack Welch Director of General Electric in years: 1981-2001.
[11] Jack Welch Director of General Electric in years: 1981-2001.

establishes general strategic priorities and directions, as well as clearly determined values and culture guidelines. All employees should be involved in these parameters, strategies and responsibility.

According to the model of five Porter's forces, the firm rivals not only with other firms, which are, or want to grow in the market, but also with customers and suppliers. Therefore the customers are seen not only as a target of marketing actions and an object of rivalry among the firms in the market, but also as a force that tries to negotiate most beneficial conditions of purchase. Formulating the marketing strategy of the firm is to determine what the firm is supposed to accomplish in future and by what actions. In such a context, we can say that the strategy shapes the future.

Under circumstances of very intensive competition in the market and similar methods of production, proper marketing strategy becomes one of the most important factors of success. The strategy determines a process of making prognostic decision, shown as plans and schedules, which, in practice, are transferred to long-term and enterprise with operating and tactical character.

In Poland, strategic thinking is equally essential as effective management. One should agree with statement, that the strategy influences effectiveness i.e. achieving desired strategic goals; on the other hand the management manipulates efficiency i.e. achieving goals with lowest cost.

No wonder that the firm is interested in doing things with decent quality, which are needed, and not doing brilliant undesirable things. Thus without good strategy and its proper implementation, there is no place for success.

Formulation the strategy that is synthesis of observations and thoughts, products, services, and activities, takes places on every level of the firm and continuous process. The strategy should contain elements of self-teaching and response to new signals from the market since it is formulated in very dynamic environment and by people possessing special predisposition.

Factors such as imagination, access to so-called "soft" data, and skill of synthesis are crucial. Climate of the firm are very helpful as well. Opportunity of open discussion, lack of formalization, encouraging innovative thinking by management are other desirable elements during the process of creating the strategy.

Why so few firms pay attention to correct formulating its own strategy? The reason is a strong pressure put on making up delays in operating effectiveness. Many firms concentrate on effectiveness of management, productiveness and efficiency, and neglect strategic thinking.

The main barriers of implementing strategic thinking are:

- thinking in functional categories,
- thinking in categories of everyday crisis,

- fatalistic thinking,
- self-satisfaction.

Building the marketing strategy refers to, first of all, how to differ from the competition. However not every differentiation leads to success. Moreover the purpose of the strategy is not only to differ from the competition in order to gain advantage over this competition, it's to maintain this advantage as well.

Formulating the strategy leads to following questions:

- Which products should we offer?
- Which products should we give up?
- Whom should we offer our products or services to?
- Which markets should we concentrate our activity in?
- Which geographical regions should we offer our products and services in?
- Should our strategy be global, national, or regional?
- What kind of skills should we posses to employ our strategy?
- How can we obtain such skills?

Answer to the above questions determine nature of the firm and arrange changes in the area of organization and methods of conduction business. It's apparent that the formulating the strategy incorporates elements of art that is creative thinking, as well as science, that is formal approach, which utilizes cohesion and logic. Therefore it is not easy task and requires complex approach to comprehend all factors having an effect on success. Both external factors and self-analysis are equally important. Additional difficulty is growing speed of changes on both Polish and global markets. Taking into account these circumstances, traditional model of building the strategy fails. So all models, which incorporate several phases during the formulating the strategy have to be rejected; especially six-phase model (WSM) proposed by T. Bialas and M. Czapiewski and four-phase model MOST (mission, objectives, strategy, tactics).

A common characteristic of the traditional models is their linear character. Of course, we can use some of the traditional models in the formulating of the marketing strategy, on the condition that we will discard their linear character in favor of interactive process, in which final version of each element is developed at the end of the process along witch the other elements. Forgetting that fact often leads to paralysis in the firm. Frequently, in practice, higher management formulates goals and then puts lower management in charge of developing and realization appropriate strategy according to the formulated goals. The set of directives passed form the top of management pyramid is often seen by lower levels as inadequate to reality. This, in turn, bears cynicism and failure of the whole process.

The tactics and the strategy have the same problem that is the order during

the process of their formulating. Let's say, the base strategy of the firm is speeding up the process of introducing new products to the market. The problem is, in order to speed up such process, we need, first , to develop appropriate tactics: whether they are supposed to improve the work of research and development department, or task teams, or purchase of new computer infrastructure, etc. Which of the above will be effective? Maybe none?

Implemented strategy can be successful, only if uses real and effective tactics.

Development of the strategy shouldn't be limited to the SWOT analysis as well; it's not enough. We can make a great use of it when we fully take into account power of synergy of internal and external factors influencing the economic growth of the firm, when we draw correct strategic goals, and when we precise mission of the firm and its position in the market.

To avoid mistakes of unilateral interpretation of relationships between groups of factors established in a SWOT analysis, it is recommended to make synergy's establishments in two variants: „from the outside to the inside" and „from the inside to the outside".

In the first approach it is worth to establish:

1. Whether opportunities intensify strengths or not? $0 \rightarrow S$
2. Whether opportunities allow weaknesses to win? $0 \rightarrow W$
3. Whether threats weaken strengths? $T \rightarrow S$
4. Whether threats will intensify weaknesses? $T \rightarrow W$

In the second approach it is worth to establish:

1. Whether strengths allow to use newly created opportunities? $S \rightarrow 0$
2. Whether strengths allow to repulse threats? $S \rightarrow T$
3. Whether weaknesses allow to use opportunities? $W \rightarrow 0$
4. Whether weaknesses strengthen unfavourable influence of threats? $W \rightarrow T$

The answers for all these questions are presented in a form of a matrix, in a binary number system: a positive answer is marked with „1", whereas a negative answer is marked with „0".

The marketing strategy has to induce actual assignments. The management is supposed to quantify all resources needed for realization of the strategy.

Formulating the strategy, we must remember about differentiating our products or services. Unique offer of sale usually is based on one feature or advantage, which gives uniqueness.

The distinguishing of the feature can be considered from several points of view:

- Quality of service
- Understanding the needs of the customers

- Status
- Safety
- Best guarantees
- Care about environment
- Relation between value and price.

It's not hard to see that the choice of the strategy is imposed by general nature of the products and services offered to the buyers, degree of coverage of the market, differentiation of marketing activities and position regarding to the buyers.

Summary

The market potential is often non-material, built from elements - innovations, human resources, market culture, trade mark etc. This potential is not easy to copy by the competitors and tends to resist. The dominance based on the potential is entire and stable and that is why it could be the impellent creating short and long-lasting values. Very important factor is the proper strategy, which is based on continuous research and the client orientation. The strategy requires the entire commitment of all team as well as on the level of creating as during the implementation.

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The basics of marketing city management
Theory and examples

Introduction

Marketing city management is a complicated process that requires the expertise in managing not only in the range of marketing itself but also many detailed, mutually diversified issues of economic, organizational, legal, spatial, sociological, or political nature.

In order to manage the city efficiently the city managers should be aware that the territorial marketing is not only a managerial process but also social, aimed at achieving the goals by local entities. It is also a process aimed to guarantee long-term comfort for residents by satisfying the needs of local partners. Therefore, the actions of local authorities should be the determinant of city objectives implemented in its strategy. The targets set should result from the tasks imposed by the state authorities and from the problems of local communities, that is the individual problems of cities, such as unemployment, living conditions of residents and urban infrastructure.

1. The city as an organization of local government

Local government is a term often defined, however it is not uniformly understood. How to define to a large extent depends on the meaning functions attributed. Local government can be defined as an organization of local or regional community, while representing a form of the civil service in which people form on the strength of law a community and relatively independently decide on the completion of administrative tasks, resulting from the needs of the community on a territory given and authorized by law to local government, under the specific statutory supervision of government civil service. The fact needs to be emphasized that local government is an institution guaranteed by the Constitution of Poland, and that the Constitution assigns it a special role among the local public administration bodies. The Constitution of 1997 places the existence of different local government units, art.164 paragraph 2 says "the basic unit of local government is the district". The city, in turn, is an urban -rural district or an urban district with county rights.

The city, as an institution is the subject of many years of research, such disciplines as economics, law, history, sociology, spatial economy. Notable is the fact that it is not a passive object of study, but it has very important implications in every sphere. Hence, there are many definitions of the city, as well as the conditions governing its creation[1]. Quoting MJ Czornik after M. Nowak it can be distinguished for nine features decisive in urbanity of a particular settlement unit [2]:

- the content of people centers,
- the professional diversity of residents,
- the heterogeneity of residents,
- the diversity of building development,
- the dominance of secondary over primary groups, the prevalence of property over personal contacts,
- different than in the village demographic contours of urban communities (including a higher rate of feminization)
- the urban style of people living,
- the process of discontinuous land use changes in time and space,
- the accumulation of economic entities.

Each of the features mentioned above is associated with certain effects. From the perspective of regional and local development, the diversification of occupational population and the accumulation of economic entities is particularly important because both of these provide a wider range of activities, based primarily on the greater availability of particular development instruments. Increased number of economic entities means more tax revenues for local governments, as well as more opportunities to combat unemployment. Economic development is associated with an increase in competitiveness of a particular center. It is also worth noting that both these factors contribute to the multiplication of human capital and social capital that occurs in the area. Which in turn enables the development of economy based on knowledge[3].

In Polish law the status of the city is regulated by Local Government Act 1990 (Journal of Laws [Dz.U] 1990 No 16, item 95.) and the Act on county government from 1998 (Journal of Laws [Dz.U] 1998 No. 91, item 578). These laws define the mandatory bodies, their tasks, powers and relationships between them. Also the organization of these bodies' work is partly regulated by the Act, but despite the mandatory findings of the law, cities have great freedom in establishing the full structure of the organization[4].

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[1] M.J. Nowak, T. Skotarczyk (ed.), *Zarządzanie miastem. Studium ekonomiczne i organizacyjne*, (Warszawa: CeDeWu LLC, 2010), p. 23.

[2] Ibid., pp. 23-24.

[3] Ibid., pp. 24-25.

[4] T. Markowski, *Zarządzanie rozwojem miast*, (Warszawa: PWN, 1999), p. 13.

The city, as mentioned above, has its own organizational structure, a set of principles and rules of action, which it uses. At the same time in the local community which the city includes there are numerous other formal and informal organizations carrying out their own tasks based on their structures, people and procedures[5]. Thus, in the local community there are conflicts and alliances, among which the organization of urban self-government operates. The city as an organization operating in the towns market, is a system of interrelated elements, organized and capable of being isolated from the environment. City's design is formed by its objectives, structure, people and procedures which it uses.

Cities like other local government units as an expression of self-government power granted the right to self-organize their affairs and management of them. The affairs essence of territorial corporations such as cities, is to perform public duties, some of which stem directly from local communities, while others have been entrusted by the state.

The overview of the city's own tasks clearly points to the fact that it is an economic entity that actively participates in the market game, which should be classified as a non-profit organization with the following characteristics[6]:

- conducting activities in the implementation of public tasks,
- satisfying the collective needs of the local community,
- the gain understood as the development of financial surplus is not the most important measure of the city activities, but it is a means of achieving the objectives and the tasks of the city,
- the results of city operations are assessed from the point of view of satisfying the needs of the local community that shows up most often in a long time,
- the use of state financial assistance,
- taking actions to attract additional financial means (e.g. from EU funds),
- local community participation in decision making process and in control process of the city.

Cited above the range of tasks and the social responsibility for their implementation makes the local government a service institution of special significance. At the same time in the administration marketed the popular notion is so called provider administration. The name comes from the Latin word *ministrare* that is to serve. Thus, in its definition the fact is emphasized that it is an instrument providing services aimed at satisfying the needs of the community[7].

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[5] Ibid., p. 13.

[6] B. Gajdzik, *Marketing w gminie. Wybrane zagadnienia*, (Bytom: Wyższa Szkoła Ekonomii i Administracji w Bytomiu, 2002), p. 13.

[7] A. Duda, *Public relations miast i regionów*, (Warszawa: Difin, 2010), p. 21.

Therefore, we can draw the thesis that the key to the success of the city is to present the most attractive offer designed to meet the needs of residents of this particular settlement -spatial unit, and other reference groups.

2. City marketing management

2.1 The organization's management system

The word organization comes from the Greek word "organizo", which means creating orderly, harmonious wholes. These are the institutions, as isolated from the environment, internally organized and related to each other the sets of elements.

The city like every organization is a group of elements that have to interact to achieve assumed goals. Therefore, the organization is a system which consists of many components and subsystems. The main components are its objectives, structure, technique and above all people. They are interrelated and mutually influence each other, thus forming subsystems. H. Leavitt in his study from the second half of the twentieth century distinguished five major subsystems of the organization:

- goals and values - that describe the vision and mission of the organization, its role in the closer and further environment and a strategy of functioning
- psychosocial – that characterizes the participants of the organization, attitude, motivation, culture, religious values and beliefs
- technical - technology, knowledge and skills, buildings, appliances and other equipment
- structure - showing the distribution of tasks within the organization, access to information, hierarchy, formalization, accountability and authority
- management - which focuses on coordinating the other subsystems and agreeing a strategy leading to the success of the organization.

The change in each of these subsystems causes the need to adapt others to the new situation.

As already mentioned, the organization and its individual elements are established to achieve specific objectives. Effective setting goals should meet the SMART principle. These goals should be[8]:

- specified - it should be determined specifically as possible,
- measurable - each goal must have its target rate by which its performance will be assessed,
- acceptable - workers who will accomplish the objective must accept it, otherwise

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[8] http://mfiles.pl/pl/index.php/Rule_SMART, August 6th, 2012.

they will not want to accomplish it,

- realistic - available resources must be sufficient to achieve the target,
- timely - objectives should have the date of performance.

By managing we understand the actions taken by the management, involving the optimal in time and space selection of human and material resources and orienting them to carry out assumed objectives. A well-run management consists of various phases, as shown in the picture below:

Figure 1. Own work based on Z. Knecht, Zarządzanie marketingowe, (Wrocław: Wyższa Szkoła Zarządzania we Wrocławiu, 2001), p. 6.

Certain management functions correspond to phases of managing above-mentioned, they include[9]:

Planning - devising the mode of action, tailored to the stated purpose and anticipated circumstances under which it will come to act, long-term and short-term planning are distinguished;

Organizing - fixing or modifying the formal organizational structure of the executive realm and regulatory realm of institutions, creating an organization that will enable the implementation of the formulated action plan;

Motivating - the transfer of the management apparatus influences on the cells of the executive sphere that cause reactions in order to achieve the objectives of the institution;

Controlling - the acquisition by the apparatus managing information concerning tasks' course and realization and to control their compliance with the planned objectives

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[9] Z. Knecht, *Zarządzanie marketingowe*, (Wrocław: Wyższa Szkoła Zarządzania we Wrocławiu, 2001), pp. 6-10.

of the institution.

Significant impact on management style has the organizational structure of institutions which depends on the purpose of establishing an organization, and its determinant is primarily a strategy of the institution.

2.2 The role of marketing in the organization, which is the city

Marketing is seen as an action aimed at the creation, promotion and provision of goods and services to customers, companies and institutions. The activities undertaken within it consist primarily in advertisement, promotion and an active art of sale by using a set of instruments of market analysis. Marketing is often seen in today's world also as the architect of the consumer society, which is a system whereby the seller is able to "enslave" the consumer.

Philip Kotler defines ten areas that are in the center of interest of marketing experts[10]: products, services, experiences, events, people, places, property, companies, information and ideas. These areas are inextricably linked with the proper shaping of strategy for the marketing city, which in itself is mega product offered to consumers who are residents, local entrepreneurs, their employees, local institutions and organizations, the representatives of local lobby, tourists, visitors, potential residents, highly qualified workers, domestic and foreign entrepreneurs, the central authorities, organizations and government departments, national and foreign institutions or investors.

Products. Products or things physically produced, manufactured in the particular city. Over the years, the concept of a *local product* appeared – distinguishing the products produced in the area, which residents equate with. Products that are manufactured from materials available locally and thus they are environmentally friendly. Marketers are struggling in the promotion and sale of local products, which are a component of the city built brand. An example of product which is inextricably associated with Poznan is świętomarciński crescent shaped bun - croissant stuffed with white poppy traditionally prepared on the occasion of St. Martin - November 11.

Service. In a growing economy services play an important role. In 2008, the share of services in added gross value amounted to 64.3% [11] for Poland. Such services include, inter alia: the operation of hotels and restaurants, car rentals, educational, health care, culture, sport and recreation, financial intermediation, and many others. Cracow is a Polish city whose brand are primarily educational services offered at a high level. Intellectual po-

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[10] Ph. Kotler, *Marketing*. Eleventh edition, edited by B. Pilarczyk, H. Mruk., Issue 1 (reprint), (Poznań: Dom Wydawniczy Rebis, cop 2005), pp. 5-8.

[11] *Ewolucja sektora usług w Polsce w latach 1995-2008*, (Warszawa: Ministerstwo Gospodarki, Departament Analiz i Prognoz, 2010), p. 13.

tential of Cracow is: twenty-three universities, including functioning for centuries Jagiellonian University, or educating on a high level the Stanislaw Staszic Academy of Mining and Metallurgy.

Experiences. In the territorial marketing experiences play a very important role in shaping the brand of place. Impressions, experiences can be created through the instrumentalization of several services and products offered by the city. The authorities of Lublin realizing the project Lublin 2016 European Capital of Culture presented the city as a place of inspiration. The slogan was and still is consistently promoted: Lublin as the city of inspiration.

Figure 2. Billboard campaign of Lublin city
Source: http://www.lublin.eu/Lublin_Nieziemski_klimat-7-38.html, August 6th, 2012.

Events. Events are another element for territorial marketing specialists as a means of promoting the cities. Events such as: the Olympics, important trade fair exhibitions, sporting events, artistic events. Events are important elements in the promotion of the city that is why many Polish cities strove to organize football matches in the EURO 2012, or to prepare accommodation for the players and fan zones for fans.

Figure 3. UEFA EURO 2012 (from left: Gdansk, Cracow, Wroclaw)
Source: Based on google.com

People. Marketing as an area of famous people was recently discovered in Poland. Artists, musicians, doctors, writers, lawyers with narrow specializations or other professionals build their brand. In turn cities, as well as companies or non-governmental organizations derive gladly from the fame of these people in order to promote themselves. An excellent example is the creation of the avenues of stars or celebrities, which attracts every year not only famous people from show business. In addition there are a great lure for tourists - autographs hunter. In Europe, the most famous avenue of

the stars is located in Cannes. In turn the most famous its Polish equivalent is the Promenade of Stars in Międzyzdroje.

Ownership. Property is inviolable right of ownership. It can be bought and sold, which requires marketing activities. An example might be the estate market - developers often cooperate with city authorities in order to reveal the perfect places for consumers to settle down.

Companies. Cities seek to make it on their premises have been located establishments of firms with a strong and favorable image in the public consciousness. For this purpose, stewards seek to create in their area as the most favorable conditions for business development. An example may be emerging economic zones throughout the whole country. Zamosc, a city with centuries of tradition, rich cultural heritage has been seeking for years an opportunity to create an economic zone in their area. Thanks to strenuous efforts of local authorities and representatives of the Parliament in 2010 a Zamojska Special Economics Subzone was created. From this point it is the promotion and searching for key investors who could be a "magnet" for consumers 'products' offered by the city.

Information. Information can be produced and sold just like an ordinary product. With well developed system of communication with the city surroundings have a chance to persuade target groups to them, are likely to recruit an investor, a tourist, a new resident.

Ideas. Each commercial offer includes the idea. An example might be social campaigns promoting such ideas as: "Do not give money, help sensibly" (the campaign conducted by the Poznan city against begging), "At any time clean up after Azor " (public campaign of Czestochowa city was led to the elimination of animal waste from city sidewalks and lawns), "Spin kilometers, park the climatically" (the campaign organized by the Foundation Allegro All For Planet, whose aim is to promote cycling, at the same time ecology and the use of modern technology).
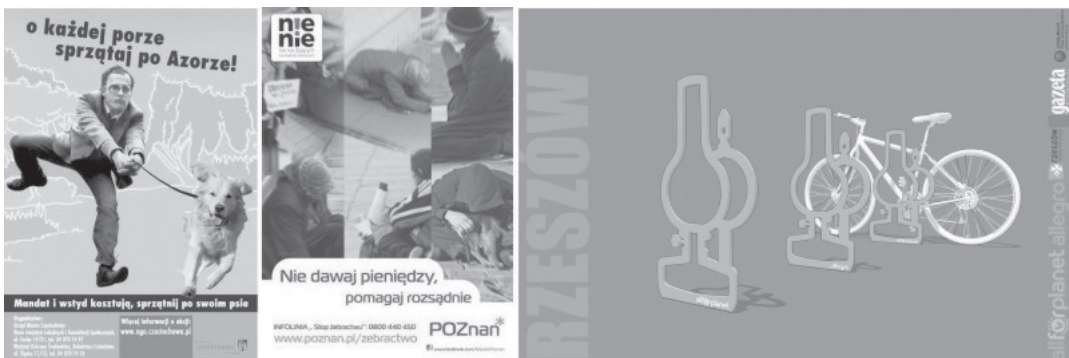

Figure 4. Visualization of promotional materials of selected social campaigns (from left to right: a public campaign led by the city of Czestochowa city, the city of Poznan, Allegro Foundation All For Planet which the city of Rzeszow is actively involved in)

Source: Based on google.com

Place. Places, areas, territories, cities, districts, states actively compete in the rapidly changing market. They themselves constitute a specific product. Polish cities seeking to attract as many investors should learn from the experience in the marketing of places available to Ireland. It is the country that managed to convince more than 500 large companies to build plants on its premises.

As shown in the above examples, marketing is an extremely important part of managing the city. In the literature, the concept of territorial marketing is used that is defined as a philosophy of achieving the objectives by settlement units in competition for limited resources, whose belief is that the correct orientation of the customers - the partners has a decisive influence on the results achieved. Marketing of the city includes the analysis, planning and controlling the programs whose aim is to achieve the desired exchange processes with the markets and groups selected.

2.3 Marketing management

Marketing management is inextricably linked to marketing strategy, which is long-term formulation of ways to achieve the objectives of the company. The main functions of marketing management is to:

- planning and forecasting,
- organization of marketing activities,
- coordination and implementation,
- developing implementations and inference.

As already mentioned above, each organization bases their actions on guidance purposes. The goal of any territorial unit including all those operating in it is the welfare of local community which never stops seeking it because there is no set closing date and the level of its implementation. The means to achieve it and an intermediate goal is the development of the territory which requires effective management.

Tadeusz Markowski in the publication "Managing the cities development" defines a territorial marketing as " *the tool in the management of territorial individual's development in such a way that the kind of a complex mega product, which is the city, would satisfy identified and anticipated needs of customers in exchange for benefits for a specific territory, which was treated as a territorially defined empowered "collection" of residents* ".

The use of marketing in the city in the managerial sense accepted is to help achieving the goals of development by overcoming the constraints from the environment and its interior.

2.4 Marketing situation analysis

Analysis of marketing situation of the city is the starting point for activities related to the construction of promotion strategy. Diagnosis of the marketing situation should include both the analysis of city's image and analysis of the external and competitive environment. Adoption and implementation of activities under this phase will help to familiarize themselves with the socio-economic situation and development priorities of the city, it will also enable the verification of development factors which will provide a competitive advantage to the city while being the foundation of his promotion. To make the diagnosis give a full picture of the situation should be carried out based on available secondary sources of information (including strategic program documents, available studies and information materials on local government unit, the book of visual identification LGU system, information materials of competitive units, the press preliminary research), and primary sources that is the research planned[12].

Functional image in the minds of both residents (local community) and third party is an intangible asset of the city, which is of particular importance for the success of the implemented strategy of promotion. Activities associated with the formation of the city's image must be preceded by the identification of the current perception of the city, both inside and outside its borderlines. Many times, the image captured by the residents and local government is different than the image of the city environment. Without a detailed and honest evaluation of the initial implementation of all plans related to the target image creation is burdened with very high risk. As a starting point, the diagnosis of a current state allows to identify among others: a degree of awareness of the city being, a knowledge of its values, shows the main associations with the city and its positive and negative aspects. Only on the basis of such information it is possible to indicate whether it is desirable to change, correct and reconstruct the image and establish guidelines related to these actions[13].

Analysis of external environment and competitive city is another step in the diagnosis of the city marketing situation. Analyzing the external environment of the city we must consider the following factors[14]:

- economic,
- socio-demographic,

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[12] M. Florek, A. Augustyn, Strategia promocji samorządu terytorialnego-zasady i procedury, (Warszawa: Fundacja Best Place-Europejski Instytut Marketingu Miejsc, 2011), pp. 59-83.

[13] E. Glińska, M. Florek, A. Kowalewska, Wizerunek miasta od koncepcji do wdrożeni, (Warszawa: ABC a Wolters Kluwer business, 2009), p. 65.

[14] Cf H. Gawroński, „Zarządzanie strategiczne w samorządach lokalnych", Wolters Kluwer, Warszawa 2010, pp. 168-169 per M. Florek, A. Augustyn, Strategia promocji samorządu terytorialnego-zasady i procedury, (Warszawa: Fundacja Best Place-Europejski Instytut Marketingu Miejsc, 2011), pp. 59-83.

- political and legal,
- environmental,
- cultural,
- technological.

Analysis of the external environment is carried out including PEST method that allows to distinguish the political, economic, socio-cultural and technological environment. A tool that is complementary to the indicated method is the analysis of stakeholders which includes, in turn, institutional players and decision makers, including all institutions and authorities operating in the city, organizations and running social groups inside the city and its surroundings that have an interest in its action and that may affect the study and implementation of promotion strategy.

Another way to analyze the external environment are scenario methods for the analysis of strategic planning in the conditions changing and non-structuralized environment. This method cannot describe the exact picture of the particular entity future, however, makes it possible to stimulate the city managers to predict the various development of phenomena and study their impact on the unit.

Competitive environment can be subjected to diagnosis, inter alia, by benchmarking which is an analytical method based on comparing the important features associated with different areas of functioning cities with similar characteristics of the main competing centers or centers considered to be better, leading, the most attractive in the country or abroad. This method allows us to determine distances that separate two entities in some respect. The same it also serves to learn from the best, thus eliminating the risk of errors in actions. Another recommended method of analysis of the city competitive environment by Magdalena Florek, which is focused primarily on understanding a competitive dynamics of the market is J. Welch model. This method is based on five questions[15]:

- what are the current trends in the market and in what direction do they change?
- what actions did your competitors undertake during the past two years to change or take advantage of market trends to their advantage?
- what did you do in the past two years to change or take advantage of market trends to your advantage?
- what can your competitors do to change the market dynamics in a way the least beneficial to you?
- what can you do to shape market dynamics the most profitable for you?

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[15] K. Obłój, „Strategia organizacji", PWE, Warszawa 2007, p. 257 in M. Florek, A. Augustyn, *Strategia promocji samorządu terytorialnego-zasady i procedury*, (Warszawa: Fundacja Best Place-Europejski Instytut Marketingu Miejsc, 2011), pp. 59 – 83.

These questions should answer the city managers at least once a year. Answers should be brief and be on one sheet of paper.

After analyzing the marketing situation of the city, the assembly of information selected, the next step is to create a report from the diagnosis carried out. Thus prepared report should be used to form the city's marketing strategy.

2.5 Segmentation of market places

Segmentation is the process of market division based on specific criteria in a relatively homogeneous groups of consumers called segments which determine the expansion area and a reference point for determining a target market. The process of segmentation is run by managers that kind of organization that is the city has to partition specific groups of consumers, appealing because of the possibilities of creating economic benefits for the city. In the case of territorial units mandatory segment is defined, which are inhabitants of the city. There are three types of segments[16]:

- segment of the population and residents of the city
- segments which the city wants to acquire,
- segments which the city wants to avoid.

The city is a team of diversified sub products, hence the segmentation is an obligatory step in designing the marketing strategy of the city. The city is a specific, shaped in large part by history, the product of seeking the appropriate consumers for the offer prepared so the segmentation procedure in case the city should start from the analysis of urban sub products range.

Stages of territorial market segmentation process:

- making a list of features and characteristics of each sub product,
- making a list of needs that are or may be satisfied by any sub product,
- making a list of potential buyers whose needs can be satisfied by products owned,
- the selection of market segments,
- in-depth characterization of each segment according to the corresponding features,
- defining the size, attractiveness and profile of each segment,
- the selection of the target segment.

Recipients of the city can be divided into two groups: internal and external. The only source of this classification is the place (in the territorial sense) of customers location in relation to the city. In the case of external recipients main objectives of the city is attracting and encouraging to visit it, to live in it. In turn ties between the city

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[16] M. Florek, *Podstawy marketingu terytorialnego*, (Poznań: Wydawnictwo Akademii Ekonomicznej w Poznaniu, 2007), p. 74.

and its internal consumers are related to their satisfaction, therefore a priority objective of the city is to satisfy consumers needs. Recipients of the internal market are regular customers of local self-government offer, are "condemned " on the local offer. The city should direct it efforts toward halting the current segments from going into other cities. Internal recipients include citizens, local authorities, enterprises existing in the city, local and regional institutions, whilst the outer segment includes tourists, investors, neighboring cities, organizations and government departments[17]. The division into external and internal customers illustrates Figure 5.

Internal purchasers Objective: satisfaction and maintenance	External purchasers Objective: acquirement and satisfaction
• permanent and occasional residents, • members of local authorities, • workers and activists at various levels of local government, • employees of companies and public institutions, • local entrepreneurs, • local organizations and institutions, • representatives of local lobby, • local media	• domestic tourists, • foreign tourists, • visitors, • potential residents, • highly skilled, specialized workforce, • domestic and foreign entrepreneurs, • investors (domestic and foreign), • central authorities, • organizations and government departments, • national and foreign institutions

Figure 5. Segmentation of territorial mega product buyers
Source: M. Florek, Podstawy marketingu terytorialnego, (Poznań: Wydawnictwo Akademii Ekonomicznej w Poznaniu, 2007), p. 77.

A very important element in creating the image of the city are various groups' behaviors its internal environment. The most important are the city's inhabitants and local authority. Residents' a sense of local identity and the degree of their „loyalty" is the underlying factor in building up the image of the city. It can be described as pride or psychological attachment to the city. Social and family values are an integral part of the brand personality of the city. Loyalty can be achieved through appropriate management which will make sceptical people become true followers of the place. The difficulty is that people do not feel responsible for the image of the city. Lack of commitment, a sense of pride and local patriotism of the inhabitants can destroy or shatter the existing potential of the city brand, as residents have the greatest impact on the development and marketing success of the place. „Solidarity of inhabitants" which consists of elements such as values, beliefs and history is associated with the uniqueness of local identity.

Partner relationships management is another important factor in the development of the brand. In the context of the effectiveness of marketing activities division

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[17] M. Florek, A. Augustyn, op. cit., pp. 148-154.

is justified in terms of „the nature of buyers", dividing the audience to individual consumers (natural persons or their groups submitting their own individual goals and needs) and institutional consumers (institutions, organizations or their groups, and natural persons acting on behalf of the institution).

Brands of the city cannot be developed without the effective involvement of various organizations, especially from the private sector. This group of shareholders has a great impact, which can be positive, yielding great results, but also destructive, if it is not a consensus among the inner groups environment.

2.6 Marketing planning as the most important function of marketing management

Planning as a function of management is the process of devising the mode of action, adapted to the purpose stated and circumstances anticipated under which it will operate. It is above all thinking about the future, intellectual activity which involves establishing the company's vision for a year or several years. Planning is that causing events and using circumstances. A good plan will serve the organization, even if it will not fully manage to carry it out, but failure always means a planned failure. Planning is a vitally important function of marketing management in particular for initiating the process of shaping the city brand. Due to the complexity of the process of shaping perceptions about the city a marketing strategy should be developed and the tools to put it into practice should be chosen.

2.7 Implementation

Implementation of the city developed a marketing strategy is based on the effective use of promotion instruments, and a selection of appropriate means and communication channels. The basic set of tools is the marketing mix (4P - product, price, place, promotion).

Nevertheless, from the point of view of territorial marketing the range of marketing activities arranged according to the formula 4P has some limitations that prevent its full adaptation. Therefore, in the specialist literature, there are new concepts. Modifications occurred in three directions[18]:

I. adding to the concept 4P other areas "P", resulting from a positive verification of new means of interaction (concepts 5P, 6P, 7P),

II. adapting concept 4P to the needs of entities operating on the market of services (7P concept in services),

III. proposing new classification sections of marketing instruments (concepts 4C, 4D).

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[18] A. Szromnik, *Marketing terytorialny*, (Kraków: Wydawnictwo a Wolters Kluwer business, 2008), p. 72.

To build a city image particularly important are the first two forms of modifying the composition of marketing instruments. The first is adding at first a fifth P - packaging and then next two P - politics and power. In addition, publicity emerged in the concept 8P.

While the concept of marketing mix for entities operatoring on the services market assumes three new areas of marketing activities[19]:

- people ,
- physical evidence - physical features or material environment,
- process - the process or procedure of providing services.

4C concept is based on customer value, the cost of acquisition (cost), purchase convenience (convenience), communication (communication). Characteristic of the 4C concept is that this is a perspective of expressing the customer's point of view. A customer perceives the product as a collection of utilities, as a cumulative value resulting from the same form of the product and its features[20].

In turn the 4D concept relates directly to the concept of partner marketing, also points to new areas of marketing activity of organizations that in the coming years will ensure their market success. It is based on the effective management of customer database (database management), strategic design , direct marketing dedicated, differentiation[21].

Given that local governments operate in a market characterized by high dynamics, and their activity is reduced mainly to offer various services to internal and external customers, it should be noted that with regard to marketing strategies of local government units new formulas of marketing mix in services are particularly useful.

The basis for efficient management of the city, realizing both operational and strategic activities is a marketing strategy. Without a good strategy and its proper implementation we cannot count on success. The success of a city, as well as a company cannot only be the result of its operating efficiency. In conditions of growing and at once more intense competition occurring in the market towns, the strategy becomes an increasingly important determinant of success[22].

According to the Ph. Kotler the marketing strategy is the selection of objectives, principles or rules that at a given time give direction marketing activities of the city, setting sizes, combinations and allocation of resources depending on changing market situation[23]. The essence of developing a strategic plan boils down to formulate in a clear and concise manner the main strategic options to ensure long-term development

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[19] Ibid., p. 73.
[20] Ibid., p. 73.
[21] Ibid., p. 74.
[22] St. Ślusarczyk, *Aktywność marketingowa małych i średnich przedsiębiorstw*, (Warszawa: Wydawnictwo Poltex, 2009), p. 65.
[23] Ibid., p. 65.

of the city. These strategic options need to be translated into decisions and action programs.

In order to the marketing strategy chosen by the city will provide the city long-term development, principles and rules contained herein shall be consistent with the principles determined in the concept of sustainable development. The concept of sustainable development involves striving for socio-economic development harmonized with the environment, taking into account determinants and ecologic constraints, development with respect for nature in such a way that does not cause irreversible changes in the environment. It also sets out the development ensuring long- term improvement in social, economic and environmental dimension, development whose aim is to provide the highest quality of life. An important note is also the fact that principle of sustainable development is a principle recognized in the Polish Constitution in Article 5, which reads: "The Republic of Poland safeguards the independence and integrity of its territory and ensures the freedom and human and civil rights and safety of citizens, safeguards the national heritage, and provides environmental protection, guided by the principle of sustainable development"[24].

3. Marketing strategies and their implementation by selected Polish cities of Eastern Poland

3.1 Rzeszow

Rzeszow as Podkarpackie largest city and also its capital. Recent years we can observe its dynamic development. In 2008, the resolution of the Rzeszow city council "Rzeszow Brand Strategy for 2008 - 2013 and the city of Rzeszow Promotion Program for 2009 - 2013" was adopted. This document contains a diagnosis of the city situation, a SWOT analysis as well as the assumptions of the city strategy and program promotion. This slogan that promotes this Subcarpathian city is "Rzeszow - the capital of innovation", which is supported by four sub-brand components, namely: the center of the aerospace industry, high technology center, a university center specializing in unique directions, and a centre of studies over Polish community abroad and migrations.

The study by Poznan company Public Profits this strategy cost the city about 80 thousand zlotys. What is, however, with the implementation of the strategy? In the framework of the implementation Rzeszow city campaign for you was carried out in 2009, , and two image-building campaigns: Rzeszow – a good choice and Rzeszow passes the test. You can say - not much. Unfortunately, the implementation strategy

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[24] Konstytucja Rzeczypospolitej Polskiej. Tekst uchwalony w dniu 2 kwietnia 1997 r. przez Zgromadzenie Narodowe.

prepared is limited with low funds allocated for this purpose. According to the Department of Promotion and International Cooperation of the City of Rzeszow actions taken in implementing the "Brand Strategy Rzeszow" focused on active participation in international air fairs organized in Paris and Berlin. On this occasion collaboration with the most experienced cluster in the country - Aviation Valley was developed, where the city promotion is based primarily on the economic aspect.

A very positive outcome of participation of representatives of the City of Rzeszow, Subcarpathian Voivodeship Marshal's Office and the Aviation Valley Association and entrepreneurs affiliated in it in the fairs ILA Berlin Air Show 2010 is this year's status of Poland as the partner country of the Berlin markets. On this occasion, in September, a meeting of economy ministers from Poland and German is scheduled.

The dynamic development of Rzeszow, and the fact that it is the capital of the Aviation Valley cluster has induced the Ministry of National Economy of Hungary to invite the city of Rzeszow to cooperation as the only Polish partner for realization the project Cluster COOP - that is supporting effective trans-national cooperation between clusters in Central Europe countries.

3.2 Lublin

Lublin Eastern Poland city, a flourishing research center. In order to prepare a coherent, sustainable image of Lublin, and tools for the promotion both in the long and short term managers used the project "The brand of Lublin". At the core of the project realization was the conviction that treating Lublin as a brand, you should focus on its the best management. The project was divided into seven phases spread over time, where the transition led to the development of brand strategy Lublin and the commencement of its implementation:

Phase I - Inventory of Lublin potential (February 2007)
Phase II - Quantitative Research (March 2007)
Phase III - Qualitative Research (April 2007)
Phase IV - Public Consultation (May 2007)
Phase V - Developing a Lublin brand strategy (September 2007)
Phase VI - System of Visual Identification City (June 2007 - February 2008)
Phase VII - Implementation of brand strategy

The implementation of Lublin brand strategy as stated on city web page takes place on three levels[25]:

- the system of the brand's behaviors - finding and supporting, usually in cooperation with local communities, the elements of city life, which give the opportunity to experience the identity of the city.

- brand communication - the use of appropriately selected forms of communication to create and retain the city's image according to the brand strategy. Managers within the activities conducted undertake promotional campaigns, including a noteworthy campaign which promotes the city as a academic center, "Be free. Study in Lublin "(the campaign was conducted in 2008). Manager appreciating the importance of promoting the city by the residents in 2009 he conducted "The number plate of Lublin" campaign. In this framework, the residents of Lublin receiving new number plates in the Communication Department of the City Council, were receiving for free two frames for mounting on the car. They were stamped with the elements of visual identification of Lublin system. The city of inspiration. Another brand communication tools are also publishing houses and advertising articles. Developed brand strategy provides bases for effective distribution of these articles, and Visual Identification System unifies their look and gives an attractive form. Promotional materials like other announcements are consistently being developed by constant patterns, compositional systems in order to build positive images of Lublin, and capture the image desired among residents, visitors and tourists thanks to the coherence and consistency.

- product – promotional initiatives: Managers in cooperation with local communities form projects, which are the business cards of the city of key importance for its long-term image.

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[25] http://um.lublin.pl/um/index.php?t=200&id=45198, August 6th, 2012.

Summary

Marketing management the organization which is the city is a process that requires a thorough analysis of the marketing city situation, making segmentation of the market places as well as careful planning. Extremely important is also carrying out the inspection while implementing guidelines of strategy developed into practice. It is important that the message addressed to recipients is consistent with the image we want to create on a dynamic urban market.

There are many examples among Polish cities, where marketing activities are carried out that are not related in any way with the strategy adopted by managers. Often cities do not have a developed marketing strategy, the officials also do not lead the marketing situation analysis of the city or do not make market segmentation on which as an organization they operate. Nevertheless, they take up the promotional activities. Unaware at what point they are, where they strive, whom they direct to their message, they do not actually lead the process of marketing managing a city. What is worse, they still are not aware of this fact. In this situation, not only the residents 'money is wasted, but also sometimes an undesirable image of the city is created, resulting in further losses as lost opportunities and possibilities (for example investors' recruiting, locating the headquarters of important institutions, or the desire of new residents to settle in the city).

The positive effect is an increase of marketing awareness of the Polish cities managers. Very positive examples are even the cities of Wroclaw, Poznan or Torun. Good examples of Eastern Poland cities which have developed a marketing strategy of their city brand is Rzeszow and Lublin. Despite low financial means which can be used for implementation of activities established in the strategy, managers try to realize it in the best way, not accusing it, and thus step by step, striving to build a lasting image of the city on domestic and international market.

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Decision Making Process in Management

Introduction

Business management seems to be a difficult task in 21st century. Contemporary managers have to confront new challenges. This means that changes in management's quality have to be applied. There is a common unanimity that only competent, well informed and motivated managers can make rational decisions. Therefore, it can be said that competences, information and motivations are desired in aiming for a success. The most wanted manager's competences are talent, knowledge, experience, intuition and attitude.

In order to compete in the global market, company savings has to be continuously released. In the contemporary unstable business environment managers of each levels have to learn how to look far-reaching on their resources. Nowadays, in times of great challanges, when business environment is changeable and various difficulties appear, a manager also has to be a leader. A success is created by individuals, not by companies. It results from the effectiveness and efficiency of people who created the organizational structure of a company.

1. A specificity of decision making process in management

Decision-making is the process of selection of one solution out of many available. In this context, decision-making is the most general function of management. What is more, decision-making is the essence of a manager's job. It is a manager who determines success or failure of a company, and thus its existence on a demanding market.

In literature, in the field of management, there is a distinction between decision-making and decision-making process. According to R.W. Griffin, decision-making process is a wider concept than only an act of choice.[1] In his opinion this is „the process of recognizing and defining the nature of a decision situation, identifying alternatives, choosing the „best" alternative, and putting it into practice".[2] It means that apart from

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[1] R.W. Griffin, *Podstawy zarządzania organizacjami*, (Warszawa: PWN, 2007), p. 228.

[2] Ibid., p. 228.

an act of choice, decision-making process includes also analyzing of a situation, generating possible alternatives and putting them into practice. Therefore, the choice is an element of decision-making process, still the important one.

P. Drucker, in his book „The Effective Executive", while analyzing decision-making processes in management in the American companies, points that the effective decision process should include some crucial elements. The elements of the decision process are:

- ''the clear realization that the problem was generic and could only be solved through a decision which established a rule, a principle;
- the definition of the specifications which the answer to the problem had to satisfy, that is, of the 'boundary conditions';
- the thinking through what is 'right', that is, the solution which will fully satisfy the specifications before attention is given to the compromises, adaptations, and concessions needed to make the decision acceptable;
- the building into the decision of the action to carry it out;
- the 'feedback' which tests the validity and effectiveness of the decision against the actual course of events".''[3]

The first element of the decision process is connected with an answer to the question: "Is this a generic situation or an exception?". P. Drucker distinguishes four types of occurences:

1. The truly generic situation of which the individual occurrence is only a symptom.
2. The situation which is a unique event for the individual institution, while for the wider group of institutions it is actually generic.
3. The truly exceptional, the truly unique event.
4. The situation which is the early manifestation of a new generic problem.

The second element of the successful decision process is clear specifications as to what the decision has to accomplish. A manager has to point at the minimum goals and the objectives the decision has to reach. A decision which does not fulfill established boundary conditions is inappropriate and ineffectual. According to P. Drucker, thinking through the boundary conditions is the most difficult element of the decision process.

In the next stage of the effective decision process a manager has to prevent the wrong compromise. A manager has to accomplish the right compromise by analyzing what is right rather than what is acceptable.

The fourth element in the decision process is converting the decision into action. It is the most time-consuming step in decision-making. If a manager wants to convert a decision into action, he/she has to answer several distinct questions: Who has to know

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[3] P. Drucker, *Menedżer skuteczny*, (Warszawa: MT Bussines, 2011), pp. 172-173.

of this decision?; What action has to be taken?; Who is to take it?; What does the action have to be so that the people who have to do it can do it?. It is a manager's task to adjust the action to the capacities of the people who have to carry it out.

The last element of the decision process is a feedback. The existence of a feedback is connected with a continuous testing, since it is always probable that the best decision may be wrong. It helps to test whether the assumptions are still valid or whether they need to be thought through again.

P. Walker points at rationality and involvement in implementing it as the characteristics of the effective decision.[4] In this case rationality is perceived as a selection of one solution out of many available. The second characteristic points at the necessity of involvement of people who are interested in implementing the decision. P. Walker distinguishes also three factors which are included in the decision: purposes, possibilities and risk.

P. Walker describes the problem of decision-making also in the context of problem solving and situational planning.[5] Both problem solving and situational planning have to increase the quality of information used in decision-making. Problem solving precedes decision-making, then it is followed by situational planning. This relation is presented on the diagram below.
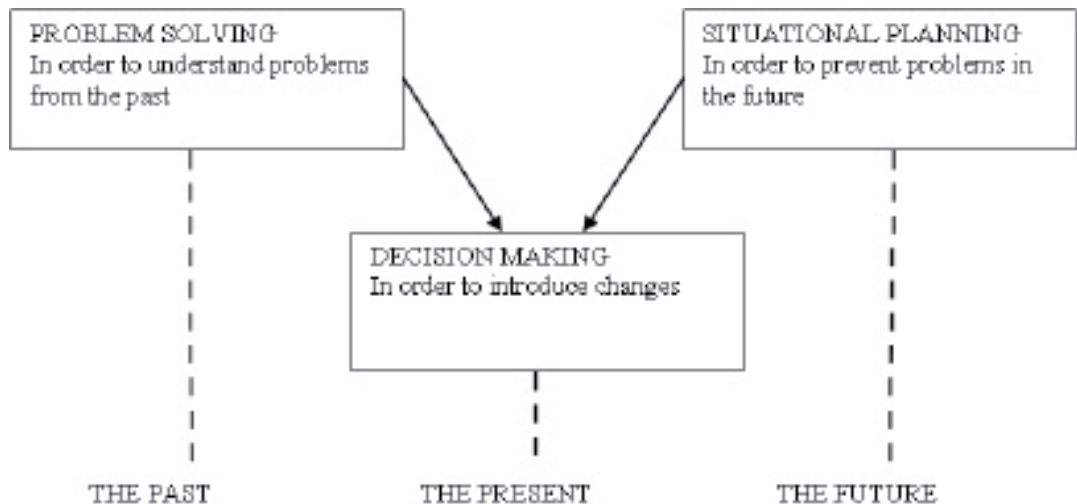
Scheme 1. Decision making, problem solving and situational planning
Source: D.M. Stewart (ed.), *Praktyka…*, op. cit., p. 541

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[4] D. M. Stewart (ed.), *Praktyka kierowania. Jak kierować sobą, innymi i firmą*, (Warszawa: PWE, 1996), p. 550.
[5] Ibid., p. 550.

2. Types and conditions of decision-making

Every company has its own internal structure. It includes various elements, connections and relationships which connect them with each other. The most basic element of organizations' structures are single work places. Mutual relationships which connect work places or groups of work places have different character. Organization's relationships which occur most frequently are:

- business relationship – it connects managers of different levels of management with their subordinates
- functional relationship – it connects positions and groups of positions which simultaneously carry out various functions which are essential in efficient activity of a whole company (e.g. financial function, personal function)
- informational relationship – it is a transfer of information which is essential in decision making and tasks' execution.

In order to maintain a functional balance of a company it is important to introduce a proper system of management.

The organization of management depends on importance and types of tasks. It is a choice of the right way of transferring authorizations on other people or levels of a given economic unit. The task of the organization of management is achieving the most effective division of work and ensuring the most efficient transfer of commands from the highest level of organization's structure to the lowest level and transfer of information from the lowest level to the highest one.

The definition of system expresses an ordered structure of elements of some wholeness. Thus, the creation of management' structure system is connected with a division of this wholeness into smaller elements and it ensures between them appropriate relations. Management system is created by the creation of units which have to fulfill specific functions and mutual subordination of these units in the structure of levels.

Management of the whole organization is connected with the necessity of a creation of multi-level structure which has a pyramidal construction. It is a hierarchical structure in which managers of the lowest levels are subordinated to the managers of the higher levels who are subordinated to the managers of the highest levels. A multi-level structure appears both in an organizational macrostructure and in the inside of each level of management, that is microstructure.

On the one hand the structure of management system defines the division of power into separate managerial elements of positions and connected with this division hierarchical (vertical) arrangement and dependence. On the other hand, it defines the division of tasks and specialization of managerial elements on each level of the hierarchy.

Management system is a hierarchical superstructure of the execution unit

and it consist of managerial positions, collective decision-making body and specialized units and organization's positions which activity is concentrated on managerial tasks' recognition.

The definite division of power leads to a vertical arrangement of managerial positions and it allows to pointing at the most important position. The rest of managerial positions and elements of the lowest level which influence the activity structure (managerial structure) are directly or indirectly subordinated to the most important position.

Between the central managerial element and the lowest level of management there are also intermediate levels which number is explained by the number of managerial elements and accepted range of management. As the direct reasons of the hierarchical structure of management system one can points at:

- diverse range and character of decision-imperious authorizations of separate managerial elements,
- an order of decision transfer,
- availability of information essential to rational functioning.

Management system should be matched to the execution unit. Basic tasks of the management system in the process of tasks' execution increase the value of the execution of unit's activity. These tasks are executed by:

- assurance of conditions in the execution of the process of doing tasks,
- optimization of processes which are included in the process of tasks' execution and their coordination,
- improvement of organizational system in order to ensure tasks' execution in a more effective way.

In the practice of business management a manager has to cope with different types of problems which require a suitable way of decision-making. In literature, as far as the character of problem solving is concerned, decisions can be classified as either programmed or nonprogrammed.

R.W. Griffin defines programmed decision as ''a decision that is fairly structured or recurs with some frequency or both''[6]. As J.A. Stoner suggests, programmed decisions are made according to established policies, procedures, and habits[7]. The above mentioned policies and procedures are treated as general rules of decision-making. Policies and procedures include also rules which point at specific acts essential in particular situation[8].

Programmed decisions are made in order to solve particular type of problems, that is repetitive and routine problems. They can be both simple and complicated. It is the manager who can define them, estimate and describe their components.

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[6] R.W. Griffin, *Podstawy…*, op. cit., p. 283.

[7] J.A. Stoner, R.E. Freeman, D.R. Gilbert, *Kierowanie*, (Warszawa: PWE, 1999), p. 245.
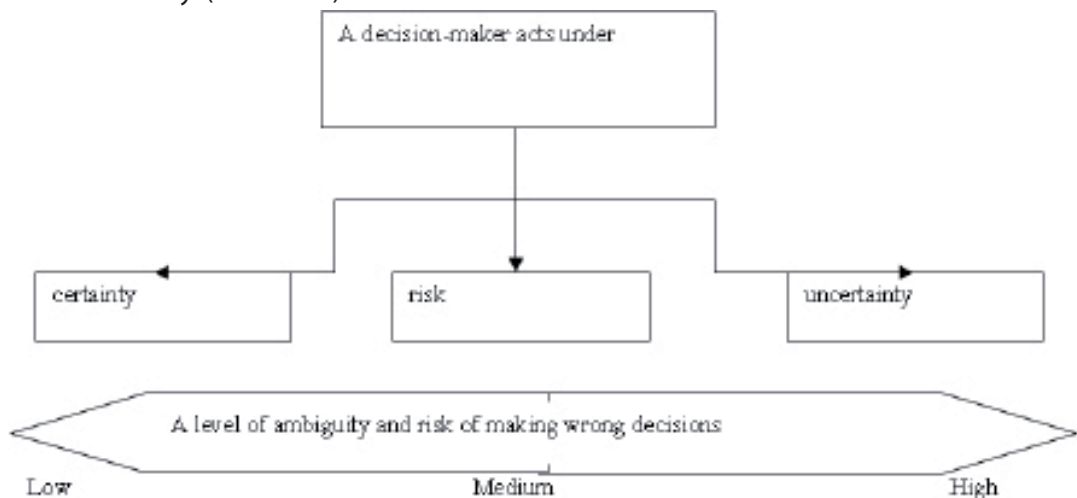
[8] Ibid., p. 292.

Programmed decisions are introduced into a company in order to make managerial staff's work easier. They result in time savings so that it is possible to look after more important issues. In practice, most of the decisions concerning basic procedures, operating systems and repetitive (standard) transactions, are programmed.

The second type, that is nonprogrammed decisions, are ill-structured. These decisions are made in order to solve unusual and exceptional problems. Nonprogrammed decisions are used rarely by managerial staff because of the character of situations in which they are used.

Problems which require the use of programmed decisions are rare, that is why it is difficult to establish suitable rules of behaviour. Nevertheless, they may have a significant impact on a company. The examples of these problems are: issues connected with the division of human resources, a problem concerning a choice of a group which does not fulfill its functions, and relations with the local community[9]. The higher level of organizational structure, the more significant role of nonprogrammed decisions. It also results from the fact that most of improver programs for the management are directed towards development of nonprogrammed decision making skills.

Conditions in which decision making process takes place are extremely important. Depending on a situation, managers may fully understand conditions in which the decision is made or they may have only fragmentary knowledge about these conditions. In most cases, conditions of decision making are characterized by:

- certainty,
- risk,
- uncertainty. (Scheme 2)

Scheme 2. Conditions which influence decisions making
Source: R.W. Griffin, *Podstawy…*, op. cit., p. 284

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[9] Ibid., p. 292.

In decision making under certainty, a manager knows (with reasonable certainty) what the alternatives are and what conditions are associated with each alternative. So that the purpose and precise information about possibility of solving particular problem are given. Unfortunately, acting in condtition under certainty is rare.

Another situation concerns decision making under risk. A manager deals with risk in a situation when he/she cannot predict results of a particular decision, thus the amount of information helps to estimate the probability of achiving desired results. R.W. Griffin defines risk as a situation in which availability of each alternatives and connected with them potential profits and costs are known to some extent.[10] An example of decision making under risk is deciding about taking a particular action when a manager, on the basis of his previous experience, can estimate the probable outcome (80%), as opposed to not achieving it (20%).

Uncertainty is both the most frequent and the most difficult condition for a manager. Under uncertainty a manager does not know about all alternatives and its consequences and cannot estimate the level of risk which is connected with each solution. According to J.A. Stoner there are two reasons for uncertainty. As the first source of uncertainty he points at external circumstances which cannot be fully controlled by a manager. The second reason is a lack of meaningful information owned by a manager. In general, the sources of uncertainty are high level of complexity and high dynamics of contemporary companies and environment in which they exist.

In the context of the practice of management, it is essential to differentiate the level on which decisions are made. D.M. Steward distinguishes three levels on which actions are taken:

- decisions made by you,
- decisions which you can promote,
- decisions which you have to accept[11].

On the first level there are decisions perceived from the manager's perspective which should be made by him/her. The second level includes these decisions which a manager can only introduce to other person, who is authorized to make them. In the third level there are decisions made without a manager; he/she does not have any impact on them.

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[10] R.W. Griffin, *Podstawy...*, op. cit., p. 285.

[11] D.M. Steward (ed.), *Praktyka…*, op. cit., p. 553.

3. Theories of managerial decisions

3.1 Rational theory of managerial decisions

There are three different approaches to the subject of decision making process:

- rational – normative
- descriptive – explanatory (behavioral)
- cognitive – interpretative[12].

According to the first approach, in order to make rational decisions, a manager has to obey certain axioms of rational behaviour. The second approach presents the processes of decision making in the practice of management. It also points at deviations which appear while acting according to the rules included in rational approach. The third approach explains managers' behaviour in the context of the whole collection of conditions which influence circumstances in which managers have to make rational decisions. In this point the rational – normative approach will be discussed.

Rational – normative approach is based on three levels of rationality:

- a level of assumptions and conditions,
- a level of practical recommendations,
- a level of rational decision processes.

Summing up, according to the rational decision theory „the rational decision maker has consistent aims, faces recognizable problems, always knows how to optimize his/her choice by using a profit as the only measureable criterion"[13].

What is more, the rational approach, treated as a normative approach, does not give the answer about the reality, it only indicates how the reality should be. As a result, the models based on managerial rationality point at the behaviour algorithm, which should be used by a manager who makes rational decisions. (Scheme 3)
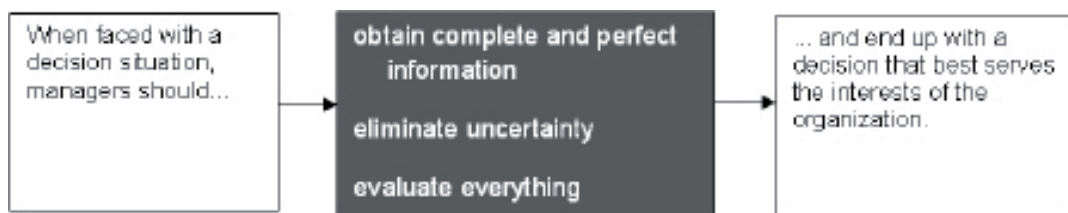
Scheme 3. The classical model of decision making

Source: R.W. Griffin, *Podstawy…*, op. cit., p. 288

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[12] K. Bolesta – Kukułka, *Decyzje menedżerskie w teorii i praktyce zarządzania*, (Warszawa: Wyd. Naukowe Wydziału Zarządzania Uniwersytetu Warszawskiego, 2000), p. 19.

[13] Ibid., p. 35.

The classical model of decision making refers to rationality. It is based on managers' logical and rational acting and conviction that their decisions will improve company's situation. This model indicates which levels of decision making are essential in order to make a rational decision. A manager, who uses each level of the classical model should protect himself/herself against unjusitfied assumptions and mistakes. According to this model, decision making process includes six steps. (Table 1)

Step	Details
1. Rrecognizing and defining the decision situation	Some stimulus indicates that a decision must be made. The stimulus maybe positive or negative.
2. Iidentifying alternatives	Both obvious and creative alternatives are desired. In general, the more important the decision, the more alternatives should be considered.
3. Eevaluating alternatives	Each alternative is evaluated to determine its feasibility, its satisfactoriness, and its consequences.
4. Selecting the best alternative	Consider all situational factors, and choose the alternative that best fits the manager's situation.
5. Implementing the chosen alternative	The chosen alternative is implemented into the organizational system.
6. Following up and evaluating the results	At some time in the future, the manager should ascertain the extent to which the alternative chosen in step 4 and implemented in step 5 has worked.

Table 1. Steps in the rational decision-making process
Source: R.W. Griffin, *Podstawy...*, op. cit., p. 291

Apart from the classical model, there are also other models which refer to the rational theory. Among them there are:

- Altman, Vakenzi, Hodgetts's model (iconological model)
- Robbins's model,
- Sutherland's model,
- Holt's model.

These models are variations which differentiate them from the classical model. K. Bolesta-Kukułka suggests that in this context it is impossible to say about the only one model based on rationality. What is more, it seems that each autor who discusses this subject creates a new different approach to the model[14].

Summing up, it is worth to emphasize that managers rarely make their decisions according to indications included in the models. It means that these models have only a normative character. Additionally, K. Bolest-Kukułka indicates that the existence of several different models of rational decision making means that is impossible to define the one perfect methodological rationality[15]. These models also do not explain why

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[14] K. Bolest-Kukułka, *Decyzje…*, op. cit., pp. 41-42.

[15] Ibid., pp. 48-50.

managers do not follow indications included in the models. The above mentioned disadvantages of the models do not deny their existence. They are attractive considering indication to the basic intellectual operations connected with an attempt to problem solving. These models are also used in some areas of management. Using them brings results in solving these problems which can be separated from a complexity of real situation, and in the case of decisions for which a manager may accept only one criterion of choosing a solution from many alternatives.

3.2 Behavioral theory of managerial decision-making

Created by the classical model of decision-making the image of a manager who is making logical and rational decisions does not cohere to the management's practice. As some reaserchers point only 20% of decisions is made with the use of rational decision-making methods. That is why, while perceiving imperfections of rational models, management theorists elaborated alternative models of the decision-making process which are called behavioral models.

Behavioral models, unlike rational models, have a descriptive and explanatory character, instead of a normative one. As far as definition of rationality is concerned, behavioral models are divided into: bounded rationality models („perfect rationality" is their point of reference) and heuristic models (they do not refer by no means to algorithms and rigors of rational models).

In bounded rationality models the decision-maker is limited by his/her value system and unconscious reactions, skills and habits. That is why, in this case, rational model is treated as a point of reference, while presenting deviations from a logical and rational decision process. While making a decision on the basis of these models, the manager uses the same algorithm as the „rational manager". The difference is that, his or her acting on each level of decision making is worse than the rational manager's acting. In literature the main models of bounded rationality are:

- H. Simon's suboptimal model (administrative model),
- Moorhead-Griffin's practical model.

Both models question usefulness of fully rational models to real processes in management. Simon's model has more descriptive character than Moorhead-Griffin's model. Moorhead-Griffin's model includes in its construction mitigated assumptions which have a normative character. What is more, in Simon's model a manager takes limitations not at all consciously. Moorhead-Griffin's model on the other hand, presents a manager who is aware of limitations and who analyzes them in a practical manner. Simon's model (administrative model), because of its historical priority, is described more precise below.

H. A. Simon (Nobel winner in economics) was the creator of the administrative model. He was also the first one who introduced bounded rationality into the theory of management. In his model, Simon noticed that managers do not use in practice models of full rationality, because in managerial practice they are forced to make decisions in limited conditions, both psychological and organizational. Additionally, H.A. Simon assumed that the manager does not aim at optimalization but at satisfaction. The way od decision-making according to administrative model is presented on Scheme 4.
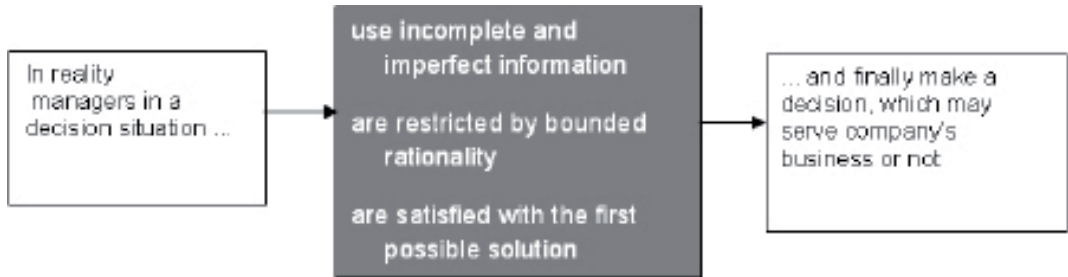
Scheme 4. Administrative model of decision making
Source: R.W. Griffin, *Podstawy…*, op. cit., p. 295

Thus, administrative model assumed that a manager who makes a decision has and incomplete and imperfect information, acts in accordance to bounded rationality, and he/she is satisfied with the first possible solution.

The second group of behavioral models, that is heuristic models, has nothing to do with algorithms of models based on rationality. These models are the theoretical answer to the situation in which the managers do not base on rational models or bounded rational models while making decisions. In this situation the managers do not use any behavioral algorithm. Such a disordered way of decision making is presented in heuristic models. In literature there are several varieties of heuristic models, among them there are:

- Janis-Mann's conflict model,
- Charles Lindblom's incremental model,
- model of „implict favourite" (retrospective),
- „garbage can" model.

Janis-Mann's conflict model is described below in order to present the essence of heuristic models. In conflict model I. Janis and L. Mann emphasize that the difference between manager's decisions which result from the rational model and management practice has its roots in emotional reasons. A manager in the process of decision-making is afraid of changes connected with a new situation. That is why, there is a conflict in his/her psyche. In the process of decision-making he/she aims at mental optimum, that is a compromise solution which combines advantages of the previous state and new ad-

vantages which appear while making a decision.

As a starting point of the process of decision-making, the authors of the conflict model assume noticing disadvantages of the present situation and finding new solutions. A manager thinks about the possible losses of leaving the present situation without any changes. This is called the first recognition. If starts which result from the lack of acting are slight, he/she does not take up further actions. In the opposite situation a manager enters into the next stage of decision-making, that is the second recognition. He/she answers questions about what can be lost by changing the present situation. If he/she does not loose anything significant after taking a decision, the decision can be made. In case when decision-making is connected with losses of something important, he/she starts the third recognition, which leads to finding the best alternative solution (which is not connected with the loss of a given advantage). In the third recognition, a manager search for information about alternative solutions. If information confirm that there is no alternative, a manager makes a decision regardless of risk. When gathered information makes it possible, a manager has to estimate whether he/she has enough time to look for a better alternative. Under time pressure in a hurry, a manager makes a decision which introduces changes.

According to the analysis of the next stages, a manager bases on incomplete information in the process of decision-making. What is more, there is no stage in which a manager can generate other alternatives. Thus, I. Janis and L. Mann called this model defensive avoidance decision-making model.

Summing up, it is worth to point at the descriptive character of behavioral models (both bounded rationality models and heuristic models). It can be concluded that a manager often is an irrational being when he/she applies non-economical values such as emotions and intuition in his/her choices. That is why, these models, in contrary to rational models, present a better view on decision processes in a company.

4. Management information as a base of decision-making on the different levels of management

Information supports decision processes in a company by estimating risk and reducing uncertainty of conducted operations. „*Well made decision has at least 80% of information, 10% of inspiration and 10% of manager's intuition*"[16].

Management information is a special kind of information which is distinguished from other types of information by the criterion of usefulness in management. It should

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[16] J. Penc, *Strategie zarządzania. Perspektywiczne myslenie. Systemowe działanie*, (Warszawa: Placet, 1994), pp. 83-84.

be connected with a realization of four basic functions of management: planning, organizing, directing/leading, controlling.

Types of management information:

- factographic information – it includes descriptions of events, processes and objects in a company or in its environment;
- normative information – it includes regulations, codes, and rule books valid in a company;
- structural information – it describes and characterizes structures (relations) of events, processes and objects; it is included in schemes of organizational structure;
- taxonomic information – it defines manners of ordering, classifying, distinguishing, evaluating;
- procedural information – it includes operating procedures valid in a company; it is included in machines and devices manuals, economical models, statistical patterns;
- semantic information – it includes definitions or interpretations of concepts used in business and management.

In connection with the popularization of information technologies, relationships between real and information processes is changing. Real processes triggers off informational processes (informational processes loose their derivative character towards real processes). Informational processes become carriers of real processes, e.g. electronic ventures carried out in the Internet, such as non-cash transaction, electronic stock exchange or electronic consulting.

Informational processes in management enable:

- coordination and regulation of real processes;
- coordination and regulation of other processes which occur in a company, such as manufacturing and management;
- a symbiosis of informational and real processes;
- an effective communication between a company and the environment through information flow.

These informational processes are characterized by their organizational, technical, technological and social values. These values are integrated with the real processes. Managerial staff has to cope with a difficult problem, that is estimation of information value, since it is impossible to make the one obejctive and unambiguous estimation of information's value.

There is a relationship between the development of information management and the development of IT. These are elements of information systems of a company. There is a problem of estimation of information value, since it is impossible to objectively

and interchangeably estimate information value.

Obstacles in efficient information management are following:

- ignorance and incompetence of employees,
- irregularities in a company's information system,
- limited availability of information's sources,
- the lack of resources for the development of company's information system.

In practice, gathering of information which are not essential/unwanted lasts until managers are paralysed by the number of them. It may lead to a strange situation when a manager analyzes given information and conducts „special analysis" to discover „what is actually happening". That is why, it is essential to have a suitable system which constantly gathers, orders, processes and analyses information. This is the role of Informational System[17]. Informational system (IS) is strictly connected with the system of management, that is why it is sometimes described as informational system of management.

IS is a multi-level structure, which enables a user of this system to the transformation of particular entering information into escaping one with the use of appropriate procedures and models. When information is gathered particular decisions can be made. Thus, it is a collection of elements connected with each other. They are responsible for gathering, processing, and transferring information in order to support processes of decision-making and control, and to support coordinating, analytical and presenting actions in a company[18],[19].

A range and a form of information system's realization depend on characteristics of each company. Moreover, successful realization of information system's function influences decision making processes in a company.

Characteristics of information system:

- A possibility of collecting and storing of data which are essential in transferring useful information in supporting decision processes;
- Providing information on time to the right person in a proper form;
- Providing information with the use of various communication channels;
- Ease of service and access to information;
- Protection against break-in and uncontrolled access;
- Reliability of functioning.

Thus, is of a company enables and supports realization of economic processes

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[17] J. Kisielnicki, H. Sroka, *Systemy informacyjne biznesu. Informatyka dla zarządzania*, (Warszawa: Placet, 2005), p. 18.

[18] K. Laudon, J.P. Laudon, *Essentials of management informations systems*, Prentice Hall, 6 edycja, 2005, pp. 20-60.

[19] A. Nowicki (ed.), *Wstęp do systemów informacyjnych zarządzania w przedsiębiorstwie*, (Częstochowa: Wyd. P. Cz., 2005), pp.18-29.

which take place in other subsystems of a company, that is subsystems of management and manufacture. IS ensures gathering of proper data, and information about each states and elements of a company, and it makes possible to make right decisions.

Supporting decision-making by gathering necessary information is a rare phenomenon among small and medium enterprises. About 17% of enterprises in 2009 did not search for and did not use any type of strategic information. Only in 9% of cases there is a separate position or department responsible for a business strategy[20]. Data are not optimistic; however, one should expect changes in the nearest future which will improve this situation. We are observing the increase of awareness of purposeful acting among staff management in the Polish enterprises. It results from their active participation in situation's analysis and decision-making.

Our managers cannot concentrate only on productivity, that is „making things right", but they should also include in their decisions aspects of efficiency, that is „making right things". Managers do not think enough about the company's future because there is:

- more thinking in terms of functionality (in terms of sections and functions);
- thinking in terms of everyday's crisis (managers' attention is concentrated on solving of current problems; they have a similar role to firefighters - „they put out the fire");
- fatalistic thinking (managers are of the opinion that the future of their companies is determined by external factors which they cannot control, thus they feel that they are excused from strategic thinking);
- self-satisfaction – thinking without worrying about the tomorrow.

Graph 1 presents information's acquistion by small and medium enterprises in Poland.
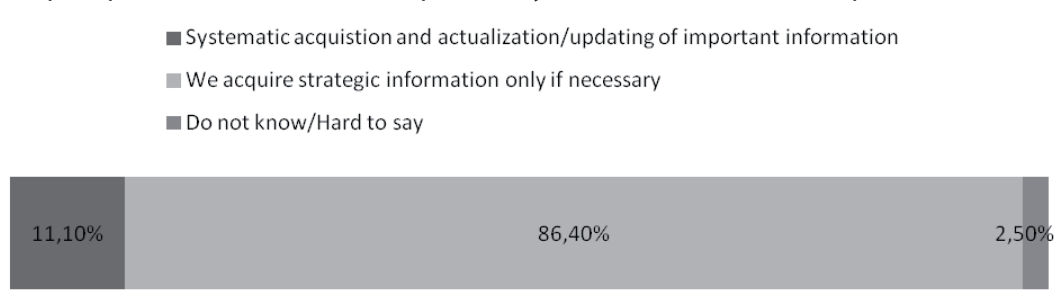
Graph 1. Information's acquistion by small and medium enterprises in Poland
Source: own study based on: S. Ślusarczyk, Aktywność…, op. cit., p. 177

Strategic information, actively sought by small and medium enterprises, concentrate to a high degree on the competitive surroundings (customers, disributors, competitors, etc.) instead of a company macro-environment. A level of interest in strategic information (companies' declarations) is presented on graph 2.

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[20] S. Ślusarczyk, *Aktywność marketingowa małych i średnich przedsiębiorstw*, (Warszawa: wyd. Poltext, 2009, p. 165.

■A company did not use and did not look for information

16,60%   83,40%
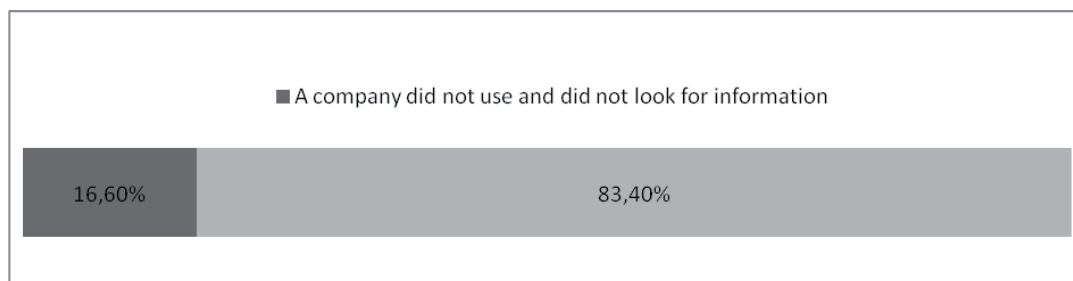
Graph 2. A level of interest in strategic information (enterprises' declarations) (in %) in Poland
Source: own study based on: S. Ślusarczyk, Aktywność…, op. cit., p. 187

In the current situation in Poland strategic thinking is as essential as effective operational management. It should be emphasized that both leadership and strategy are connected with company's effectiveness (achieving goals). Management on the other hand is connected with efficiency.

5. Group decision making issues

Contemporary organizations are characterized by decisions made by groups instead of individuals. In this paragraph selected theoretical aspects of this essential to management subject are discussed, with both its advantages and disadvantages.

Firstly, it is worth to show the difference between group decision support and group decision making. As K. Bolesta-Kukuła suggests, group decision support appear in a situation when a single decision maker is surrounded by advisers whose role is to achieve better results[21]. In group decision making, a group's tasks have mainly opinion forming character and analytical character. In this case, it is an idividual decision maker, who is responsible for possibile negative effects of the decision made. This type of group's involvement in decision process can be found in socially-political life, where political decision makers are surounded by groups of experts of a given field. In this case group decision support, according to rules of political marketing, has to be a source of social approval of decisions made by prime ministers, ministers, or presidents, especially when these decisions are related to difficult social matters. Group decision making on the other hand, is a formula, in which it is a group who make a final decision. This special formula is strictly connected with the democratic system, but it is unknown in the business practice. It is mainly used during gathering of partners in a limited company, or during general gathering of shareholders of join stock company. In the context of the Polish economy, in which powerful market of company's shares turnover is built systematically, the number of strategic managerial decisions made according to this formula will be

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[21] K. Bolesta – Kukuła, *Decyzje…*, op. cit., p. 275.

definitely bigger in the future. It will also result from the more and more distracted structure of shareholding.

Other concept of the division of decision-making processes, as far as groups are concerned, is presented by R.W. Griffin. While classyfing group decision-making formulas, he divided them into:

- interactive groups and teams,
- delphi groups,
- nominal groups[22].

Interactive groups and teams' main characteristic is that participants discuss their standpoints, argue, present their points of view and arguments. As R.W. Griffin emphasizes, this leads to the creation of new creative solutions and ideas[23]. This formula has a disadvantage – it requires a lot of time to spend on decision process.

Delphi group on the othe hand, is structured in order to gain judgements of a number of experts involved in a decision process. Experts are chosen/selected according to their experience or theoretical knowledge of a given branch. While working in groups they do not meet each other and their common opinion is like an average of their opinions. Considering the division into programmed decisions (routine decisions) and non-programmed decisions, delphi group should be used in a case of non-programmed decisions, because of its logistic and temporal demands.

Nominal group has characteristics of both above mentioned groups. Participants of nominal group meet each other (in contrary to delphi group), but they do not have the possibility to make a casual discussion, which is a characteristic of nominal group. R.W. Griffin emphasizes the role of this group in creation of innovations and creative concepts of a company's activity[24].

Application of the above mentioned different groups in management has several advantages, but it can also be a source of misunderstanding, which may lead to making a wrong decision. The first advantage of using group decision-making is an acess to larger amount of information and knowledge resources. It seems to be extremely essential in the high level of knowledge specialization. It is difficult to imagine a manager who will be the expert of each field connected with the company's activity. Additionally, group working generates more possible solutions to a given problem.[25] The essential benefit of group decision-making is also a higher degree of decision's approval (in theory

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[22] R.W. Griffin, *Podstawy*…, op. cit., pp. 300-302.

[23] Ibid., p. 301.

[24] Ibid., p. 301.

[25] N.P.R. Maier*, Assets, Liabilities in Group Problem Solving: The Need for an Integrative Function*, [in]: J.R. Hackman, E.E. Lawler III, L.W. Porter (ed.) *Perspectives on Business in Organizations*, wyd. 2, (New York: McGraw-Hill, 1983), pp. 385-392.

this concept was explained in Vroom-Yetton-Jago's model[26]). It may also help to improve communication in a company, and accoording to the research conducted by J.H. Davis, it results in better decisions in a contrary to decisions made by individuals[27]. Disadvantages of group decision-making are higher costs, longer time of duration, or results of „group thinking"[28].

Summary

The process of making managerial decisions in a company, as a crucial issue in management, has became the subject of numerous theoretical disputes. In practice, managerial decisions decide about the company's nature, and shape its future and its image. In theory, this process is analyzed from the point of view of different theoretical assumptions and purposes.

The practice of management shows how different decisions and processes of decision-making could be. Managerial decisions are different as far as different conditions are concerned. It is worth to emphasize that nowadays the companies' environment is changeable, that is why conditions of certainty are rare. From the practitioners point of view, it is worth to point at the difference between programmed and non-programmed decisions. A proper classification is a source of savings of company's resources.

Simultaneously with the practice, models of decision-making process were created in the theory of management. In literature there are two groups of models, rational models and behavioral models. Both groups present different approach to the process of decision-making. Beside this difference, many theorists emphasize that both groups of models may be applied in order to better understanding of decision-making process.

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[26] This model was presented in: V. Vroom, A. G. Jago, *The New Leadership: Managing Participation in Organization*, Prentice Hall, Englewood Cliffs, New Jersey 1988.

[27] J.H. Davis, *Group Performance*, Addison-Wesley, Reading, Mass, 1969.

[28] I. L. Janis, L. Mann, *Decision Making. A Psychological Analysis of Conflict, Choices and Commitment*, Free Press, New York.

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4. Griffin R. W., *Podstawy zarządzania organizacjami*, Warszawa: PWN, 2007.
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13. Ślusarczyk S., *Aktywność marketingowa małych i średnich przedsiębiorstw*, Warszawa: wyd. Poltext, 2009.
14. 'The Wisdom of Solomon', *Newsweek*, August 17th, 1987.
15. Vroom V., Jago A.G., *The New Leadership: Managing Participation in Organization*, Prentice Hall, Englewood Cliffs, New Jersey 1988.

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Managing the innovative activity of enterprises affiliated to formal structure of cluster

Introduction

Faced with the modern demands of improving the competitiveness and innovativeness, cooperation of business with science sector is being very actively supported by promoting model of knowledge-based economy. It was emphasized on the role of development of regional network structures, among which the concept of clusters has become especially popular. The notion of a cluster was attributed many different meanings and less or more synonymous terms were introduced into literature. Although the concept of a cluster has recently gained such popularity among economic theorists and practitioners, the idea of supporting clusters itself still remains the subject of debate. The concept of clusters in the worldwide literature was popularized by M.E.Porter. However, proposed by M.E. Porter's "Diamond", as the most popular explanation of the emergence and decline of clusters is not a tool of analysis of cause and effect, which would enable understanding of the development of network relationships between firms and their impact on businesses.

In the last decade, throughout the European Union there have been numerous cluster initiatives, which led to the creation of formal structures, sometimes taking the form of cluster agencies with management and organizational structure. This phenomenon also affected Poland. Even in 2005, the OECD report on economic clusters in Europe pointed to the lack of cluster structures in Poland,[1] in 2006 a team led by E. Bojar has already identified 43 clusters and cluster initiatives in Poland[2] and in 2011 the European Cluster Observatory identified 246 clusters in Poland[3]. In this article the author conducts theoretical considerations about the thesis, that the formal structure of the cluster may be used to manage of innovative activity of enterprises affiliated in such a structure.

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[1] OECD, *Business clusters: Promoting Enterprise in Central and Eastern Europe. Summary in Polish*, 2005, p. 5, http://www.oecd.org/czech/35136926.pdf

[2] E. Bojar, J. Bis, *Czynniki zagrażające klasteringowi-efektywnemu kreowaniu i funkcjonowaniu klastrów gospodarczych w Polsce,* [in:] E. Bojar, ed., *Klastry jako narzędzia lokalnego i regionalnego rozwoju gospodarczego,* (Lublin: Politechnika Lubelska, 2006), p. 182.

[3] www.clusterobsevatory.eu, from: M. Dzierżanowski, *Raport otwarcia nt. polskiej polityki klastrowej,* (Warszawa:Polska Agencja Rozwoju Przedsiębiorczości, 2011), p. 11.

1. Theoretical basis for innovation management

Currently, one of the most desirable features of businesses is innovativeness. This applies both to individual companies and their wider communities considered at local, regional or national level. With regard to the region or even the whole economy – innovativeness means the sum of innovativeness of businesses.[4] Generally innovativeness is defined as the ability to seek, implementation and dissemination of innovation.[5] The concept of innovation includes all that is associated with the creation, development and application of new knowledge in order to gain competitive advantage.[6] Contemporary interpretation of essence of innovation emphasizes its process nature. Innovation process can be defined as a set of activities involved in the creation and first introduction to the practice of new technical, technological, organizational or marketing ideas[7].

The perception of the innovation process has evolved with the change of perception of the nature of innovation. It resulted in combination of features of the interactive model (external and internal interactions, feedback), network model (networks with suppliers, customers, competitors) and the integrated model of innovation. In recent years the importance of knowledge co-created and shared, that being the subject of management determines the successful completion of the innovation process. Increasingly, the basis for innovation is the implementation by the various joint ventures based on cooperation and relationships that lead to the flow of tacit and explicit knowledge[8]. Under the new approach, the process of innovation is the result of interaction and learning by trials and errors and accumulation of specific and interdisciplinary knowledge.

It is now widely recognized that the innovation process is not carried out in conditions of isolation from the surrounding businesses, on the contrary, innovations have become a more networked process, less dependent on the behavior of individual companies[9]. In this sense the innovation is becoming more strongly networked and integrated process in which the number and importance of horizontal linkages is growing (i.e., linkages in the form of cooperative relationships, strategic alliances for research and development and new product development) as well as the number and importance of vertical relationships between firms, while in this point the most important are rela-

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[4] B, Bojewska, *Zarządzanie innowacjami jako źródło przedsiębiorczości małych i średnich przedsiębiorstw w Polsce,* (Warszawa: Szkoła Główna Handlowa, 2009), p. 48.

[5] A. Pomykalski, ed., *Innowacyjność organizacji,* (Łódź: Wydawnictwo Naukowe Wyższej Szkoły Kupieckiej, 2009), p. 8.

[6] Ibid.

[7] A. Pomykalski, *Zarządzanie innowacjami,* (Warszawa-Łódź: Wydawnictwo Naukowe PWN, 2001), p. 35.

[8] A. Stachowicz-Stanush, A. Sworowska, *Analiza sieci społecznych jako narzędzie diagnozy przepływów wiedzy w procesach innowacyjnych,* Konferencja Innowacje w Zarządzaniu i Inżynierii Produkcji, Zakopane 2011, p. 352.

[9] A. Świadek, *Determinanty aktywności innowacyjnej w regionalnych systemach przemysłowych w Polsce*, (Szczecin: Wydawnictwo Naukowe Uniwersytetu Szczecińskiego, 2008), p. 12.

tions with suppliers, users and customers[10]. In today's economy, the ability to innovate depends not only on the ability of individual business entities. They are derived from network-structured system of cooperation. This system of co-operation is based on spatial proximity considered in the regional or national level, depending on the chosen point of reference.

This interpretation of the innovation process, justifies the creation of systems that include enterprises and other entities from their environment. This issue is developed in the literature on issues of innovation systems. In the literature, special attention is devoted to business interactions with the environment, occurring at the level of sector, region or even country[11]. Publications in this field indicates that the stronger the links between different areas of work involved in creating value, the more important is the coordinating mechanism, able to manage the exchange of information, which is becoming inextricably linked with the innovation process and the process of mutual learning of actors involved in this process.

Process nature of innovation, is a reference point for the works focusing on innovation management. S. Kwiatkowski and L. Wasilewski noted that the innovation as a process, is subjected to management. Management in this context boils down to impact more on process than on individual behaviors[12]. This approach is clearly highlighted in the definition of innovation management, which can be found in the work of W. Janasz. According to him innovation management means influencing on the course (direction, scale and intensity) of innovation process that result in desirable changes[13]. This definition treats innovation management very broadly without limiting it to the management functions performed at the enterprise level. W. Janasz writes about innovation management as the management of scientific and technical progress, which is a function of economic and financial system, educational policy, industrial and technology policy[14]. B. Bojewska, also emphasizes that process nature of innovation determines innovation management, however, she limits the scope of this management to the level of enterprise. In her view management functions such as planning, organizing, motivating and controlling refers to the innovation process, which includes team activities involved in creation and first use of new ideas[15]. In order to more strongly emphasize the relationship between the in-

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[10] M. Reichel, *Potencjał innowacyjny Polski południowo-wschodniej w strukturach subregionalnych,* (Nowy Sącz: Państwowa Wyższa Szkoła Zawodowa, 2006), p. 16.

[11] T. Andersson, S. Schwaag Serger, S. Sorvik H.E. Wise, *The Cluster Policies Whitebook,* IKED, 2004.

[12] S. Kwiatkowski, L. Wasilewski, *Rola innowacji w rozwoju polskiej przedsiębiorczości (w sektorze prywatnym i państwowym),* Konferencja „Raport o zarządzaniu", (Warszawa: Wyższa Szkoła Przedsiębiorczości i Zarządzania im. L. Koźmińskiego, 1998), p. 6.

[13] W. Janasz, K. Janasz, A. Świadek, J. Wiśniewska, *Strategie innowacyjne przedsiębiorstw,* (Szczecin: Wydawnicto Naukowe Uniwersytetu Szczecińskiego, 2001), p. 291.

[14] Ibid.

[15] B. Bojewska, *Zarządzanie...,* op. cit., p. 197.

novation management and innovation process localized in the enterprises, B. Bojewska uses the term 'management of innovative ventures' that depends on the effective planning of new undertakes, creation of organizational structures conductive to innovation, motivating for innovation, monitoring the achievements of objectives and effectiveness of innovative ventures[16]. Management of innovative ventures in practice is the same as 'management of innovative projects'[17]. F. Krawiec defines it as the application of scientific methods and analytical tools for decision making by members of the management of the enterprise and operational managers responsible for achievement of project goals. Management of innovative projects is about identification and optimization of resources for successful completion of project[18]. In essence, the 'management of innovative projects' is a narrower concept than the innovation management, because it is only one of its instruments[19]. More precisely innovation management is defined by A. Pomykalski, who states that it is based on the available resources exploration of these types of innovations that make that the innovation process becomes more effective in confronting the challenges that the market, competition and the customer put in front of the company[20].

Such market-oriented focus of innovation management can also be seen in the work of A.H. Jasinski, but more attention he paid on a strategic approach to the management, stressing that the essential element of management the innovative activity is to develop and implement innovative business strategies[21]. J. Baruk also writes about the innovation management, but he treats them in the context of managing research and development activities. In his opinion, in this context it should include the choice of a new technique, technology, work organization, the issues of acquisition of new solutions and a range of possible ways to use them, including legal, financial, administrative, social, structural and procedural, environmental, and strategic[22].

The authors mentioned above in their works use the term innovation management interchangeably with innovative process management. In the works devoted to innovation management, you can also find synonymous terms: management through innovation[23] and innovation-based management[24]. They appear as a management focused

[16] Ibid, p. 207.

[17] A. H. Jasiński, *Zarządzanie innowacjami,* „Przegląd Organizacji", No. 11/2006, (Warszawa: Towarzystwo Naukowe Organizacji i Kierownictwa, 2006), p. 13.

[18] F. Krawiec, *Zarządzanie projektem innowacyjnym produktu i usługi,* (Warszawa: Difin, 2001), p. 28.

[19] A. Hidalgo, J. Albors, *New innovation management Paradigms in the Knowledge-Driven Economy,* [in:] H,S, Mostafa., M.K. Tarek, ed. *Management of technology innovation and value creation. Selected Papers from the 16th International Conference on Management of Technology,* (Miami: World Scientific Publishing, 2008), p. 9.

[20] A. Pomykalski, *Zarządzanie….,* op. cit., p. 74.

[21] A.H. Jasiński, *Zarządzanie...,* op. cit., pp. 11-13.

[22] J. Baruk, *Zarządzanie wiedzą i innowacjami,* (Toruń: Wydawnictwo Adam Marszałek, 2006), p. 139.

[23] K. Kmiotek, *Zarządzanie przez innowacje,* [in:] J. Łunarski, ed. *Zarządzanie innowacjami. System zarządzania innowacjami,* (Rzeszów: Politechnika Rzeszowska, 2007), pp. 56-57.

[24] J. Baruk, *Zarządzanie wiedzą...,* op. cit., p. 135.

on company development in which innovations are treated as a necessary condition for the survival of the company in a competitive environment. Management through innovation is aimed at creating favorable conditions to the use of staff skills to generate and foster innovation.

In the literature you can find the view that the complexity of the innovation process requires a systemic approach to management[25]. This systematic approach can be found in the works and definitions of J.I. Durlik[26] and J. Penca[27], however, the authors apply the term 'innovative management'.

Innovation management can be considered not only at company level but also at national or regional level. In this paper, particularly important is the innovation management at regional level. A. Pomykalski claims that innovation management at this level refers to the system of institutions that contribute to development and dissemination, and as a consequence result in assimilation of innovation in the region.[28] This author points out that at the regional level must be sought both relationships that support innovation and create opportunities or limit the development of the organization and show that an innovative and market-specific environment is the place of the formation of innovation[29]. In this wider perspective, going beyond the boundaries of the company, the essence of innovation management is the coordination of many different actors in the micro and macroeconomic dimensions. Z. Piatkowski and M. Sankowski note that this coordination is not only mechanism of causes and effects, but it is a complex process including information and decision relationships[30].

Innovation management relating to the broader dimension of analysis (including the economy and the region) is not a new concept. It has subjected to substantial changes with the evolution of approaches to the innovation process. During the prevalence of supply-side model of innovation, innovation management focused on perceiving the opportunities created by the side of science and to ensure appropriate technical and technological capabilities by the side of companies. The appearance of the demand model of innovation caused the role of management has included not only assurance the technological potential but also improvement of organizational skills, focused on creating customer value.

In contemporary practice of innovation management, interactive nature

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[25] M. Kolarz, *Wpływ zagranicznych inwestycji bezpośrednich na innowacyjność przedsiębiorstw w Polsce,* (Katowice: Wydawnictwo Uniwersytetu Śląskiego, 2006), p. 55.

[26] I. Durlik, *Restrukturyzacja procesów gospodarczych,* (Warszawa: Agencja Wydawnicza Placet, 1998), p. 18.

[27] J. Penc, *Innowacje i zmiany w firmie,* (Warszawa: Agencja Wydawnicza Placet, 1999), p. 175.

[28] A. Pomykalski, *Procesy integracyjne w zarządzaniu innowacjami w regionie,* [in:] A. Jewtuchowicz, ed. *Wiedza, innowacyjność, przedsiębiorczość, a rozwój regionów*, (Łódź: Wydawnictwo Uniwersytetu Łódzkiego, 2004), p. 187.

[29] Ibid.

[30] Z. Piątkowski, M. Sankowski, *Procesy innowacyjne i polityka naukowo-techniczna państwa,* (Warszawa: Wyższa Szkoła Ekologii i Zarządzania w Warszawie, 2001), p. 13.

of the innovation process has been recognized. In this process there are constant feed-back between the various stages of processes as well as between the actors involved in this process such enterprises, science and government. Currently, it is stressed that innovation should be seen as a process of knowledge accumulation, requiring a number of sources supporting its development[31]. The innovation management takes into account demand-supply side relationship and the relationship of macro-and microeconomic environment of enterprises with their internal environment. Therefore, the role of innovation management is a combination of the technical and technological potential with organizational potential and providing conditions for the effective transformation information held from market into knowledge that is necessary for innovation.

On the assumption that the relations between the actors of the innovation process is a key factor of its dynamics, is based on the concept of innovation system, which is composed of entities that generate knowledge and innovation and knowledge transfer channels, which means that they form a solution which satisfies the distribution function of knowledge for stimulate innovation[32].

The concept of innovation system highlights the importance of entities involved in the production and distribution of knowledge. The innovation system was initially considered only at the national level[33]. In recent years, the increased importance of the regions concept of regional innovation systems has evolved. It has been noted, that significant part of the interaction between actors in innovation processes takes place at the regional level. A contemporary interpretation of scientific and technical sphere of the economy as a system of innovation allows us to understand that encouraging innovation is not only financial problem, but results from a complex institutional[34]. A. Pomykalski called these actors, that make up the regional innovation system, participants of innovation management[35].

Currently, innovation management researchers share the view that innovations arise in inter-organizational networks of relationships. Therefore, innovation management at the regional level requires the creation of networks of relationships of synergetic effect between the R & D, business and market[36]. This innovative network are co-

[31] S. Szultka, P. Tomowicz, Mackiewicz M., *Regionalne strategie i systemy innowacji,* Niebieski Księgi Rekomen-dacje 2004, (Gdańsk: Instytut Badań nad Gospodarką Rynkową, 2004), p. 10.

[32] E. Wojnicka, *Systemy innowacyjne Polski z perspektywy przedsiębiorstw,* (Gdańsk: Instytut Badań nad Gospodarką Rynkową, 2004), p. 6.

[33] E. Okoń-Horodyńska, *Narodowy system innowacji w Polsce, Akademia Ekonomiczna im. Karola Adamiec-kiego,* Katowice 1998, pp. 75-78; E. Okoń-Horodyńska, *Co z Narodowym Systemem Innowacji w Polsce?* [in:] E. Okoń-Horodyńska , ed. *Rola polskiej nauki we wzroście innowacyjności gospodarki,* (Warszawa: Wydawnic-two Polskiego Towarzystwa Ekonomicznego, 2004), pp. 11-36.

[34] K. Klincewicz, *Polska innowacyjność. Analiza bibliometryczna,* (Warszawa: Wydawnictwo Naukowe Wydziału Zarządzania Uniwersytetu Warszawskiego, 2008), p. 9.

[35] A. Pomykalski, *Zarządzanie...,* op. cit. p. 125; Piątkowski Z., Sankowski M., *Procesy innowacyjne...,* op. cit., p. 68.

[36] A. Pomykalski, *Innowacyjność przedsiębiorstwa a sieciowe zarządzanie organizacjami w regionie,*

operating groups of organizations (companies, universities, research bodies, financial institutions, government) that produce, acquire and use knowledge and skills necessary for the emergence of technologically complex innovations[37]. Taking into account that the creation of a network does not guarantee the creation of the innovation process, because the important role is played by the quality of cooperation within the network, as a factor in stimulating innovation, quality and effectiveness of social capital should be considered[38].

The essence of the network model, especially in the last version of social networks, is to look at innovation as a result of research and interaction between the company and other market participants, as well as the result of an additional factor of production, which is the accumulated knowledge[39]. This is reflected in the concept of triple helixes (Triple Helix)[40] describing the relationship between academia, government institutions and industrial companies. Its main objective is the effective use of these relationships, the consequences of which will be to stimulate economic development[41]. In the Polish literature, this concept evolved A.H. Jasinski, based on the model of the scene of innovation as a triangle inscribed in a circle[42]. This model assumes the presence of three key actors on the stage of innovation, such as industry, science and government. A.H. Jasinski also emphasizes the role of user of innovation and technology transfer units. The first play inspirational and verification role in the innovation process, while others are to facilitate the flow of scientific and technical knowledge between academia and industry.

Both the concept of the triple helix, as well as the stage model of innovation, are related to the concept of cluster. Clusters are one of the tools to create networks, and these are one of the groups of instruments of innovation management[43]. The understanding of innovation as a process determines the method by which we try to

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[in:] J. Bogdanienko, M. Kuzela, I. Sobczak, ed. *Zarządzanie wiedza w warunkach globalnej współpracy przedsiębiorstw*, (Toruń: Wydawnictwo Adam Marszałek, 2007), p. 109.

[37] R. Rycroft, *Self-Organizing Innovations Networks: Implications for Globalization,* (Washington: the George Washington Center for the Study of Globalization, 2003), p. 3.

[38] M. Nowicka Skowron, P. Pachura, T. Nitkiewicz, M. Kozak, *Regional Intelectual Capital: Disentanglinga New Concept* [in:], J. Stachowicz, ed. *Intelectual Capital Management in Regional Pro-Innovative Networks*, (Warszawa: Exit, 2006).

[39] A. Rogut, S. Kosińska, B. Piasecki, *Zarządzanie innowacjami. Niewykorzystany potencjał*, [in:] A. Rogut, ed. *Potencjał polskim MSP w zakresie absorbowania korzyści integracyjnych,* (Łódź: Wydawnictwo Uniwersytetu Łódzkiego, 2008), p. 90.

[40] H. Etkowitz, L. Leydesdorff, *The dynamics of innovation: from National Systems and "Mode 2" to a Triple Helix of university-industry-government relations, "*Research Policy", No. 29(2000), p. 29.

[41] J. Stachowicz, M. Bojar, A. Sworowska, *Budowanie tożsamości regionu-nowy paradygmat zarządzania strategicznego,* [in:] E. Bojar, J. Stachowicz, ed. *Sieci proinnowacyjne w zarządzaniu regionem wiedzy,* (Lublin: Politechnika Lubelska, 2008), pp. 270-271.

[42] A. H. Jasiński, *Innowacje i transfer techniki w procesie transformacji,* (Warszawa: Difin, 2006), pp. 30-32.

[43] European Commission, *The PAXIS Manual for Innovation Policy Makers and Practitioners*, Analysis and transfer of innovation tools, methodologies and policy, (Azertia: Saatchi&Saatchi Business Communications, Logotech SA, 2006).

manage it. The continuous process of innovation motivates companies to seek external support, so in practice, innovation management is a key element not only supply-side and demand interactions, but also partnerships that rely on trust to each other, create shared knowledge and benefit in the form of synergistic and culture of innovation. In this perspective, the importance of clusters has been increasing. Clusters favor the development of partnerships with suppliers, customers, contacts with research laboratories or advisory bodies.

2. The essence of the cluster

Cluster concept was popularized in the literature by M.E. Porter, but as it is emphasized by many authors, it derives from the concept of industrial districts by A. Marshall, which is rooted in the late nineteenth and early twentieth century. M.E. Porter described the cluster as a group of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions (eg universities, standards bodies and trade associations) in particular fields, competing with each other but also cooperating[44]. Cluster defined by M.E. Porter is based on three main elements: a geographical concentration of entities, sector concentration and simultaneous cooperation and competition among companies that formed the cluster. These aspects are also present in the definitions that have been made by other leading researchers in the issue of clusters,[45] however, they introduced to the literature their own terms – 'regional cluster', 'economy cluster', 'business cluster' - which today can be seen as some specific varieties of clusters.

Aspects of both spatial and sectoral concentration of those involved in the cluster and network links between these entities, to a lesser or greater extent, are present in the reference cluster definitions formulated by international institutions and organizations. Definitions of the European Commission[46] emphasize the aspects of geographic proximity. Definition of the World Bank[47] emphasizes the aspects of network linkages. A cluster is usually directly identified as the network, this approach is presented, for ex-

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[44] M.E. Porter, *Grona a konkurencja,* [in:] M.E. Porter, *Porter o konkurencji,* (Warszawa: Polskie Wydawnictwo Ekonomiczne, 2001), p. 246.

[45] M. Enright, *Regional Clusters and Economic Development: A Research Agenda,* [in:] E. Staber, N. Schaefer, B. Sharma, *Business Networks: Prospects for Regional Development*, Walter de Gruyter, Berlin 1996, p. 191; S.A. Rosenfeld, *Bringing Business Clusters into the Mainstream of Economic Development,* „European Planning Studies" 1997, no 1, p. 4; E.J. Feser, *Old and New Theories of Industry Clusters,* [in:] M. Steiner, ed. *Clusters and Regional Specialization: On Geography, Technology and Networks,* London, Pion 1998, p.26.

[46] European Commission, *European Trend Chart on Innovation*, Thematic Report Cluster Policies, Covering period up to March 2003, European Commission Enterprise Directorate General, 2003, p. 4; UNIDO, *SME Cluster and Network Development Branch,* "Working Paper" No. 2, UNIDO 1999; OECD, *Innovative Clusters,* [in:] OECD, *Drivers of National System,* Proceeding, Paris 2001.

[47] UCTAD, World Investment Report, *Transnational Corporation and Export Competitiveness,* New York-Geneva 2002.

ample by R.E. Miles and Ch.C. Snow[48], M.P. van Dijk and A. Sverisson[49].

Sometimes the cluster is seen very narrow and its structure, is limited only to businesses, it is present in the definition of a cluster by Ph. Cook. This author consider a cluster as a geographical concentration of enterprises, between which are vertical and horizontal links, they will cooperate and compete with each other within a specific market segment share a common infrastructure to support local entrepreneurship and identify with the vision of the development of the industry and region[50]. More often, the cluster is widely perceived as a geographical concentration of specialized firms (mostly SMEs) operating in related sectors, linked network of public and private institutions to support their activity. This broad perception of the cluster structure is present also in the interpretation made by the prism of triple helixe, showing the system of links between the three key participants in the cluster: universities, industry and administration. Model of triple helixes combine the key players in the cluster, it is a concept that refers to the theoretical concept of innovation systems, which promotes the transfer of knowledge between interdependent actors[51]. E. Bojar broadens the definition of a cluster by adding two key issues: the existence of a cluster leader and the importance of foreign direct investment. Based on research and observations of clusters quoted researcher argues that clusters are a key determinant of the location of foreign capital and foreign investment can play a leading role in the cluster, thus contributing to strengthen the synergies in all aspects of its operation[52]. Sometimes researchers further expanding nature of the cluster, as does J. Stachowicz, stressing that the cluster is not so much structure, but mainly a process that must be seen as a form of dynamic causal process as a process of building a cluster – clustering[53]. J. Stachowicz defined clustering as the management of social capital to achieve the efficiency of this process and effective implementation of the objectives - venture of companies and organizations that build cluster[54].

From the scientific point of view of management, of particular interest are the definitions that emphasize the organizational dimension of the cluster. This approach to

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[48] R.E. Miles, Ch.C. Snow, *Causes of Failure in Network Organizations*, "California Management Review", Summer 1992, p. 53.

[49] M.P. van Dijk, A. Sverisson, *Enterprise clusters in developing countries: mechanism of transition and stagnation,* "Entrepreneurship & Regional Development", Vol. 15, No. July-September 2003.

[50] Ph. Cooke, *Knowledge Economics. Clusters. Learning and Cooperative Advantage,* Routledge, London 2002, p. 121.

[51] E. Bojar, M. Kwietniewska-Sobstyl, *Klaster jako przełomowa koncepcja organizacji działalności gospodarczej skoncentrowanej regionalnie,* [in:] R. Borowiecki, L. Kiełtyka, ed. *Przełomy w Zarządzaniu. Zarządzanie procesowe*, (Toruń: Towarzystwo Naukowe Organizacji i Kierownictwa, 2011), p. 193.

[52] E. Bojar, *Clusters – the Concept and Types. Examples of Clusters in Poland*, [in:] E. Bojar, Z. Olesiński, ed. *The emergence and development of clusters in Poland,* (Warszawa: Difin, 2007), pp. 15-16.

[53] J. Stachowicz, *Zarządzanie kapitałem społecznym procesem organizowania i rozwoju klastrów, doświadczenia z prac nad organizowaniem klastrów w woj. Śląskim*. results of the research project of KBN No 2H02D03225, titled *Zarządzanie kapitałem intelektualnym w regionalnych sieciach proinnowacyjnych,* 2006, p. 15-16.

[54] Ibid.

the essence of the cluster can be found in the definition of S. Walukiewicza, , who has treated cluster as a loose economic organization in which the cooperation of various partners, results in a relatively short time synergies. P. Maskell and M. Lorenz also drew attention to the organizational dimension of the cluster by writing about it that it is a specific market organization, which is structured around a territorial link that enable to build a set of institutions that help in conducting business[55]. Even clearer the organizational dimension of the cluster was expressed by M. H. Best, who defined a cluster as a company where individuals present are transformed into a network of interrelated entities related cause and effect relationships. The core of this organization are individuals specialized in a particular activity[56].

A look at the cluster through the prism of the organization allows us to treat the cluster as a management entity. Unfortunately, the specificity of the cluster is reflected in the absence of the typical hierarchical organization of links. The result is that even if in a cluster, there are the bodies responsible for „management", their role is more coordination based on mutual trust rather than issuing a command and control[57].

3. Cluster as an organized form of cooperation oriented towards innovation

Theoretical implications of the process nature of innovation lead to the conclusion that innovation is no longer seen only as the result of individual action. It should be treated as a process in which key feature is interactivity that fosters cooperation between numerous entities. The essence of this process is learning through the use, sharing and use of internal and external codified and hidden knowledge. Therefore, in growth-oriented companies increasingly important role is played by their cooperation with the environment, because it allows the use of resources coming from outside – including knowledge resources.

Short-term co-operation promotes unethical actions of competitors, because it encourages the maximum use of a partner, with a minimal down payment.[58] So important is the ability to build long-term cooperation that promotes joint problem solving and mutual learning. If the form of cooperation is considered in the context of management, it should create an autonomous system, the one that creates an organization. Such

[55] P. Maskell, M. Lorenzen, *The Cluster as Market Organisation,* „Urban Studies", No. 5, 2004, p. 993.

[56] M.H. Best, *The New Competitive Advantage. The Reveval of America Industry,* (London: "Oxford University Press", 2001).

[57] L. Knop, S. Olko, *Ewolucja form organizacyjnych sieci współpracy,* „Organizacja i Zarządzanie", Politechnika Śląska, Zabrze 2008, No 1/2008, p.103.

[58] A. Sudolska, *Stan i potrzeba współpracy przedsiębiorstw w Polsce,* [in:] W. Popławski, A. Sudolska, M. Zastępowski, *Współpraca przedsiębiorstw w Polsce w procesie budowania ich potencjału innowacyjnego, (*Toruń: Dom Organizatora, 2008), p. 109.

a system of organized cooperation may be the subject of management. It is worth noting that an important element in this sense is the identity and independence, the existence of which consequently allows the system to interact with the environment in total cohesion. From the standpoint of the modern economy, extremely important are these forms of organized cooperation aimed to increase the in innovative capacity of firms. Without a doubt, the form of such organized cooperation is network of companies. Generally the network is defined as a specific type of the relationship between a particular set of people, objects or phenomena[59]. J. Kay defines a network as a group of businesses involved in relative contracts with each other, the one that causes recurrent and permanent links[60]. Being in the network, companies gain access to shared resources including knowledge and skills. In parallel with the term „network organization" is the expression 'economic networks' defined by MP Koza and AY Lewin as a form of organization involving many organizations are caused by instrumental and individual and collective goals. Members of this network make sense to her unique ability to create value, such as expertise or access to the market.[61] Networks are therefore an essential element of modern knowledge-based economy, stimulating the innovation process.

J. Cygler expands the definition of network organization, treating it as a system of relationships between companies, offering the decentralized planning and control of network elements[62]. This author stresses that in networking good organization is important – it refers to defining the principles of cooperation partners and to determining the rights and obligations. Strong motivation is also important. It should reduce opportunistic activities and should be focused on a common vision of cooperation and coordination of partners activities[63]. J. Cygler draws attention to the ability to manage such organizations, but stresses that this process is extremely complex, and empirical experience in this area are relatively new.

One of the most advanced and integrated forms of network are clusters. However, they are not limited to companies, because their structure includes relationships with other entities from environment. Cooperation between enterprises and other entities registered in the environment is the essence of the cluster in the definition of ME Porter. Klastry mogą przyjmować mniej lub bardziej sformalizowaną postać. Clusters can

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[59] J. Lambrecht, *The Network Position of Small Business: An Explanatory Model,* "Journal of Small Business Management", Vol. 35, No. 2, pp. 13-25. From: B. Plawgo, *Zachowania małych i średnich przedsiębiorstw w procesie internacjonalizacji,* (Warszawa: ORGMASZ, 2004), p. 174.

[60] J. Kay, *Podstawy sukcesu firmy,* Polskie Wydawnictwo Ekonomiczne, Warszawa 1996, p. 118. From: J.Bieliński, *Rozwój sektorów we współczesnej gospodarce,* (Gdańsk: Wydawnictwo Uniwersytetu Gdańskiego, 2006), p. 38.

[61] M.P. Koza, A.Y. Lewin, *The co-evolution of Network Alliances: a longitudinal analysis of an international professional service network,* Organizational Science 1999, no 5. From: S. Lechowicz, ed. *Komunikacja wewnętrzna w organizacjach sieciowych,* (Łódź: Politechnika Łódzka, 2008), p. 5.

[62] Cygler J., *Alianse strategiczne,* (Warszawa: Difin, 2002), p. 161.

[63] Ibid., p. 164.

take more or less formalized form. When considering the cluster as the organizational form of cooperation should be noted that in Poland, clusters can act based on one of the following forms:[64]

- consortium agreement;
- the association;
- foundation;
- co-operative;
- business organization;
- employers' association;
- the company (join stock company, limited liability company; civil partnership; partnership, limited partnership; limited joint-stock company);
- business organizations which object is the realization of projects for cooperation between entrepreneurs and scientific institutions, schools or local government organizations.

Association can be indicated as the optional form for cluster of all of the above acceptable forms of cooperation.[65] The advantages of this solution are: low-cost legal personality, lack of accountability of property of members, non-profit and financial separation of the finance cluster members. An important disadvantage of this solution is, however, difficult to manage in a changing group of members[66]. If you treat the clusters as catalysts for business innovation it should be noted that the choice of organizational form, promoted in the Polish economic practice and literature, can be a limiting factor to the possibility of its use of innovation management companies operating in such an organized cluster.

Among the various types of clusters, important in the context of stimulating innovation companies are innovative clusters. The European Commission defines it as a cluster of independent undertakings - innovative start-ups, small, medium and large companies and research organizations - operating in a particular sector and region and designed to stimulate innovative activity by promoting intensive contacts, sharing of facilities and exchange of knowledge and experience, and by contributing effectively to technology transfer, networking and information dissemination among the undertakings included in a given cluster[67]. The innovative clusters promote co-operation of business with research and science. This triggers off a significant potential for innovation,

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[64] More detailed description of legal forms suitable for clusters can be found in: P. Fabrowska, M. Halicki, D. Kozdęba, P. Piotrowska, A. Szerenos, *Rozwój klastrów w regionie dolnośląskim. ABC jak założyć klaster? Przewodnik dla przedsiębiorcy,* (Warszawa: ECORYS, 2009), pp. 12-20.

[65] Ibid., p. 22.

[66] Ibid., p. 20.

[67] Dz.U UE C323, „*Wspólnotowe zasady ramowe dotyczące pomocy państwa na działalności badawczą, rozwojową i innowacyjną*", z dn. 30.12.2006 r.

which is formed in such form as the spatial organization of the industry.

Considering the benefits of cooperation in clusters, attention is paid to the many benefits specific to the operation of the network, including synergies. It consists in increasing the effectiveness of individual actors in the cluster and cluster-wide capacity increase compared to the sum of the potential of its components. Sources of synergies, believed to be the following phenomena accompanying the co-operation:[68]

- diffusion of know-how and staff turnover within the cluster;
- productivity growth within the cluster by collecting resources;
- openness to innovation and ability to absorb them;
- attracting resources and new businesses.

Synergistic effects are closely associated with social trust, or even social capital. Cooperation is now treated as a specific element of an innovation culture, which includes the behavior characteristic of the social community (including: flexibility, willingness to cooperation, awareness of the need to make changes and continuous learning), creating good conditions for innovation[69]. Thus, an important argument for innovative business development is to build partnership relations with the environment, and to create effective partnerships that require perception of mutual trust and respect through the prism of the values. This reduces significantly the risk, including the risk of innovation, which is important especially for small and medium enterprises with low capital resources and weak-force to the partners. According W.M. Baumol,[70] technological progress and economic development are dependent on network cooperation and division of roles between companies. Within this division of labor, small and medium-sized enterprises make up innovation, and large make their commercialization. Engage businesses in the network resulting in clusters determines the possibility of the generation, absorption and diffusion of innovation.

4. Effect of clusters on innovation activities of enterprises

It was A. Marshall who noticed that clusters are conductive to knowledge creating and sharing. He expressed this observation in a statement that in industrial districts

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[68] W. Burzyński, U. Kłosiewicz-Górecka, L. Kuczewska, B. Słomińska, *Współpraca podmiotów jako czynnik podnoszenia innowacyjności przedsiębiorstw w Polsce,* (Warszawa: Instytut Badań nad Gospodarką Rynkową, 2008), p. 27.

[69] P. Pionczek, *Rola animatorów klastrów oraz sieci innowacyjnej współpracy w aktywizowaniu regionalnych działań innowacyjnych,* [in:] S. Michałowski, K. Kuć-Czajkowska, ed. *Przywództwo lokalne a kształtowanie demokracji partycypacyjnej,* (Lublin:Wydawnictwo Uniwersytetu Marii Curie-Skłodowskiej, 2008), p. 531.

[70] W.J. Baumol, *Entrepreneurial Enterprises, Large Established Firms and Other Components of Free-Market Growth Machine,* "Small Business Economics", Vol. 23, No. 1, September 2004, pp. 9-21.

'knowledge is in the air'[71]. M.S. Dahl and C. Pedersen, citing Marshall's concept, claim that clusters are a place where innovative entities concentrate and the reason for this is that knowledge inside clusters flow more efficiently than outside clusters[72]. Also M.E. Porter observed close connections between clusters and innovativeness of firms. Porter noticed that firms operating in a cluster, based on shared information on market trends, can faster recognize and respond to customer needs. Secondly, cluster participants, based on observations of other firms in a cluster, can faster recognize and implement new technological solutions, find new suppliers and otherwise learn from others. Thirdly, M. E. Porter observed that cluster participants have easier access to specialized suppliers actively involved in the innovation process. Fourthly, Porter stated that the costs of experiments carried out by firms operating in clusters due to propinquity of units providing technical support and servicing are significantly lower. Finally, Porter explained mechanisms that stimulate innovativeness of firms operating in clusters and the role that spatial proximity of competitors plays in this process.[73] Moreover, positive influence of clusters on innovativeness of firms result from characteristic to cluster structures availability of qualified labor force and institutional support, in particular from various researcher and development units[74].

The views of the authors quoted above entitle to identify three sources of evidence for positive effects on innovation cluster companies that are in them. These sources stem from the essence of the cluster and these are: the geographical proximity of actors, the cooperation between these entities and competition in the cluster.

The role of geographical proximity in the process of knowledge transfer and innovation is quite often analysed in economic literature[75]. Many authors point to important role of social capital and confidence connected directly with this capital. On one hand, this confidence conditions internal and external relations of organizations and on the other hand this confidence results from quality and intensity of these relations[76].

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[71] A. Marshall, *Principles of Economies,* (8th edn), (London: Macmillan, 1920).

[72] M.S. Dahl, C. Pedersen, *Knowledge Flows through Informal Contacts in Industrial Clusters: Myth or Realities?* Danish Research Unit for industrial Dynamics, "DRUID Working Paper", No. 3(1), 2003, p. 2.

[73] M.E. Porter, *Grona…, op. cit.,* pp. 275-277.

[74] M. Ferreira, F.A. Ribeiro Serra , *Open and closed industry clusters: The social structure of innovation,* Working Paper 24/2008, July 2008, glob ADVANTAGE Center of Research in International Business & Strategy, Leira 2008, p. 7.

[75] K. J. Arrow, "*The Economic Implications of Learning-by-Doing*", "Review of Economic Studies", No. 29, 1969, pp. 155-173; A. Jaffe, "*Real Effect of Academic Research*", "American Economic Review", No. 79, 1989, pp. 957-970; D. Audretsch and M.P. Feldman, "*R&D Spillovers and the Geography of Innovation and Production*", "American Economic Review", No. 86(3), 1995, pp. 630-640; Th. Anderson, S. Schwaag Serger, J. Sörvik, E. Wise Hansoon, *The Cluster…,* op. cit., p. 29.

[76] Nonaka, I. and Takeuchi, H., *The knowledge-creating company: How Japanese companies create the dynamics of innovation*, Oxford University Press, New York, 1995; M. Storper, "*Globalization and Knowledge Flows*", [in:] J. H. Dunning, ed. *Globalization, Regions and the Knowledge-based Economy*, "Oxford University Press", Oxford 1999: Th. Anderson, S. Schwaag Serger, J. Sörvik, E. Wise Hansoon, *The Cluster…,* op.cit., p. 29.

Z. Świątkowski rightly argues that positive effects of geographical proximity may not occur when inertia and conversation of centralized structures and academic institutions manifest themselves in a lack of openness to interactions. Then spatial proximity will not lead to synergy effects. In such circumstances the cluster will not serve, as an effective 'platform of mediation' between various interests of cluster participants and will not lead to innovation of firms[77].

Very often clusters are defined based on a criterion of network connections[78]. It happens also that the cluster is defined as an innovative network[79]. Than it is observed that networks of formal and informal interactions among operating on the same area units facilitate undertaking joint research and development works, facilitate knowledge sharing and exchange of information, encourage transfer and exchange of modern technological solutions and intense diffusion of innovation[80]. However. M. Gancarczyk claims that beside benefits networks can produce some negative effects as well. Among negative effects of being in network for innovative activity M. Gancarczyk lists the following effects:

- spreading worse technological solution when networks are used to stimulate consumers' and users' choices;
- internalization of benefits by individual firms which leads to monopolization effects;
- networks generating joint innovative solutions sometimes eliminate or restrain competition and prevent development of alternative solutions when competitors are invited to cooperation on certain projects in order to prevent their independent innovative activity.

In literature authors more often give prominence to benefits resulting from functioning in a cluster. Sometimes very radical statements can be found, according to which being in a cluster is a condition of being innovative. This view is supported by Le Bas, who claims that clustering is a systematic element of innovation, because no company is able to introduce innovations independently, because innovation cannot occur without complementary strengthening innovations.[81] The author of this paper disagree with

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[77] Z. Świątkowski, *Klastry-pomiędzy konkurencją a koegzystencją*, [in:] E. Bojar, ed. *Zarządzanie rozwojem lokalnym i regionalnym w aspekcie integracji europejskiej*, (Lubin: Wydawnictwo POLIHYMIA, 2005), pp. 129-130.

[78] Miles R.E., Snow Ch.C.: *Causes…*, op.cit. M.P. van Dijka i A. Sverissona, *Enterprise…*, op. cit.

[79] M. Bucka, *Klastry innowacyjne jako zintegrowana forma przedsiębiorstw w regionie,* [in:] S. Kauf, ed. *Polityka regionalna w okresie transformacji-cele, doświadczenia, perspektywy,* (Opole: Wydawnictwo Uniwersytetu Opolskiego, 2007), p. 194.

[80] A.M. Kowalski, *Klastry wiedzy jako nowoczesny czynnik konkurencyjności,* [in:] M.A. Weresa, ed. *Polska. Raport o konkurencyjności 2010. Klastry przemysłowe a przewagi konkurencyjne,* (Warszawa: Szkoła Głowna Handlowa, 2010), p. 318.

[81] Ch. Le Bas, from: M. Woźniak, *Klastry przemysłowe - narzędziem podnoszenia poziomu innowacyjności gospodarki,* [in:] J. Bilski, A. Kłysik-Uryszek, *Polska na rynku Wspólnoty Europejskiej. Gospodarka światowa na progu XXI wieku. Tom II,* Łódzkie Towarzystwo Naukowe, Łódź 2005, p. 406.

this outlook. Also M. Portugal Ferreira and F.A. Ribeiro Serra[82] give many examples of extremely innovative firms that operate outside clusters[83]. Some researchers claim that extremely innovative and successful enterprises that maintain close relations with their suppliers and customers may not achieve benefits resulting from operating in a cluster. The reason for this is that firms in clusters are subject to serious threats. Other companies can copy their innovative technological solutions, imitate cooperation patterns, and even attract their best employees. Propagators of this notion even express serious concerns that the cluster can be a form of integration of non-innovative firms more susceptible to agglomeration trends[84]. A. Świadek claims that empirical research cannot provide sufficient and unambiguous justification of the view that firms functioning in the cluster are more innovative than those operating outside the cluster structures[85].

Innovativeness of firms functioning in clusters is one the most conspicuous features of clusters, however, it is not necessarily the product of functioning of the cluster. In opinion of the author of the paper, the relationship between the cluster itself and innovativeness is elucidated properly in a report developed by the European Commission entitled 'Regional Clusters in Europe'. The report includes three hierarchical concepts[86] – regional clusters, regional network of innovation and regional system of innovation. Regional clusters are at the bottom of this hierarchy. According to the cited publication the establishment of a cluster is not tantamount to the establishment of a regional innovation system which, in essence, is a more advanced form. In its report the European Commission claims that the development from a cluster to an innovation system may not be one way to increase the innovation capability and competitiveness of cluster firms. Authors of the report suggest that cluster-based policy limited to identification of clusters and provision of support to identified clusters will not contribute to innovation and increasing competitiveness of functioning in the cluster. It is essential that adopted cluster-based policy is oriented on transformation of identified clusters into regional innovation system[87].

Cluster should serve to conduct an organized innovative activity based on system solusions. Clusters acting in this way will create conditions for innovation management at the regional level, which involves the creation of business conditions for increasing innovation of the firms. In particular, so understood the management of innovative activi-

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[82] M. Ferreira, F.A. Ribeiro Serra , *Open…*, op. cit., 6.

[83] Examples of Philips and Xerox.

[84] J.M. Shaver, F. Flyer, *Agglomeration Economies, Firm Heterogeneity and Foreign Direct Investment in the United States,* "Strategic Management", Vol. 21, No. 12, Journal 2000.

[85] C. Beaudry, S. Breschi, *Are firms in clusters really more innovative?,* "Economy. Innovation. New Technology", No. 12(4), 2003, p. 339.

[86] European Commission, *Regional Clusters in Europe,* "Observatory of European SMES", No. 3, Luxemburg 2002, p. 14.

[87] Ibid.

ties of enterprises is similar to the innovative process control mentioned by A. Francik[88]. It involves identifying. It involves identifying and prioritizing the factors affecting innovation and establishment the sequence of activities that use these factors to a smooth process for innovative and conscious stimulation of innovation. It is not only widely taken effect on the specific innovative situation, but steady development of innovative activity of members, groups and whole organizations in order to raise the willingness and ability to create and innovate.

Summary

Contemporary interpretation of essence of innovation emphasizes its process nature. Process nature of innovation, is a reference point for the works focusing on innovation management. It has been noted, that significant part of the interaction between actors in innovation processes takes place at the regional level. Thus, researchers share the view that innovation management at the regional level requires the creation of networks of relationships of synergetic effect between the R & D, business and market. In practice, innovation management is a key element not only for supply-side and demand interactions, but also for partnerships that rely on trust to each other, create shared knowledge and benefit in the form of synergistic and culture of innovation. In this perspective, the importance of clusters has been increasing. Engage businesses in the network resulting in clusters determines the possibility of the generation, absorption and diffusion of innovation.

The cluster can be viewed through the prism of the environment or the organization which is constituted with the formalization of a cluster. Looking through the prism of the organization, cluster can be treated as the subject of management. Formalized structure of the cluster form the basis of building long-term cooperation that promotes joint problem solving and mutual learning. In addition, the formalized cluster gain an identity and independence, the existence of which consequently allows the system to be in interaction with the environment in total cohesion. Such a cluster should serve to conduct an organized innovative activity based on an system solutions. As seen clusters will create conditions for innovation management at the regional level.

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[88] A. Francik, *Sterowanie procesami innowacyjnymi w organizacji*, (Kraków: Wydawnictwo Akademii Ekonomicznej w Krakowie, 2003), p. 63.

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Management of the innovation processes in enterprises of the lagging regions. Lublin province case study.

JEL classification: O31, R11

Introduction

Authorities, policy makers, scientists, people who really care about the regional development are often told to establish links between science and business, to create technology transfer centres, science and technology parks, clusters organisations, attract foreign investors, establish cooperation with leading global companies to increase the number of patent applications, etc.

Such a situation can be observed especially in lagging regions, where the level of backwardness is widely described in various studies on innovation and competitiveness of economies. Just as often we have witnessed the activities carried out by the state, which require, or encourage only well known and used worldwide solutions.

Several years of experience in the management of innovation processes in Poland and abroad, however, prompts us to reflect on their effectiveness. On one hand, regions that did not have conscious efforts to innovation (such as mazowieckie[1]) are at the forefront of innovation rankings (in Poland), on the other, regions – which have put their great importance to this sphere – are not able to change its location.

Today we know that you can not overnight become the region based on high technologies, and leveraging the latest trends from around the world and creating unique knowledge. Uncritical uptake of good practice from the more developed regions, usually ends in a waste of resources, as in the case of building R&D infrastructure, or knowledge transfer infrastructure, which is unused or is rented on favourable terms by ordinary businesses – creating the so-called dead capital in the region.

In Poland[2], and especially in the Lublin province, most studies analyze historical data, showing how it was and how it is now. The conclusions and action strategies are often borrowed from other regions, suggesting that it is enough to implement them to achieve success. However, we find that functioning in an underdeveloped region is not

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[1] *Regional Innovation Strategy for Mazovia 2007-2015 was adopted by the Parliament of the Province until April 21st, 2008.*

[2] Strategic Advisory Group of the Prime Minister, *Report on the Polish intellectual capital*, Warszawa: 2008, p. 19, http://zds.kprm.gov.pl/przegladaj-raport-o-kapitale-intelektualnym, assessed September 2010.

the same as in other regions, even when compared to the western regions of Poland. These solutions, particularly for the innovation management, simply do not work in such conditions as it may offer less developed regions. Thus they require a different approach – maybe not completely different, but certainly differently organized and conducted.

The article uses the results of the survey research of 1.135 innovative and non innovative entrepreneurs from the Lublin province.

1. Lublin province as an underdeveloped region

Lublin province – belonging to the Polish eastern provinces is a special case of a disadvantaged region[3], which although is not a problematic region, the level of its development is at a level slightly higher (1.5 percentage points) than the EU average. Convergence regions, covered by the first purpose (and therefore less developed regions), achieve the highest change in the level of GDP per capita, not only in the period 2000-2008, but also earlier (since 1988). During this period, the economic development of the EU, calculated on the basis of GDP per capita growth was caused by three factors: an increase in labor productivity, employment growth and an increase in the share of working age in the total number of people. Analysis of sources of economic growth showed that productivity in the convergence regions exceeded the EU average mainly because their economy is undergoing a transformation from the activities of lower level of productivity to activities characterized by higher value added, but also with the support of the innovation as a whole. Hence, these regions have been awarded such good results in this area and at the same time they achieved low growth rate of employment (workers merely changing workplace). It is worth noting a very low employment rates in these regions, which means a high degree of non-utilized human resources[4]. Such regions have enormous wealth of well-educated people. While there isn't any interest or demand from outside for not mobile resources of the lagging regions, there is a strong demand for human capital (which when not used in such a region can easily migrate to more developed regions)[5].

In underdeveloped regions, economic growth was higher than the EU average due to the transformation from the activities of lower level of productivity to activi-

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[3] In order to determine underdeveloped areas there has been used criterion for the granting of aid to purpose No. one (75% of GDP per capita for the EU-27). The problematic regions (underdeveloped) used the criterion of the average level of GDP per capita growth in the period 2000-2008 (3.9%).

[4] European Commission, *Investing in Europe's Future, Fifth Report on Economic, Social and Territorial Cohesion*, Luxembourg: the European Union Publications Office, 2010, pp. 23, XIII.

[5] G. Gorzelak, *Concluding remarks – summary of the conference findings*, speak at a conference in the Polish presidency: *Cohesion Policy and Catching-up Regions*, Lublin 17-18.11.2011, presentation available on MRR website, http://www.mrr.gov.pl/konferencje/Lublin/konferencja/Strony/Materialy_konferencyjne.aspx, as sessed December 2011.

ties characterized by a higher added value. It turns out that productivity growth based on such a foundation can not be sustainable (one can see that outputs of the more developed regions are worse, so it is increasingly difficult to maintain a high level of growth).

This is because long-term, sustainable economic growth can not be based solely on increasing physical capital, raw materials, or population of people. Of course, investing in machinery, buildings, and roads will increase in the short term, but under the law of diminishing marginal utility it will not last forever. So now in the literature there is conviction that the long-term economic growth needs to take and advantage of science, technology and innovation in various forms and aspects. The literature demonstrates such a thesis according to which a significant, long-term differences in the level of individual countries can be explained by differences in the level of knowledge, technology and performance[6,7].

2. Barriers of the innovation processes

Although Poland among countries with similar profile has a larger competitive market, the level of health and basic and higher education, and the availability of ICT, the weakness of the economy is the use of modern technologies, efficiency and attractiveness of the financial market, and especially infrastructure. An important issue is the lack of trust in politicians, the effectiveness of law and the scale of the waste of public funds[8].

The weaknesses of the national economy were used to develop a Polish development challenges, which include targets for improving the functioning of institutions, building infrastructure and initiatives that create intellectual capital, innovative attitude and increased confidence[9].

In the context of the characteristics of competitive and innovative regional economy (in this case – Lublin province), the above weaknesses of the country overlap with the reasons for low competitiveness and innovation in the region, but it is also easy to see new dysfunctions (see Diagram 1).

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[6] OECD, *Regions and Innovation Policy*, OECD Reviews of Regional Innovation, Paris: OECD Publishing, 2011, http://dx.doi.org/10.1787/9789264097803-en, p. 15.

[7] OECD, *The OECD Innovation strategy: Getting a Head Start on Tomorrow*, Paris: OECD Publishing, 2010, doi: 10.1787/9789264083479-en, pp. 25-26.

[8] K. Schwab, ed., *The Global Competitiveness Report 2010–2011*, Geneva: World Economic Forum, 2010, p. 277.

[9] Strategic Advisory Group of the Prime Minister, *Poland 2030. Development Challenges*, 2009, p.13, http://www.polska2030.pl, assessed October 2010.

The low competitiveness of the Lublin province	The low innovativeness of the Lublin province
• lowest level of economic openness in the country (measured by the ratio of trade to GDP) • low productivity of the workforce • very low value of the invested foreign capital in the region • low level of entrepreneurship (measured by the ratio of the number of companies in the SME sector to the number of inhabitants) • low accessibility of the region (as measured by communication accessibility index)	• lowest in the country's share of revenues from sales of innovative products in total revenues of companies • low ratio of expenditure on R&D in the business sector for investment in R&D in total • low expenditures on R&D per one employee in the R&D sector (almost twice lower than the national average) • low level of innovation in business (a small percentage of companies creating and intruducing new products to the market) • small number of research centers (3.4% of all centers in the country) • low employment in research and development (5.9% of all persons employed in activities related to research and development in the country)

Diagram 1.   Causes of low assessment of the competitiveness and innovativeness of the Lublin economy
Source: Dębowski H., Gałka D. et al., Sytuacja społeczno-gospodarcza województwa lubelskiego 1999-2009 [socio-economic situation of the Lublin region from 1999 to 2009], Research Report, Institute for Structural Research, Warszawa: 2010, pp. 24-27, http://www.lubelszczyzna2020.pl/uploads/files / Lubelszczyzna_2020_Sytuacja_Spo%C5%82eczno_Gospodarcza .pdf, assessed October 2011

Lublin province obtains (as well as other eastern Polish provinces), a low rating of competitiveness (14 position in the country), while in the case of innovation – achieves the average score of 9th place in the country. Strong aspects of the competitiveness of the region concern the supply side of the labor market – high economic activity of residents, high percentage of people with higher education and lifelong learning people. On the other hand, strong innovation aspects of the region concern high ratio of expenditures on research and development to the region's GDP (the third position in the country), but these expenditures are borne mainly by government and higher education sectors.

Among the weaknesses in comparison to the country there can be seen an isolation of the region (weak openness of the economy, the low value of the foreign capital invested and the low availability of communication), low investment in R&D (in the corporate sector and regarding to one employed in the sector R&D), poor research and development infrastructure and employment in this sector.

It is worth noting that many of these weaknesses is not really the root causes of problems in the underdeveloped region.

For example, for large companies investing in R&D is relatively easy, such as maintain-

ing cooperation with the system of science, but for SMEs – it is a problem. Especially for less developed regions, where the business model forces a short term of return on investments and companies are not interested in developing innovations. Besides, there are cultural and cognitive differences (social barriers) between the business sector and science[10]. This results in poor growth in both sectors.

Similarly, the low level of innovation in enterprises, what means small percentage of companies creating and introducing new products to market – is caused by various reasons, ranging from lack of information, lack of desire, lack of faith in the success – high risk, lack of ideas, through to lack of funding for new solutions, lack of access to infrastructure and technology.

We tried to identify the real barriers underlying to the innovative process management in lagging regions. For this purpose, Lublin entrepreneurs were asked to point the greatest barriers hampering innovation activities (see).

Comparison of barriers to innovative and not innovative enterprise groups showed that for each individual barriers have different meaning and significance. The barrier, assessed similarly, but having a substantially different meanings for entrepreneurs from both groups, is the failure to obtain appropriate financing. While for innovative entrepreneurs it is one of the less important barriers (although when it exists it has significant impact on the functioning of companies), for not innovative entrepreneurs – it is a key barrier.

Information barriers were assessed similarly, what means that regional innovation system does not provide sufficient information about the needed technology, and also on the market. Both barriers are of similar importance for both groups of companies – placed in the second half of the rankings:

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[10] E. Fabbri, *Supporting Innovation through Innovation Poles: the case of Tuscany*, presentation of the project District+, 21st February 2012, Birmingham Science Park Aston, p. 8, http://www.innowacje.dolnyslask.pl/images/attachments/district/GP/007.pdf, assessed March 2012.
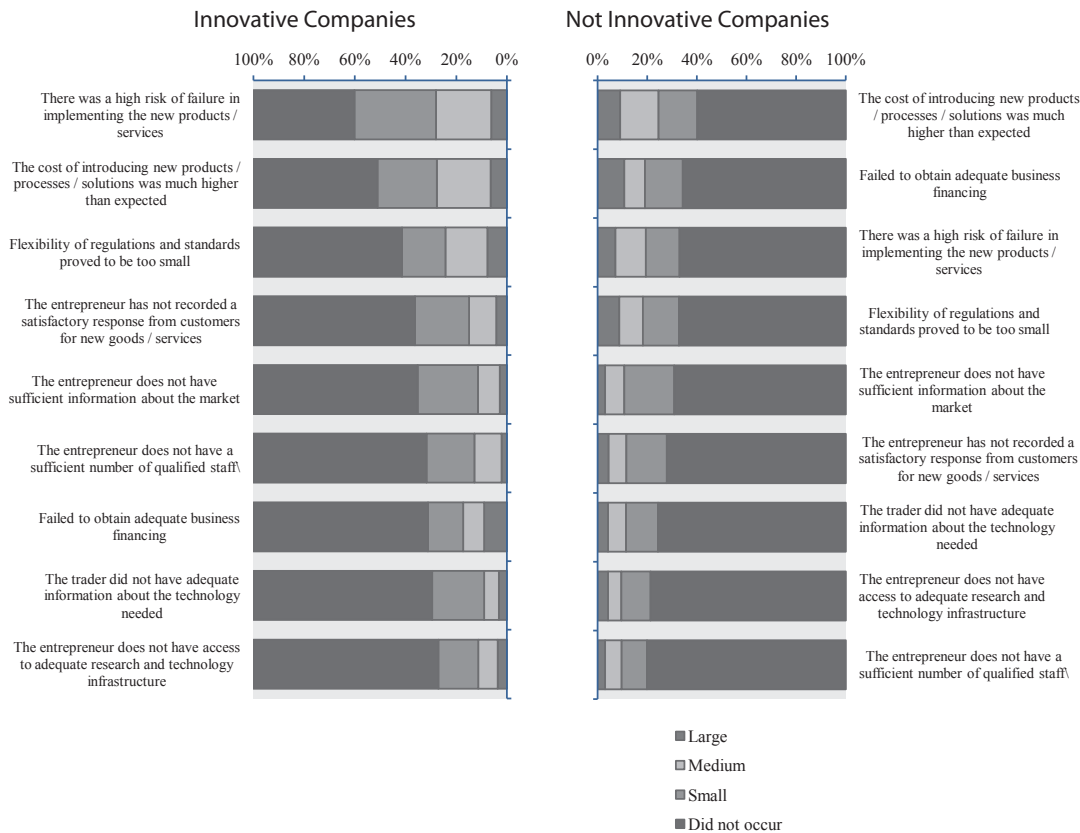
Figure 1. Obstacles encountered during development activities through an innovative and not innovative companies
Source: own study based on PAPI research of entrepreneurs in the Lublin province [n = 662 for innovative companies, and n = 473 for not innovative companies]

The above table shows that the barriers having the greatest effect on both groups are similar (only occupy different places), not to mention the lack of funding, which is crucial for not innovative companies. You can also specify: the risk of failure in the implementation of new products, too high cost of implementation in relation to plans and poor flexibility of law.

It is worth noting that while the greatest barriers for both groups are similar, in the case of innovative enterprises, they are much more severe. The risk of failure in the implementation of new products referred to three of five innovative entrepreneurs, while only one in three not innovative entrepreneurs see this barrier (U=119.209, p <0.001). This derives naturally from the fact that innovative entrepreneurs are much more active in the field of innovation activities. For other barriers, the differences are not as significant, such as a barrier of planning too low costs of implementing new products, applies to half of innovative enterprises, while for the not innovative entrepreneurs – 10 percentage points fewer (U=143.175.5, p = 0.007).

While the barriers are more common in innovative companies, their effects are less severe for them. They mainly cause problems that can be solved immediately, or they cause delays in implementing of new products (see Figure 2).
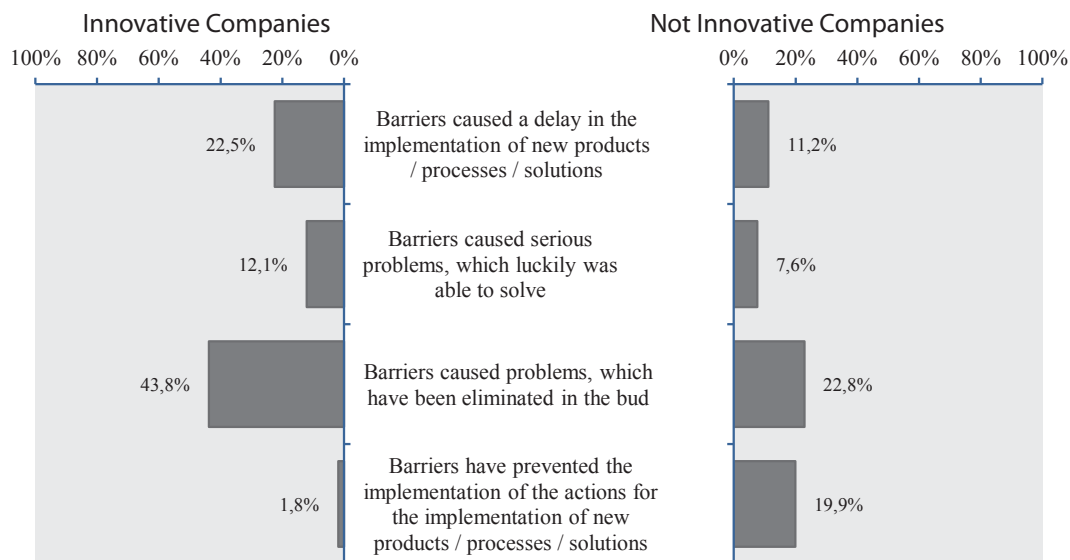

Figure 2. The effects of the barriers encountered during development activities by an innovative and not innovative companies
Source: own study based on PAPI research of entrepreneurs in the Lublin province [n = 662 for innovative companies, and n = 473 for not innovative companies]

Not innovative companies managed to remove two times less barriers than innovative companies (Fisher's exact test, p<0.001) and two times less of them indicated delays in the implementation of innovations (Fisher's exact test, p<0.001). Significant differences can be seen also in the case of barriers, which have caused serious problems, but companies managed to solve them – they were indicated by 12% of innovative enterprises and 8% of not innovative enterprises (Fisher's exact test, p = 0.017).

Unfortunately, for one in five not innovative businesses barriers have prevented the implementation of new products, processes and solutions. Only 2% of innovative entrepreneurs have not coped with the barriers and this prevented them from implementing innovations (Fisher's exact test, p <0.001).

While the barriers are more often trouble for innovative companies, whereas their effects are more acute for not innovative firms. This is the reason why one in five such companies is not innovative.

From this statement it is also easy to trace the process of creating barriers to innovative activity.

Entrepreneurs willing to start innovative activity, encounter difficulties in finding appropriate sources of funding, partly due to poor flexibility of the rules. If they succeed in

finding the financing, it often turns out that the projected costs are much higher, or it is likely to fail in the implementation of new products resulting from isolation. Isolation of companies is caused by poor knowledge of the market, lack of appropriate information technologies, or lack of access to infrastructure. Here, innovators may also encounter barriers to poor flexibility of standards. When entrepreneurs succeed to deal with these barriers, they may encounter difficulties in finding staff with appropriate qualifications. Poor knowledge of the market may lead to an inadequate response from the customers and their lack of interest is placed on innovation.

So we can arrange basic, primary barriers in four groups: first, the isolation of companies resulting in a lack of knowledge, lack of access to infrastructure and many other consequences, which we will deal with lower. The second barrier relates to low resources, not only financial resources, but also knowledge resources accumulated by workers. In fact, taking into account the new approach to the production factors, we can say that the problem is knowledge, people and capital.

3. Exogenous and endogenous isolation and closure of the region

Isolation and closure of the region is one of the key barriers to development. This means not only lack of resources flow from outside the region, but also the lack of cooperation in the region. Social capital is the carrier, which transfers the information in the regional innovation system and yet competitiveness largely depends on the collection of new information and ideas gathered from the proximal and distant environment. The most successful network of companies is the one that is a part of a global network, with access to global market opportunities and may employ a person active in professional associations and international networks. Thus, companies can regularly position itself referring to the best companies in the world. Because, in general, knowledge comes from a wide variety of sources, so if the managers cast a net wider, the probability that they 'catch' the success is greater. Poorer and peripheral regions have limited access to compare with the best as well as for innovation and markets. Without greater access, companies are limited to learning only within their regions and are difficult to obtain any competitive position[11].

Isolation and closure of the region contributes to the emergence of another important issue. Ignorance of risks and the inability to compare the results with other companies causes that the companies do not wish to seek information for decision making. Many managers operate in the belief that their knowledge and intuition are suf-

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[11] S.A. Rosenfeld, *Creating Smart Systems. A guide to cluster strategies in less favoured regions*, European Union-Regional Innovation Strategies: 2002, pp. 9-10, http://ec.europa.eu/regional_policy/archive/innovation/pdf/ guide_rosenfeld_final.pdf, assessed August 2008.

ficient to effectively managing an enterprise. On the other hand, you may find that entrepreneurs do not have the time and opportunity to deal with searching for information, which may be caused not only by reasons attributable to the entrepreneur, but also by the weaknesses of the information and its transmission channels. Such results were obtained in a recent study of entrepreneurs in Lublin province (see Figure 3):
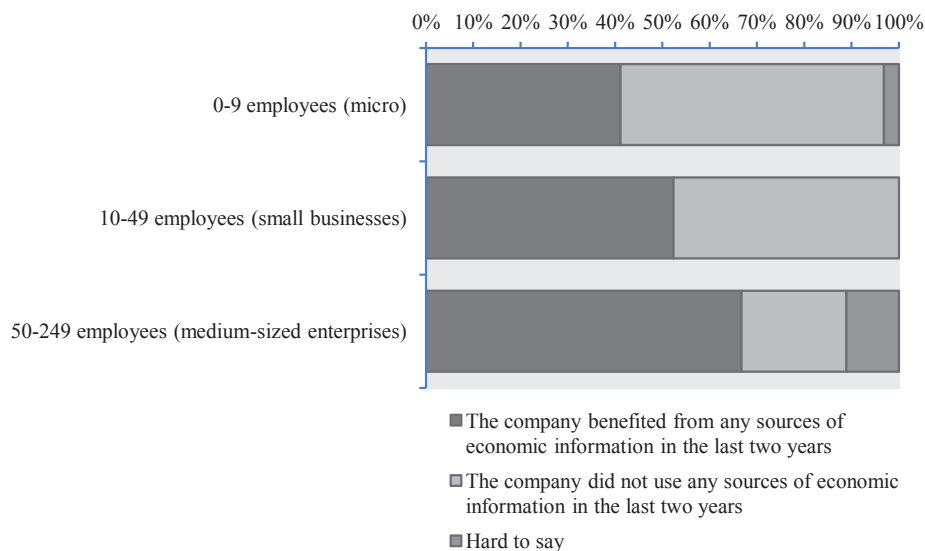

Figure 3. The use of any sources of economic information in the past two years according to the size of entities in the Lublin area
Source: Zarzecki M. et al (2012), *Final Report of the research of information needs of the system project ent. 'Regional Economic Change Management System'* ['Regionalny System Zarządzania Zmianą Gospodarczą'], Warszawa: IBC Group for the Office of the Marshal of Lublin, pp. 137

This example shows how great is the gulf between reality and model of development of an underdeveloped region, since 55% of the enterprises do not seek any information. Even worse are the results of searching for research reports etc.

During the study of enterprises in the Lublin province there has been verified what institutions and if yes, how they support businesses in innovative activity (see Figure 4).

The results show the importance of business environment in innovation processes. Unfortunately, in the first place, the greatest support (for almost half of innovative companies) offer financial institutions and it is a financial support for the most part. These institutions proposed the advisory support or information only for about 5% of the respondents. Thus, in practice, support was focused on proposing only funding for investment in innovation, without advising the best solution, suited to given situation.

Regional development agencies (RDAs) play also a very important role. They support a little less businesses, as in the case of financial institutions. However, the RDAs deliver, apart from financial support (offered to every fifth entrepreneur), also information support.

A third of innovative entrepreneur receives support from consulting firms that are typical representatives of business environment, providing advisory services (for one in five companies) and information (for every tenth).

Businesses attach great importance to other business institutions, which support one in five companies primarily in an advisory and information. This includes a range of technology and knowledge transfer institutions, agencies, law and tax firms, etc.

It is worth noting that a major boost gives local authorities – almost a third of the innovative entrepreneurs receives support from these institutions and the support is the most balanced (financial, advisory and information).

Much less importance in the region is given to government authorities – only one in eight companies has obtained support from the government and it is a financial support (eg innovation support programs) and information (obtained through the web sites).

The smallest support is given by sources of knowledge: R&D units, and particularly higher education entities, although this is mainly information and advice support. The support from R&D units was obtained only by 8.8-9.5% of the entrepreneurs, and from higher education – only 4.8-7.3% of the entrepreneurs.

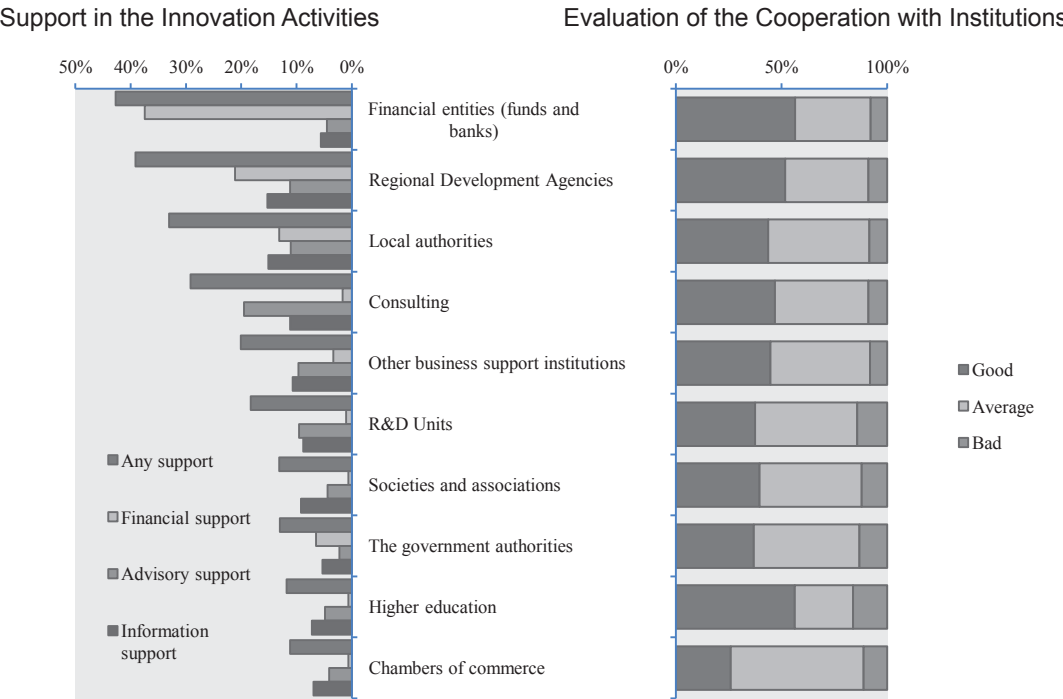**Figure 4. The institutions that supported the innovative companies in conducting innovative activity and the assessment of the cooperation with these institutions**
Source: own study based on PAPI research of innovative entrepreneurs in the Lublin province [n = 662]

Considering the forms of support, in general innovative companies received mostly information support (9.5%), but a little less gained other forms of support - finan-

cial (8.6%) and consulting (8.1%). So, overall, support of various kinds is balanced.

Studies confirm that companies are mostly in contact and support with the diffusion channels, in particular financial institutions, consultancies and local authorities. Support from the sources of knowledge is minimal, but the lowest – from chambers of commerce.

Satisfaction with the cooperation is a measure of the benefits obtained by companies and thus – the sustainability of cooperation. Entrepreneurs evaluated the best cooperation with financial institutions (nearly two out of three companies rated it well), and the RDAs - more than half of the companies assessed it as such. More than half of them evaluated well the cooperation with universities, but these institutions have also the most negative assessments (one in six rated poorly this relationship). Less than half of the companies assessed well the cooperation with consulting firms, other business institutions and local government authorities.

The worst was rated the cooperation with chambers of commerce (26% positive ratings), government authorities (37% positive ratings) and R&D units (37% positive ratings, but 14% negative ratings).

Studies show that there is a dependency between undertaking the cooperation and its evaluation. The better the evaluation of the cooperation is, the more often innovative entrepreneurs committed themselves to collaborating. Exception is higher education, with which cooperation was weak, but it gained a lot of good grades, while at the same time it received the most negative assessments.

The key to increase the percentage of entrepreneurs cooperating with regional innovation system's actors is to increase the level of satisfaction with the cooperation. A good evaluation of the cooperation will lead to a persistence of existing cooperation and encourage new entrepreneurs to start cooperation with the new institutions.

4. Management of the creation and supporting cluster initiatives

M. Porter, in his 'diamond' competitive model of local industrial clusters, stressed the importance of their own resources crucial for the competitiveness of firms (natural resources, human resources, financial resources, physical infrastructure, information, administrative institutions, R&D, etc.). According to him, even though companies can compete in the global market, they are strongly dependent not only on their own resources, but also on local demand, related and supporting industries, and above all – from the local context and competition among local competitors – who promote investments and continuous improvements[12].

To a large extent, the work of M. Porter led the clusters to become a uniform way

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[12] M.E. Porter, *On Competition*, Harvard Business Review Book 1998, pp. 324-325.

of presenting the regional innovation policy. Recently, however, such manner of presenting innovation systems has been criticized[13]. Firstly, cluster or clusters can not be equated with regional innovation system – for example, several completely different clusters not cooperating with each other, but located in one region can not create a regional innovation system.

Secondly, nowadays cluster means a lot more. First of all, attention is focused on strategies for "*how to do it*" *("how-strategies")*, i.e. strategies that focus on the process (learning strategies)[14]. It is emphasized above all the need to create a rival bid by the cluster, through which it will generate more revenue and jobs. It is very important to have such a combination (configuration) of the specific functions and roles performed by different actors, and to develop an unique system of values to make such an offer[15]. This configuration may vary depending on the upcoming bid (what we call the process of re-positioning). It also emphasizes the participation of different actors including representatives of the three sectors (business, science and authorities), what in literature is called *a triple helix*[16].

Please note, that reducing the costs does not last forever and can not be the only way to compete. The price competition with Chinese companies or products produced in China is extremely difficult. At some point, companies need to start looking for opportunities for joint making (by creating different configurations of their specific abilities). On the other hand, reducing costs is a good way to start and develop cooperation between firms, in other words – this is a good starting point that can work in the initial phase of the regional innovation system. This shows an example of rural clusters in the Lublin region, which actually focus on reducing costs and maintaining high quality services, but they have the seeds of 'related variety', shared specialization (based on interdependence and complementarities, and thus a relational approach to creating a cluster) and the potential for create bids based on a common earning (not saving costs). How-

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[13] V. Harmaakorpi, *The 'Regional Development Platform Method' as a Tool for Innovation Policy* [in:] A. Eriksson, ed., *The Matrix. Post cluster innovation policy*, VINNOVA Report VR 2010:10 (April), VINNOVA – Verket för Innovationssystem/Swedish Governmental Agency for Innovation System, pp. 28-29, http://www.vinnova.se, assessed December 2010.

[14] D.J. Teece, *Dynamic Capabilities & Strategic Management*, Oxford University Press [after:] A. Eriksson, *Cluster collaboration and glocalised value creation* [in:] A. Eriksson, ed., *The Matrix. Post cluster innovation policy*, VINNOVA Report VR 2010:10 (April), VINNOVA – Verket för Innovationssystem/Swedish Governmental Agency for Innovation System, p. 11, http://www.vinnova.se, assessed December 2010.

[15] J. Wallin, *Business Orchestration for Regional Competitiveness* [in:] A. Eriksson, ed., *The Matrix. Post cluster innovation policy*, VINNOVA Report VR 2010:10 (April), VINNOVA – Verket för Innovationssystem/Swedish Governmental Agency for Innovation System, pp. 47-51, http://www.vinnova.se, assessed December 2010.

[16] this term adapted to the area by Etzkowitza i Leydesdorffa, see H. Etzkowitz, L. Leydesdorff, *The Triple Helix – University – Industry – Government Relations: A Laboratory for Knowledge Based Economic Development*, EASST Review No. 14/1995, pp. 14-19; see eg M. Bojar, *The Triple Helix in Regional Development – The Role of Clusters* [in:] E. Bojar, ed., *Clusters. Politics, Management, Good Clustering Practices in the World*, Toruń: TNOiK 'Dom Organizatora', 2009, pp. 60-62.

ever, these new capabilities are to a great extent unconscious[17].

In the case of clusters based on participation of enterprises from the same industry which are substitutable elements of the value chain, it is difficult to build a bid on the basis of a joint making money (if it is not feasible, it remains to compete on the basis of savings). Building related variety, shared expertise and offers based on a shared earning and different configurations of roles is possible in the lagging regions in the initial phase, but it requires the consolidation of its position, build trust and reach out to members of the network eg by setting up an offer based on shared savings or maintaining a certain level of service quality.

Second, starting to create an innovative environment in the region does not necessarily involve the creation of clusters, can (and should) begin to build consensus and trust between different actors. In addition, recent studies show that larger effects are achieved through the development of 'related variety'[18], which is connected with 'smart specialisation', promoted by the European Commission[19].

Support for innovative processes in the region should be a catalyst for the development of clusters and the entire innovation system based on the 'related variety'. It can not create artificial clusters, or search for them at all costs. Support may not cover all the clusters, but only those that result from the 'related variety'. Support of clusters or cluster initiatives should be designed only to fit their needs. If the cluster will have fulfilled the requirements for such support, it should be comprehensive and long-term (cluster should have separate funds for their activities for a period of several years).

Supporting clusters in Poland is carried out almost the opposite. There are possible cluster initiatives searched, then the financial support necessary for the initiation of clusters is transmitted (resulting in the signing of agreements), and as they arise (eg the formation of a formal partnership or company) support usually ends and they can get the help on the same basis as other entities or other clusters[20], which means that if they not gain external funding – they may cease to exist. In other countries, support for clusters is provided even for the first 3 years[21].

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[17] own work based on B. Szymoniuk, *Rural clusters and their impact on regional development*, presentation at the conference 'Cultural Cluster of Lublin - cultural traditions and rural development, the Crown Tribunal in Lublin, 30 March 2007, p. 6, http://www.klasterkultury.lublin.pl/dokumenty/20070330konferencja/7_Klastry_wiejskie.pps, assessed July 2011.

[18] P. Cooke, *Matrix policy – rationales and good examples* [in:] A. Eriksson, ed., The Matrix. Post cluster innovation policy, VINNOVA Report VR 2010:10 (April), VINNOVA –Verket för Innovationssystem/Swedish Governmental Agency for Innovation System, pp. 75-76, http://www.vinnova.se, assessed December 2010.

[19] European Union, *RSI 3 Guide*, draft of 12 December 2011, the manual available on a website: www.arittcentre.fr/s3/RIS3_guide.pdf, p. 66, assessed January 2012.

[20] Such actions of the authorities can be seen clearly in the structure of support offered under the Operational Programmes (eg the development of Polish and Eastern Europe, or the Regional Operational Programme for the province of Lublin, although in the latter case, the selection criteria promote the applicant's participation in clusters - the greatest in the airline cluster).

[21] PARP, *European Network of Excellence for the management, collaboration and promotion of clusters*,

This approach to supporting clusters might entail some other risks. In addition to the very low survival level of a small cluster initiatives, the idea to create them can be a way to benefit from public funds – it is sufficient that a few – several companies (including the coordinator[22]) sign an agreement and create a cluster initiative, and can apply for funds. Palmen and Baron[23] warn against this. They say it is easy to sign contracts and create a cluster, and much harder to continue to operate the cluster – especially when many players count on the benefits of the project, committing their time and money. Failure can end frustration of members and loss of confidence and, consequently, may turn against companies and the entire cluster policy.

5. Creation of new offerings based on shared earning

Regional innovation system operates on the basis of trust and loyalty to the actors involved. Cooperation and interactions can take place between all partners. There can be seen two-way flow of knowledge and other resources. What is worth noting also the knowledge can flow between consumers and businesses, and competitors. Consumers need to be included in the value creation process.

Consumers increasingly want to buy not only the products themselves. Travel companies must include both hard and soft elements such as products and services. It is increasingly difficult to compete for market segmentation by itself, finding niches, or creating new products. Customers need a solution for a specific problem and get some unique experiences - that is why they must participate in the process of creating bids linking products with services. What's more interesting, the products do not have to be new and innovative, often enough to merge the existing products and services in an innovative way. It is therefore necessary to have the capacity for integration. It means therefore to use the co-specialisation of expertise resources and turn it into potential[24].

The question is whether this approach to making an offer is accepted in lagging regions? Perhaps a dozen or a few decades ago would be difficult. Currently, the opportunities offered by globalization mean that people in these regions is more ready to accept such an approach. People in the world have similar needs, but in less developed regions

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the Polish Agency for Enterprise Development, Warszawa: PARP Publishing Office, 2007, p. 6.

[22] see eg pilot program 'Support to cluster development „implemented in 2007 by PARP (http://www.parp. gov.pl/index/more/1216). The support for the development of the cluster. Coordinator of the cluster could be a legal entity acting as a foundation, registered association, joint stock company, limited liability company or business organization whose core business was the realization of projects for entrepreneurs and business cooperation with scientific institutions, schools or local government bodies. Members of the cluster are main players in economic development and at least 10 companies engaged in business in one or several provinces in the same or a related industry.

[23] L. Palmen, M. Baron, *A guide for animators cluster initiatives in Poland,* Warszawa: Polish Agency for Enterprise Development, 2008, p.10.

[24] Eriksson, *Cluster collaboration and glocalised value creation*, p. 12.

may be they are less conscious. Due to the presence of information and communication technologies and global companies in sectors such as mobile telephony, Internet, but even in the trade sector, the society quickly becomes accustomed to the tender, which goes perfectly to their needs and meet them. A simple example, just with the trade, are shopping cards, financial services, consulting and design included in the purchase price, insurance (during transport, unpacking, and even run the equipment), and warranty service *door-to-door,* or even providing food products to the house (on-line orders).

Combining products and services in one offer is not a matter of high tech, sophisticated knowledge or resources inaccessible – it is a question of changing the approach and analysing the customers' needs.

Management of the innovation processes, especially in lagging regions, must focus on changing an approach to create offers by the companies so that they combine the products and services. It is vital to include in this process clients so that their needs would be covered comprehensively. Of course, such an approach doesn't need to apply only to one company, but companies should work together to develop an offer using their specialties and resources.

Summary

Entrepreneurs from disadvantaged regions did not developed a need for knowledge sharing. Companies are not willing to share knowledge, because they feel they have sufficient knowledge to operate.

The challenge for the management of the innovation processes in lagging regions, above all, is to create a need for cooperation between entrepreneurs with other entrepreneurs and actors within the network of regional innovation system. This requires building a climate of trust between people and entities.

Regarding the problems of isolation and lack of cooperation in lagging regions management of the innovation processes should first focus on strengthening links in the regional innovation system by using local resources, skills and economic potential – creating the conditions for endogenous growth (growth poles), networking with more developed regions by means of virtual networks (institutional ties) and the mechanisms that link local resources with global markets through the development of diffusion of knowledge and resources to draw from more developed countries, to improve the innovation culture, create culture of cooperation – the acceptance, awareness of the interdependence of development, growth, confidence and use of political and administrative capacity, shape and build up the capacity to innovate, both in technique and technology, as well as organizations and education – lowering the difficulty threshold of making and implementation of innovation, reduce risk and uncertainty in the innovative activity.

The key to increase the percentage of companies cooperating with other actors is to increase the level of satisfaction with cooperation. A good evaluation of the cooperation will lead to a persistence of on-going cooperation, and encourage new entrepreneurs to start cooperation with new institutions. It turns out that companies want and work with those entities that they assess positively. The better the evaluation of the cooperation is, the more cooperation is established.

After creating the network there should be supported the cooperation between companies resulting in the creation of joint offers, based on common earning. The challenge for companies is to change the way of cooperation based on shared savings, what means searching for similarities and exploiting economies of scale to lower costs in terms of product, price, promotion and distribution – in to cooperation based on joint making money, using complementary (supplementary) capabilities. What's more, the products do not have to be new and innovative, often enough to merge the existing products and services in an innovative way.

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Marketing communication on the Internet as the element of managing the corporate image

Introduction

New trends in interactive marketing used for the purposes of widely understood modern enterprise management are tools of creating and promoting the corporate image online via building the relation with market environment and customers, purchasing centres and employees, as well as involving them in the process of implementing the mission and the vision of the company. The concept of interactive marketing used for the needs of the business and image management is a phenomenon relatively new in our country and thus attracting much attention.

Market politics in the era of globalization and the company's image management functioning for some time now are forcing the enterprise to the unceasing care of the image and to follow the latest trends, particularly if they worked in the United States or Western Europe. Thanks to spectacularly growing e-marketing and internet Public Relations in Poland, even the companies without "personality image" may become market leaders, especially when they are using the help of specialists dealing with the interactive industry. As a consequence of mass media in the social life and development of broadly comprehended marketing the company is seen through the prism of the product whose "market life" should be appropriately managed.

For some time now, almost all sectors of the economy follow new solutions and trends based on marketing communication on the Web. The strength of the Internet is its unlimited reach, and direct contact regardless of geographical borders. Nowadays, almost all companies have their own websites, where they place current information concerning new products, progress and successes of the business. Having corporate or product blogs, building customer engagement and relationship with the market environment through social networking have also become fashionable.

Does this attempt to analyse the new tendencies as a part of Web 2.0 trend prove to be favourable for the Internet promotion allowing both support and implement communicative and managerial needs of the company? The following synthesis will answer this question.

1. Marketing communication on the Internet, and image management

The birth of the Internet is regarded as a new channel of communication, new medium and it is accompanied by examples of the constant emergence of new social interactions. The virtual community interacting online, was the culmination of detaching the social life from places and the birth of the new determinants of social relations. The era of the Internet was hailed as the end of geography and the foundation of building a new settlement, where the traditional workplace went down in history and tasks performed from the electronic cottage allow to save time as well as engage recipients. „The Internet is a network of global connections and in its frames there are many smaller systems of transmission that allow to reach millions of users"[1]. Thanks to the Net, social communication has entered the era of multimedia transfer, which combines different techniques and formats. „The Internet has some striking features. It is immediate, direct, worldwide, decentralised, interactive, endlessly expandable in contents and outreach, flexible and adaptable to a large extent. It is egalitarian, that is - anyone with the appropriate equipment and moderate technical skills can be actively present in cyberspace in order to announce one's message to the world and to demand attention. It allows individuals to indulge in anonymity, role-play, fantasize and also enter into different communities and share with them. According to users, it lets both the active participation and passive absorption by the world deprived of outside references (...). It can be used to either break the isolation of individuals and groups or to deepen it"[2]. Repeating the words of Manuel Castells „the Internet constitutes the tissue of our life. If today's technology to be considered the equivalent of what was electricity in the industrial era, then the Internet, due to its ability to transmit power of information on all spheres of human activity, can be compared to the power grid. (...) The emergence and development of the Internet is an extraordinary adventure in human history. Its story demonstrates the ability to overstep the institutional purposes, overcoming bureaucratic barriers and revision of established values in the process of forming the new order. It also confirms the view that cooperation and easy access to information are more conducive to innovation than competition and protection of intellectual property"[3]. In this regard, „the Internet has become an international communication link that binds in thousands of computer networks worldwide into one system, providing access to millions of database, focusing information on almost any topic"[4]. Almost all government and business

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[1] A. Ilców, *Konwergencja mediów a Internet*, in *Mediatyzacja kampanii politycznych, edited by* M. Kolczyński, M. Mazur, S. Michalczyk, (Katowice: Wyd. Uniwersytetu Śląskiego, 2009), p. 241.

[2] Papieska Rada ds. Środków Społecznego Przekazu: *Kościół a Internet*, http://www.opoka.org.pl/biblioteka/W/WR/rady_pontyfikalne/r_komunik_spol/internet_etyka_22022002.html#m2

[3] M. Castells, *Galaktyka Internetu,* (Poznań: Dom Wydawniczy REBIS, 2003), pp. 11-19.

[4] W. Cwalina, A. Falkowski, *Marketing polityczny, perspektywa psychologiczna,* (Gdańsk: Gdańskie Wydawnictwo Psychologiczne, 2006), p. 439.

organizations in the world have their own websites allowing for contact with recipients and providing information about their activities. This new way of communicating with the outside environment has become a consequence of changes happening in society, generating the results and the involvement of consumers, who over the last few years more and more consciously participate in the „market life". An important factor of this new power elite is a steady increase of the number of Internet users. According to research conducted by IAB Poland in 2011, the number of Polish Internauts is 15.8 million and there are 2 billion users worldwide[5].

Marketing specialists bet on the Internet also due to the rapid growth of the online consumer market, and companies with their own websites increased their profits significantly. The research carried out by Gemius SA in 2008 and 2009 shows that two out of three Polish Internauts, which is 62%, stated that at least once they used the possibility of shopping online. In reference to aforementioned studies the Polish e-commerce market can be considered as a developing one. „About 80% of online clients intend to continue to make e-purchases at a frequency of no less than before. What is more, 44% of Internet users who haven't done online shopping so far plan to make such a transaction in the future"[6].

The growing success of the online market motivates marketing specialists to acquire more customers and to communicate with them via this particular medium. For several years now there has been a consistently increasing interest in the Net as a means of promotion. Such a state of affairs is a result of technological development, growth of network infrastructure facilitating data transfer and expansion of web applications, strictly speaking software enabling the use of the services available on the Web.

The Internet now is mostly used for communication purposes. It is also an important source of information and entertainment. The communication center of business and trading platform, and thus the place of promotion[7].

From a marketing point of view there is more components that make the Internet appealing: the interactivity with multidirectional communication process, multimedianess of forms of transmission which allows to combine text, graphics, animation and sound. Creating links between web pages. By clicking on the banner we move to the advertiser's website where you can familiarize with the detailed offer. Moreover, the Internet owes its attractiveness to the high activity of users who can decide themselves on the content displayed on their computers. „Promotion on the Internet, as well as outside it, has several significant functions: it informs, inspires to action, preserves

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[5] M. Lemańska, Z Sieci korzysta 2 miliardy ludzi,
http://www.rp.pl/artykul/665029_W_Polsce_liczba_internautow_rosnie_wolniej.html, June 12, 2012.

[6] http://interaktywnie.com/biznes/newsy/raporty-i-badania/e-commerce-2009-dojrzalosc-czy-stagnacja-4513, June 4, 2012.

[7] T. Maciejowski, *Narzędzia skutecznej promocji w Internecie,* (Kraków: Oficyna Ekonomiczna, 2003), p.14.

the message and finally, is a tool in the fight against the competition. It has a comprehensive function of transmitting information and it impels to direct action, that is, for example, to place an order, and the additional advantage here is ease of payment. What is more, promotion embeds in the minds of the recipients a positive image of the company and its products. Because of the multimedia and interactive nature of the Internet a rate of remembering information increases making it an important tool for achieving competitive advantage"[8]. Due to the richness of the above-mentioned forms the possibilities of using the Internet in promotion are enormous.

The Internet has a great potential, but also puts its users the bar higher and higher. The materials published on the Net must contain attractive content both linguistically and visually, since they usually are evaluated only after the first few sentences. This situation has an impact on the increasing popularity of specialized agencies, offering running Internet press offices which must provide persuasive enough material for someone to draw attention to it. Building an image on the Internet also depends on Internauts trends and behavior. The activity in such sites increases the recognisibility and is good for the image. „Until now, the media was dealing with spreading pieces of information and giving them a specific meaning. Thanks to the Internet, this situation has changed. Consumers (Internet users) have increasing opportunities to create their own network resources and process already published ones. They give them new meanings and interpretations, and communication takes place directly between users"[9].

The current marketing and image campaigns following the spirit of the new trends more and more often are moving to the Internet. Entrepreneurs are blogging, chatting, making statements on the Net and opening accounts on social networking sites, such as Facebook. They communicate with clients and journalists by Skype, YouTube or Twitter. E-marketing is trying to meet the demands of new times dealing with the use of the Internet for diverse advertising campaigns which aim to increase an interest in the company and to promote its products or services to the public[10].

The Internet has created huge possibilities to quick and direct contact between the company and potential clients. What is more, marketing research shows steadily growing interest in the implementation of an image strategy based on web tools. For the majority of entrepreneurs, e-PR can become an instrument of effective management of the image, and consequently, can increase sales and profits. The Internet-based communication such as corporate blogs, e-mails, positioning of www pages in search engines, conducting business channels on YouTube is an opportunity for the company to directly reach the media, market analysts, consumers or business partners. In view

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[8] Ibid., p. 15.

[9] A. Ilców, *Konwergencja mediów...* p. 242.

[10] http://www.marketing-interaktywny.com/, August 3, 2010.

of the constantly growing number of internet users there is no need to convince businesses to have their own corporate websites. Searching for services, goods and business partners on the Internet became a standard. The web page is no longer perceived only as an electronic business card, but rather as a channel for promotion and distribution. What makes a good website is an innovative, original and fitted to corporate identity graphic design, ergonomic arrangement for easy reach to the most important contents and site positioning in search engines. In the multitude of competition only properly prepared, visually and factually appealing website can be an element supporting the corporate image management. At present, many companies have even dedicated online media (private channels on YouTube) bringing up interesting issues in a particular field and inspiring materials for a closer look at industry discussed. Therefore, having own press office is a professional and effective element in promoting both the corporate or product website as well as subject matter related to the industry in online services. Such promotion affects the consciousness of customers and expands their knowledge[11].

2. Corporate blogs

Another tool of e-PR and e-marketing, supporting company's image management is corporate blogging. The word blog refers to an online journal and is one of the most popular Internet-related terms. The dictionary of media terminology defines it as „a kind of personal website, on which the author places notes of his current experiences, reflections and different, interesting – in his view – information."[12] It is estimated that today there are about 10 million blogs around the world and this number is doubling every six months.[13] Basically, blogs are one of the easiest ways for the individual to exist, self-present and communicate own opinions on the Internet. Jan Zajac writes in his report *„Motivations, behaviors and views of the authors and readers of blogs"* that online journals are of great importance in realizing psychological and social needs such as confiding, describing feelings and significant events as well as sharing them with others. An important part of blogging is also making and maintaining contacts or gaining popularity of readers, and additionally receiving feedback through comments. Currently, thanks to mediatisation of social life, blogs have become effective tools used in public relations and marketing. Blogging is a form of building and creating a corporate image online which will appeal to its readers[14].

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[11] P. Okonek, *E-PR czyli jak skutecznie prowadzić PR w Sieci*, (Warszawa: Wydawnictwo PARP, 2009), pp. 5-10.

[12] W. Pisarek, *Słownik terminologii medialnej*, (Kraków: Uniwersitas, 2006), pp. 18-19.

[13] A. Turska-Kawa, *Blogi jako forma dyskursu politycznego*, in *Mediatyzacja kampanii politycznych edited by* M. Kolczyński, M. Mazur, S. Michalczyk, , (Katowice: Wyd. Uniwersytetu Śląskiego, 2009), p. 252.

[14] Raport: *Motywacje, zachowania i poglądy autorów i czytelników blogów.*

Loic Le Meur is one of the most famous bloggers in France who prepared Nikolas Sarkozy's online election campaign. A few years ago he published a list of reasons why one should benefit from support in the form of a blog as a communicator which is creating an image. The main reason is the opportunity to get closer to potential clients and creating a bridge in order to facilitate communication with recipients, discussing with them important and current issues. By using a blog it is also possible to present ideas or projects before their realisation, and thanks to the corresponding feedback one can get to know public opinion. The substantial number of quoting the blog can position its address in search engines.

According to the words of Dominik Kaznowski, taken from his essay „New Marketing", „it is the employees that are now creating an image of the company. Blogs led by experts in their fields telling of the work for the company are becoming a common phenomenon. This creates new challenges for those responsible not only for communication but also for information policy, investment, protection of information and, finally, legal departments in companies. Nowadays, companies more often have to opt for the selection of specific solutions protecting their interests, and at the same time go on against the new reality".[15]

From a technical point of view setting up and maintaining a corporate or product blog is not at all complicated. Much more problematic can be conducting it professionally. Not all types of firms, however, can benefit from running blogs. In managing the image, presenting competence and building expert position, corporate blog can help institutions operating on the basis of intellectual capital, Thus, there will be consulting-related industries, planners and designers, architects and other companies which benefit from selling its know - how. Moreover, even companies that have customers with strong emotional associations with the brand of product or service, such as: gourmets and travelers. The basic element is to have a loyal group of customers associated with the particular brand who will enhance their knowledge about the products and services interesting to them.

Corporate blogs will also help in managing the image of companies offering products that require specialized knowledge (breeding of exotic animals, philately, photography). The company that is a manufacturer, distributor or seller may provide interesting information about the industry and the products just through a blog. Running a blog connected with a field arousing social emotions such as politics, ecology, art or charity work is a good solution image-wise. This gives the opportunity to present company's views and their reach to a wider group of recipients. The corporate blog can also be a supporting element of the image management of technological companies and the ones offering services or products for business. If we run a service business, it is

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[15] D. Kaznowski, *Nowy marketing*, (Warszawa: Wyd. VFP Communications, 2008), p.161.

much more likely that potential customers will try to find information about our services, exactly on the Internet - and there thanks to the blog they will be able to find us more easily. The above list does not exhaust the possibilities offered by this type of network activity. Its task is rather to show different ways and uses of blogs, than to give clear-cut answers as to who should create them. However, before the company decides to conduct such a site, it is worth asking yourself a few questions that may facilitate the decision and work on the blog in the future[16].

Dr. Cornfield, a consultant of Pew Internet & American Life Project, conducted a research concerning the influence which had political blogs on the society during the last two months of the American presidential campaign in 2004. It shows that a political blogger can initiate a discourse in which hundreds of people get involved creating in this way a kind of "buzz" calling citizens to be active online which will contribute to generate sound that will become the voice of social democracy. This is further evidence to support the thesis that the blogosphere for some time can become the fifth power, as it already has a huge impact on the political mood[17].

Businesses with corporate blogs have almost unlimited possibilities to express their own opinions. This form of communication may refer to the current, important events, and above all, to establish closer relationships with customers. Blog entries become the starting point for discussion and give feedback, whereby the company can verify their actions. However, the blog will never replace the traditional website, although it may be the perfect addition. So, blogs are the place of self-promotion, creating an interesting, close to customers image and, above all, a perfect means of communication and dissemination of opinion. So the question: "what is the purpose of corporate blog?" has many answers. Among others, information about products, consumers engagement in discussions about the brand, customer service improvement, enhancement of the company image in the eyes of the environment and better positioning of website in search engines.

Another issue within the management of corporate image on the Web is the online activity of employees on social networking sites, blogs or discussion forums. Portals such as LinkedIn or Goldenline may not only build business contacts, but also lead discussions on professional topics, and create thematic groups. On one hand, the use of social networks can expand business contacts, but on the other happens at the expense of working time. Not without significance is the fact that these sites are used to search for new employees by recruitment agencies or competition. And this is one of the reasons why more and more employers restrict the use of such sites during work hours. In 2007, this issue was raised by one of the largest trade unions in the UK. Trades Union Congress

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[16] Ibid., p.162.

[17] P. Kołodziejczyk, *Blog jako instrument komunikowania politycznego*… p. 259.

has defended the right of employees to use social networks such as Facebook.

Sharing your own job profiles in LinkedIn or Goldenline certainly helps the potential competitors to find attractive candidates. Many sites of this type offer its users the opportunity to take up job offers, thus while creating a strategy for managing the corporate image on the Internet it should be taken into account that employees by posting information about their position and career details reveal data of the structure and strategy of the particular company. In some cases, such information may play an important role for the organization. Additionally, the increasing problem in terms of corporate image and information management is when a friend from social networking website is a person who works for a competitive company. Professional social networks bridge the gap between business people and the sites of a private nature.

Another important phenomenon associated with the activities of companies are blogs run by employees. Problems appear, however, in cases where the employee moves to work topics while using a private blog. Among other things, it is worth to maintain a constant monitoring of online media, including blogs. Failure to do so may lead to a situation where an anonymous blog about the company will be read by everyone except the management. In fact, such situations are very rare. Much more often, people initiate conducting a blog about their work. This is quite a popular form, especially in large corporations. Frequently these type of blogs are created by white-collar workers. The primary function of this blog is to facilitate the contact between employees and people outside the company, customers, partners or business partners. In the era of interactive marketing, the management through control of information becomes meaningless. Today's consumers of goods and services are aware that firms have a very persuasive policy of promotion and self-presentation, and thus lose confidence in such transfers. Therefore, a major challenge for public relations, especially regarding the Internet, is to rebuild confidence by building lasting relationships with customers, objectivity and openness in dealing with partners in the communication process[18].

3. Microblogs

Presently, the phenomenon of social networking sites are also microblogs. This new way of communication involves writing a short (about 140 characters) information. The authors of microblogs, like in case of any other social networks, create a group of people with whom they share their thoughts, write about what they do, ask others for advice or recommend an interesting web pages, and each message is sent to the cockpit - in other words to a personalised website which means to millions of users at the same time. Information published in this way are attractive because they are not long,

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[18] D. Kaznowski, *Nowy marketing*, (Warszawa: Wyd. VFP Communications, 2008), p.162.

and more importantly, they fit on the screen of the mobile phone. In this way, microblogs combine the features of instant messaging, news, forums and blogs, and even by some are considered to be an example of new journalism, part of Web 2.0 trend that is a concept of Internet community.

American microblog Twitter gained popularity in Poland during the elections to European parliament in 2009. At the beginning it was used by the politicians from PiS party. Soon, however, this method of communication was taken up by politicians from other parties, recognizing the potential of this messenger. Currently in Poland microblogs are just starting. We have so far Blip, Pinger and Flaker, but prognosis is that at some time soon they will become as popular as Facebook. Blip is the largest of Polish microblogs, founded in 2007 by a group of Gadu-Gadu (Polish instant messaging service) which outrun American leader in terms of numbers of members. It is worth mentioning that Blip accounts were set up for instance by Polish Social Security Service, the Polish Post Office, and the Prime Minister. This large potential of microblogs has also been noticed by private entrepreneurs[19].

Blip or Twitter is also a good place to chat with interesting people and gain new knowledge. But mostly it is a great information channel, where one can find out about many things much earlier than from traditional media. Microblogs can help in running businesses (...) and are great in maintaining relationships with friends. Their hidden meaning is in "watching people" after all[20]. "Politicians, trying to keep up with the voters and the requirements of the new political cybergame, more often publish their posts on the microblogs as they benefit much from it. Their micromessages are often picked up by the media. Currently, microblogs are used only by representatives of selected industries such as advertising, IT or marketing[21]. With microblogs entrepreneurs can create or improve their public profile. The results of a study by Megapanel PBI/Gemius shows that currently about 1.2 million Poles are using microblogs. Mostly men use this form of communication (53.6%) whereas women blog almost twice as long. Microblogging services are most popular among those aged 15-24[22]. Entrepreneurs quickly recognized its potential and are trying to best fit in this trend of communication.

4. Social media – element of building trust on the Internet

The social networking sites so-called social media, which perfectly mobilize

[19] P. Pająk, *Wszyscy piszą mikroblogi*, http://www.newsweek.pl/artykuly/wszyscy-pisza-mikroblogi,38102,2, November 7, 2011.

[20] http://www.mojeopinie.pl/blip_czyli_bulka,3,1251200845, April 8, 2010.

[21] J. Stróżyk, *Politycy ćwierkają dla rozgłosy*, http://www.rp.pl/artykul/451931_Politycy_cwierkaja_dla_rozglosu.html, April 7, 2010.

[22] http://gospodarka.gazeta.pl/gospodarka/1,33181,7131143,Gemius__rosnie_popularnosc_mikroblogow.html, April 8, 2010.

the recipients, fit well into the trend of Web 2.0 as part of the management of corporate image. These include services such as Fecebook, MySpace and Goldenline. The basic element of their functioning is opening a profile, creating a list of friends, commenting on their entries and placing your own posts. You can upload pictures and other files, and chat with other users. Facebook phenomenon is an excellent example of the popularity of this type of application. Mateusz Tulecki writes in his publication that "social online services make the social network of relationships more concentrated. (...) For political marketing and politicians themselves, these applications are a good place to conduct activities related to the election campaigns and to build long term relationships with voters. However, if a politician opens a profile on one of such services automatically becomes a member of the community"[23].

Each of the web portals brings together different users. Facebook concentrates more educated, mostly young people of the middle class while MySpace is mostly used by teenagers. The use of these services is an integrated activity of new media and traditional media of marketing resources. Their task is to complement the communication and auto-presentation activities undertaken during image campaign. On such sites companies place shots from work trips or photos from the early years of the firm, building in this way   a closer relations than is the case in the real world. It should also be noted that due to the presence in the online communities, companies can keep responding to crisis situations and control the information published by the Internauts. Another benefit of social media is an immediate feedback on the effectiveness of marketing campaigns. This enables instant changes and adjustments to the expectations of Internet users[24].

Among Polish companies, the accounts on social networking sites are represented by almost all industries. On Facebook for instance, entrepreneurs post thousands of pictures a day and almost every day they update their entries and add YouTube videos documenting the corporate life or work on new projects. The indicator of professionally run fan page is a number of fans, the people subscribing to our online profile.

5. YouTube – virtual simulation

"Another kind of services in the Web 2.0 trend, which can be successfully used in corporate image management strategies are applications that allow users to publish and share files, especially movies. Undoubtedly, the most popular one is YouTube, a service launched in early 2005 by Steve Chan and Chad Hurley. At the end of 2006 it was taken over by Google for 1.65 million dollars"[25].

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[23] http://launching.blox.pl/2009/12/Czym-sa-Social-Media-Era-Social-Media.html, November 26, 2011.

[24] Ibid., November 26, 2011.

[25] M. Tułecki, *Polityka 2.0, czyli jak politycy starają się wykorzystać najnowsze…*p. 202.

Entrepreneurs, as well as other users can upload there corporate videos, reports from press conferences and important social events that will be publicly available. As the portal SpinRoom notifies "After the television, Youtube turned to be one of the most important channels of communication with today's consumers, and this communication works in both ways. In 2008, this service became absolutely essential for any marketing campaign. Broadcasting journalists press releases with links to the new corporate spots became natural. Image specialists posted on YouTube videos documenting the day in the life of business, corporate social events and important speeches addressed to the employees. But YouTube has also become a tool in the hands of consumers themselves. Unlike television, the Internet allows for bidirectional communication. Generalisation of the tools (software and hardware) used for creating films resulted in rash of amateur advertisements, assemblies, manifestoes and parodies. Some of them later were placed in traditional media, and their authors gained a great deal of attention"[26]. Fashion for YouTube soon also appeared in Poland. Through this service Donald Tusk (Polish Prime Minister) wished Poles a Happy Easter: "I hope that the sunny and merry spring will appear in every Polish home, in every Polish heart and will stay there as long as possible throughout the year"[27]. Donald Tusk speech, posted on YouTube by his office, created in this way the image of a modern prime minister, going with the times, who is no stranger to new technologies.

A specific feature of YouTube is no possibility to remove offensive or politically incorrect contents, because, as administrators ensure, the brand's most important asset is freedom of speech. It is here that users have found a playing field for themselves, where they can show a different side from the traditional version. Companies promoting on the Web may on their corporate or product blogs and social networking sites provide links to specific videos on YouTube, so users can benefit from them regardless of the time, place and use them in other applications. Anyone can create an account here, add and comment on videos posted by other users as well as organize and indicate resources themselves[28]. New media tools like YouTube, provide an unprecedented openness and transparency in the activities. Even Queen Elizabeth II has her own YouTube channel. It was launched in December 2007 on the 50th anniversary of the first ever Queen's Christmas performance on television. During the first week the channel recorded over one million visits. The recordings issued in there raise a lot of topics, from archival photos from the queen's wedding to the film from the collection of apples in one of the royal estates. Own channel on YouTube was launched also by the Government of Iraq. You can watch there the speeches of politicians, learn about the work of the govern-

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[26] http://www.spinroom.pl/?tag=youtube, June 24, 2010.

[27] http://www.youtube.com/watch?v=J8ineG8dkMM, October 24, 2011.

[28] M. Tułecki, *Polityka 2.0, czyli jak politycy starają się wykorzystać najnowsze* … p. 202.

ment, and keep track of the most important moments in the development of the country. Also, the UK government launched its service on YouTube. Prime Minister Gordon Brown took advantage of it to launch a campaign called "Ask the Prime Minister", inviting people to send their YouTube videos with the questions, to which he answered on the site. This program became very popular and permanently inscribed on YouTube. In 2007 European Union channel started, available in three languages: English, French and German. On the day of inauguration of President Barack Obama, January 20, 2009 the channel of the American White House was launched. A few days earlier, there was created a channel of the Senate and U.S. House of Representatives[29].

"The business world is increasingly using the means of the Internet. Present companies, after creating their own websites, start more consciously using the applications such as blogs or social networking sites. Contents regularly published on the blogs, profiles on social networks, videos posted on sites like YouTube, are becoming a way for entrepreneurs to reach the growing number of Internauts, mainly young people, well educated and living in larger cities"[30].

6. Websites – tool for building and preserving the image

"Tools through which companies can build or fix the image on the Internet are limitless, because the Internet is unlimited. "This is the only medium that fits together all the elements of broadcasting: audio, video and text. It's up to us which one we will use to promote our company or the product (e.g., political). Studies show that, whenever we want to sell a product, 75% of success depends on how it is introduced to potential clients, and only 25% on the properties and the options that he gives us. Launching a new or already existing product requires huge financial resources of the company. Only the Internet allows to reduce those costs to a minimum. We live in a global village where information travels at the speed of light, you just have to know where it grows and what tools to use"[31].

By creating a website the company may partially resign from the sometimes awkward medium of journalists, not giving up contact with customers and not disappearing from the media at the same time. The Internet offers almost unlimited opportunities to reach new recipients and allows contact with them. Currently, websites in the business world are a kind of business cards, and the entrepreneurs themselves reach for more and more interesting ways to present the goods or services, enriching their sites with

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[29] http://www.youtube.com/user/wwwprezydentpl#p/u/3/adwShkcX-ww, March 2, 2010.

[30] M. Tułecki, *Polityka 2.0, czyli jak politycy starają się wykorzystać najnowsze*… p. 204.

[31] M. Dutkowski, *Jak kreować swój wizerunek w Internecie*, http://prportal.pl/2009/07/jak-kreowac-swoj-wizerunek-w-internecie/, October 2, 2011.

blogs, forums and the options to add comments.

Creating an image on the Web is a challenge, therefore such activities are in-creasingly outsourced to a professional company. To meet the specifics of the Inter-net, one needs to constantly communicate with users. No activity significantly reduces the chances of a candidate to gain popularity in the network which is built up for months and even years. Currently, the best examples of building a positive image on the Polish business and financial scene are websites of banks and cosmetic companies. They contain all the essential elements needed for effective image presentation. They are transparent and simple, professional and credible. They place current information and important an-nouncements, show company's mission and vision, present the photos documenting its history. Thanks to the company's website customers have direct contact with each oth-er. By using a contact application form everyone can write a message or communicate their dissatisfaction with products or services. The corporate website also include links to profiles on social networks such as: Facebook and YouTube or on microblogs like Blip or Twitter. Posting photos of the most important events of the life of the company on its home page is also an interesting solution. They introduce the dynamics and enrich the creation, which thus become unstandardised. All these elements make up a clear message. They seem to say: our company is growing rapidly, is professional and respe-cted by the customers.

The business world more and more is using the new options of the Internet. Com-panies in addition to their own websites, which are now the basis for marketing commu-nication, more consciously begin to use new applications, such as social networks, blogs and microblogs, or private channels on YouTube. These new trends which allow to man-age the corporate image on the Web reach large numbers of users that is customers. This tendency and fascination with new communication tools on the Web will certainly grow, as both the number of Internet users is increasing and the amount of time they spend on the Internet.

Conclusion

In summary, it is worth recalling that nowadays widely understood business is largely based on marketing. While struggling to gain customers one should focus on creating and promoting a positive image. From the market perspective, any company has to work for a long period of time in order to get results. The promotional campaign itself is a kind of culmination of an earlier, long-term work. Customers build a picture of the enterprise on the ground of media reports, and largely based on its image on the Internet. The modern consumer of goods and services, evaluates corporate websites, their functionality, communicativeness and timeliness of information published there.

Web promotion tools such as blogs, microblogs, profiles in social media, and private channels on YouTube have become an undeniable part of professional management of the company's image. Interactive marketing meets the demands of new times dealing with the Internet used for widely understood advertising campaigns, which aim for the increased interest among customers and corporate promotion in society.

For marketers and specialists in image creation, online applications become a place to build long term relationships with customers and to carry out promotion and information activities. Tools through which companies can build or fix the image on the internet are basically limitless, because the Internet is unlimited. This is the only medium that brings together all of the elements of communication: sound, image and text. This analysis is therefore a source of information about the mechanisms and processes used to manage corporate image and about professional communication tools which provide effective building of relationships between customers and business partners via the Internet.

Summary

This publication gives an overview of marketing and promotional activities which today's businesses undertake in order to create and manage their image. The road to the top of a business career is inextricably linked with both the mechanisms of promotion and following the latest trends of communication. Therefore, this work is an analysis of the latest trends, developed by marketing and PR specialists, and the impact they had on the image and trust of a company. The following dissertation implicates that in the world of globalization dominated by marketing activities, based on specific strategies forcing companies to constant care about the image, the Internet is the best for this tool.

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Negotiation stages and tactics in project management

Introduction

Human beings have negotiated since the beginnings of their existence. With the use of negotiations people come to an agreement on various planes. They have conversations on their own behalf as well as on behalf of other people and different kinds of organizations. Thus we can speak of marriage, family, trade, labour, political, international and project management negotiations. In all these cases – from two people's arrangement to a debate of specialist committees in the UN commissions – negotiation processes are in progress.

Importance and significance of negotiations in project management have induced me to choose this issue as a subject which is strictly connected with my professional work. Knowledge of that field may be useful in each profession where we stay in touch with people, present our stand, get to know views and offers of the other side and carry out arrangements. Abundance of definitions, descriptions of the nature of this phenomenon, mechanics of its course, used strategies and styles, applied techniques of convincement and persuasion as well as descriptions of social engineering and manipulations is enormous. I would like to present some of them in this study.

1. So what are negotiations?

The term "negotiation" derives from the Latin expression "negotium" – business. Until recently negotiations were associated with politics and in this context this term is explained by the PWN Polish Language Dictionary. We can read there that: "negotiations are common explanations, presentations of views and arrangements conducted by authorised representatives of two or more countries in the form of conversations or exchange of written documents, parley etc"[1].

In the Oxford dictionary the verb "to negotiate" is explained as carrying out a conversation in order to reach compromise or agreement.

Whereas in the PWN Dictionary of Foreign Words we can read that "negotiations – from Latin negotiatio = dealing with trade, mutual explanations, presentation of views,

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[1] *Słownik Języka Polskiego*, (Warszawa: PWN, 1988), p. 309.

carrying out talks by representatives of two or more countries, transactions, parley"[2].

A review of definitions.

In the literature we can find many definitions of the term 'negotiations'. Here are some of them:

Rubin & Brown (1975):

"...negotiations:

1. Involve at least two parties.
2. Parties' interests are contradictory at least in one field.
3. At least partly parties voluntarily start taking this interaction, regardless of previously existing experiences.
4. Taken actions concern: a) division or exchange of one or more goods or resources, b) resolution of one or more problems concerning involved people or parties represented by them.

The actions usually consist in presenting demands or offers by one party, their evaluation by the other and then there is an expression of agreement for putting forward a counterproposal. The actions usually happen sequentially, not simultaneously[3].

R.Fisher, W. Ury (1990):

"...bilateral process of communication which goal is to reach an agreement in case when at least some interests of involved parties are contentious"[4].

Z. Nęcki (1994):

"...negotiations is each conversation which aim is to agree on mutual stance in a particular issue (...) it is a sequence of common moves by which parties strive to reach a possibly beneficial solution of a partial clash of interests..."[5].

Z. Uniszewski (1993):

"...a set of practical activities consisting in presentation of views, intentions and expectations which aim is to conclude an agreement (contract) by representatives of negotiating parties"[6].

H. Brdulak & J. Brdulak (1996):

"...a multilateral process of communication which goal is to reach an agreement. Interests are contradictory in at least one field. Despite that, partners start voluntary negotiations with a sense of possible mutual interest..."[7].

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[2] *Słownik Wyrazów Obcych*, (Warszawa: PWN, 1978), p. 504.

[3] J.Z. Rubin, B. R. Brown, *The social Psychology of Bargaining and Negotiation*, (New York: Academic Press, 1975), w: P.J. Dąbrowski, *Praktyczna teoria negocjacji*, Sorbog, (Warszawa, 1991), p.11.

[4] R. Fisher, W. Ury, B. Patton., *Dochodząc do TAK. Negocjowanie bez poddawania się*, (Warszawa: PWE, 1990), p. 21.

[5] Z. Nęcki, *Negocjacje w biznesie*, (Kraków: Wydawnictwo Profesjonalnej Szkoły Biznesu, 1994), p. 12.

[6] Z. Uniszewski, *Konflikty i negocjacje*, (Warszawa: Samorządowe Fund. Rozwoju Demokracji Lokalnej, 1993).

[7] H. Brdulak, J. Brdulak. *Sztuka i technika negocjacji handlowych*, (Warszawa: Bizant, 1996), p. 9.

Elizabeth M. Christopher (1996):

"...negotiations is a form of agreement between people (...), and agreement can be defined as the one which joins justified interests of each party in a best way, fairly settles contradictory interests and in addition it is constant and takes into account needs of people living in a particular administrative area"[8].

A. Fowler (1997):

"...a process, in which two or more parties are involved in achieving the result. Those parties initially have different goals but with the use of arguments and persuasion they try to overcome differences to obtain a mutually satisfactory solution..."[9].

G. Nierenberg (1998):

"...whenever people exchange ideas with intention to change attitudes, whenever they strive to compromise, they negotiate then..."[10].

All these definitions emphasize that:

- parties are forced to start negotiations as a result of clash of interests. If goals of parties are not different, there is no need for negotiation. Negotiations result from occurrence of conflict;
- despite an existing conflict, parties must be interested in achieving a common result, they are somehow dependent on each other and believe in a possibility of a mutually beneficial solution;
- despite of initially different stands, parties try to get to know differences to find a mutually satisfactory solution – for that purpose they modify their initial position;
- there is a relative balance of power between parties since otherwise i.e. if one party had a definite advantage, it would control a situation and impose its stand to such an extent that no negotiations would be necessary;
- negotiations are not a fight where you have to beat your humiliated opponent at all costs but they are a difficult process of making decisions with consideration of both parties' interests;
- conflict, which is the basis of negotiation, is the result of action of external factors and it is not caused by any party, therefore we should not focus on it but on ways of searching for common interests, goals, values;
- in negotiations living people participate who are endowed with intelligence and feelings and have life experiences and ambitions; therefore in negotiations we deal not only with a "pure conflict" and game of interests but also with realization of emotional values such as will of competition or sense of someone's own dignity.

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[8] E. M. Christopher, *Umiejętność negocjowania w biznesie*, (Warszawa: Zysk i S-ka, 1994), p. 8.

[9] Za T. Warner, *Umiejętności w komunikowaniu się*, (Wrocław: Astrum, 1999), p. 95.

[10] G. Nierenberg, *Sztuka Negocjacji*, (Warszawa: Studio EMKA, 1998), p. 16.

As a result of analysis and interpretation of presented definitions, one can formulate their own proposal of the definition of negotiation: Negotiations is striving for agreement, matching of individual interests of parties through exchange of information, concessions, calculation of profits and losses but also imposing conditions to one another in order to obtain mutual benefits.

2. Character of negotiations

Negotiations might have different faces. In their nature they can move from positional warfare, through negotiation tender to creative negotiations.

An initial condition of occurrence of the process of negotiation, except the previously mentioned ones, is a relative balance of powers which parties possess. However it is not about an objective balance – the point is to perceive an occurred situation by parties as the one which is just being characterized by this relative balance. Too big power of one of partners leads to imposing stance on the other party and obviously there is no way for any negotiation. Too weak partner scares off the other party from entering the negotiation process since there is a danger that he may succumb to external pressures or in the future he will not fulfil (or will not be able to fulfil) a signed contract or will not want to fulfil it (he may try to sabotage agreements since as a matter of fact they will harm his interests; he was somehow forced to accept contract conditions).

Parties, driven by their power perception, enter negotiations by informing each other about their stances (demands). They can stop on it without a desire to make concessions and wait for a course of events which would cause the increase of power of either party and thus a possibility of forcing through their own stance. Parties gradually reveal to each other more and more of their own interests, goals and intentions. They may come to a conclusion that in fact none of the previously revealed negotiation stances guarantees realization of mutually beneficial goals and a completely different way of thinking is necessary. Creative negotiations begin and looking for the third way which guarantees fulfilment of both parties' goals.

To make creative negotiations come into effect, not only a high level of mutual trust of both parties is necessary though but also a big intelligence and creativity of negotiation participants on both sides.

In negotiations one more situation can occur which is avoiding involvement in the process. This situation can take place especially in working teams when some team member comes to a conclusion that there is no possibility to have influence on the situation or when he thinks that costs he would bear as a result of involvement in the process will exceed the possible ones to obtain benefits.

3. Negotiation stages and tactics

Negotiations is a process consisting of many stages.

Leo Hawkins et al. mention four clearly distinguishable negotiation stages:

- initial stage during which parties establish mutual relations and try to arrange the plane of agreement togethe;
- divergence stage used by both parties to establish differences between them and determine a limit of the conflict areas;
- integration stage during which parties consider possible ways of solving problems and look for such solutions which can satisfy each of them;
- agreement stage during which a presentation of final proposals and conclusion of an agreement take place[11].

Z. Nęcki[12] also distinguishes four process stages. He particularly emphasizes the first stage, pre-negotiation. He writes:

"...just before real talks begin it is necessary to make at least two moves: prepare yourself essentially and create in yourself an appropriate attitude. It is a pre-negotiation stage. The next one is opening, starting talks which is the beginning of people's meeting and also the moment of giving first offers which create initial conditions for a future contract. The third stage is having talks: next proposals and next mutual concessions. Finally the fourth one – finishing negotiations by accepting a contract or breaking off talks...".

In a simplified way a negotiation cycle can be presented in the form of four main stages:

- preparing negotiations,
- starting,
- controlling the course,
- finishing negotiations, future perspectives.

4. Preparing negotiations

Many observers speak of the necessity of an accurate preparation for talks since this is the basis of succeeding in negotiations. However we should not assume that a course of events will proceed like we want and surprising situations will be solved as they arise.

Before starting negotiations one should ask several questions. These are the major ones:

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[11] L. Hawkins, M. Hudson, R. Cornall, *Prawnik jako negocjator, czyli jak efektywnie negocjować. Zagadnienia prawne.* (Warszawa: Dom Wydawniczy ABC, 1994), p. 88.

[12] Z. Nęcki, op. cit. 4, p. 186.

- why do we start negotiations and what do they concern in fact?
- can we solve a problem without appealing to negotiations?
- who will be our opponent?
- when will be the best and the worst time to start negotiations?
- what initial offers are we going to introduce? Up to what level are we prone to make concessions?
- are we going to invite agents, mediators to participate in negotiations or are we going to form a team or do we conduct talks on our own? If we form a team, who will enter it?
- where will we conduct negotiations, at what place? Will it be better in our area or in the territory of our opponents? Or perhaps in a neutral area?
- how long are we going to carry out talks? How much time can we devote to them?
- how to check accuracy of situation perception, existing opportunities, secondary issues and possible limitations included in our stance?[13].

H. & J. Brdulak write about a large significance of preparation for negotiations[14]. They emphasize the necessity of collecting information about a negotiation partner, especially in three basic ranges:

- credibility of partner we are interested in (company, organization etc.);
- information concerning people participating in negotiations;
- data about common surroundings of negotiation partners (e.g. market, legal, cultural etc.).

The mentioned authors mainly deal with trade negotiations, so they speak of the necessity of checking partner's economic situation. They suggest starting from determining the year of company establishment (the longer it exists, the bigger level of credibility is; most companies go bankrupt within the first year of existence). Next elements which should be analyzed include:

- volume of sales and balance amount,
- current financial liquidity,
- value of fixed assets and company capitals,
- series of detailed financial indicators and others.

While organizing the negotiation process one should collect as much information as possible concerning e.g. people who will represent a company and particularly whether decision-making people will sit at the negotiation table or not. Negotiation partners often designate low-ranking employees to conduct talks. Many times it results

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from the desire to delay final decision or obtain maximum information, sense of one's own strength or wish to manipulate.

Important information is knowledge about professional roles performed by negotiation partners. It is different to negotiate with lawyer, engineer or accountant. Such knowledge will allow to select carefully members of our negotiation group.

A negotiation organizer should also collect information about partners' characterology and personality features. It is necessary to check whether someone from our company or friends has met our negotiation partners before. It is good to know how they may react in various circumstances, how they act under pressure and if they are open or distrustful, calm or bad-tempered, cheerful by nature or pensive? Each departure from behaviour characteristic of a particular person can be a valuable tip for us during negotiations and can inform us about a played "game". One should also know possibly a lot about partner's interests, their hobby, ways of spending free time, professional successes, family situation, problems and worries. Such information can be used to improve our image in partner's eyes, pass the time of breaks in negotiations or even allow to some kind of controlling moods at the negotiation table.

At the stage of preparation for negotiations it is necessary to decide who will represent our party. A number of negotiators should be right to secure each discussed aspect of a case but one should strive for as small group of negotiators as possible since the bigger team is, the more difficult is to control particular sections of talks and coordinate the whole works. Selection of people should take into account:

- negotiation skills and personality features;
- knowledge of specialist issues connected with the subject of negotiations;
- skill of team cooperation, limited individualism, expected roles to perform during negotiations[15].

Negotiation team should be matched and internally balanced. Group members should have precisely assigned roles and duties – everyone must know their responsibilities. Unbalanced team as regards skills and knowledge of issue is ineffective.
Members of negotiation team ought to have assigned roles and duties. H. & J. Brdulak mention the role of leader, recorder, listener, critic and controller.

Leader is a person who can organize team work but also who has competences to make decisions. He has to have factual competences, grasp of a particular issue, ability to think precisely in stress situations, skill of staying calm and looking for common ground for agreement with the other party, skill of building mutual trust and knowledge about conducting negotiations.

Recorder is a person, whose task is to record all arrangements made during dis-

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[15] H. & J. Brdulak, op. cit. 6, p. 191.

cussion and data about discussed issues disclosed by both parties. The second important task of recorder is cooperation with leader, watching the order of issues and suggesting appropriate data to team members.

Listener must be an efficient observer; his role is not limited to passive listening. Ha has to remember everything what was said and unsaid but also how it was articulated and with what intention. Listener reports to team members what he noticed when other people in 'heated discussion' were not able to notice small but important signals.

Critic carries out observations concerning evaluation of progress in negotiations and ways of conducting duties by team members. Criticism from the mouth of own team member allows to perceive small shortcomings; too easy departure from an arranged concept allows to ascribe a proper importance to negotiation elements, correct argumentation and used techniques.

Controller is a difficult, ambiguous and awkward role. It is usually a person with highest position who evaluates the effect of negotiation. Presence of controller often hardens atmosphere, worsens climate of talks and makes team work incoherent.

During preparation works we must also prepare a place of negotiations or give consent to it when our partner organizes the meeting. The most recommended is "neutral ground". The place must be properly prepared, seats at the table should be arranged, appropriate lighting is necessary as well as sound (if needed) and aesthetic decor. A general rule of preparing the place of negotiation requires a kind and partnership attitude, not confrontational coldness. During that time negotiator should think about strategy and style of negotiation i.e. way of conducting process. For formulating the strategy the most important thing is to realize the goal of conducted talks.

Formulating the negotiation strategy requires elaboration in the form of planned tactics of conducting negotiation i.e. determining methods and techniques pursuing a goal. Here we can plan many scenarios of negotiation course. Negotiators often resign from it and rely on their own experience, intuition and reflex. But when they hear an offer of new ground for cooperation, radical change of agreement conditions or different unpredictable idea, they are surprised, helpless and use appeals against decisions of superiors or specialists.

Choice of argument is crucial for the negotiation course. The negotiation process should be based on rational circumstances, substantive arguments, cool calculation and information possible to verify. These are e.g. technical and financial documentation (confirmed by impartial specialists), market information, references of clients or users, display, product demonstrations, guarantees of trade or financial partners. All this information ought to be collected and prepared for presentation at initial stage. However, speaking of substantive arguments we should not claim that using arguments which find their way to emotions and subconsciousness is out of the question. Just the op-

posite – you should not resign from them. The range of means is enormous here – from mass advertisement and promotion to subtle interpersonal game.

While preparing for carrying out talks, negotiators must plan and work out methods of refuting various reservations of partners. Doubts and objections are constant elements of negotiation and basic tools of explaining and agreeing on many issues. J. Bloos mentions four basic groups of reservations:

- objectively justified reservations,
- excuses (protective statements),
- prejudices,
- superficial reservations, "poorly justified"[16].

An experienced negotiator cannot disregard any of the above mentioned groups of reservation. Sometimes irrational prejudices or made-up objections may block the negotiation process. The fact that partner formulates reservations is important information. It means that he noticed our offer, treated it seriously, thought about it, had doubts, calculated costs and got ready for some decisions. Lack of reservations is a bad sign since it means a poor interest or already made decision – most often a negative one.

Reservations are often methods for getting extra information and revealing weak points of partner. Thus negotiator should not pass over reservations or avoid them. He must be prepared to receive them. He cannot be taken by surprise, thrown off balance or show embarrassment. Negotiator must specify the essence of reservation, make sure if he understood it properly, ask for justification and then use prepared and considered counterarguments. In case of big, complicated contracts, agreements and cooperation agreements, common designing of goals and tasks for particular members of negotiation groups is necessary.

Starting negotiations.

Negotiation talks usually start with customary polite words, introductions to each other, defining who people participating in a meeting are and what they do. This stage of opening should not be excessively extended but also you cannot get to the point too quickly. It is necessary to remember about making a good impression, suitable atmosphere and also about some regularities of psychological nature. The first is the one which says that during first several minutes of the meeting negotiators settle their opinion about interlocutor. With a great difficulty effects of the first impression may be subject to change during long-lasting talks. The second regularity says that "in the first five spoken sentences there should be the proper one which will signal to

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[16] H. & J. Brdulak, op. cit. 6, p. 114.

partner benefits he can achieve after starting negotiations with us"[17].

When in a kind atmosphere negotiators start talking there is determination of ways of conducting negotiations, their range, duration and proceedings. These elements were prepared at the planning stage but now they have become formally accepted. At this stage both parties must determine:

- what are their goals?
- what are divergences?
- what are divergences caused by?
- what is the source of conflict?
- has a similar situation happened before?
- what may be the benefits from reaching an agreement?

At the stage of opening talks each Party should verify previously taken assumptions which are the response to the following questions (by the way - verification of these assumptions is a constant process and should be carried out for the whole time of negotiation duration):

- who is the most important person in the team of negotiation partners and who will make decisions?
- have we chosen a proper negotiation strategy for a particular stage?
- have we anticipated aspirations and intentions of the other party correctly?
- what benefits does partner expect? What does he want to fix?
- what are proper goals of partner?
- what can be my maximal concessions?
- what can be my minimal advantages?
- in what areas does a consensus of opinions and interests take place?
- in what areas does a total conflict of interests occur?
- are there issues of various degree of importance for parties? The same issue can be more important for one party and less important for the other.

At this stage one should not reveal an accepted negotiation strategy and especially anticipated tactic of proceeding. You cannot show readiness to concessions. If partner wants to present his proposals, you should listen to them because they can be the basis for proper negotiations.

Generally speaking, the task of negotiators at the opening stage consists in building a friendly atmosphere and sounding partner out, examining his intentions and attitude, discovering his strong and weak points, getting to know emotions and hidden goals as well as determining stance.

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[17] H. & J. Brdulak, op. cit. 6, p. 127.

5. Negotiating

The reason of success of negotiation process is conducting it according to an accepted (often negotiated as well) schedule and defined rules of proceeding.

The basis for starting negotiations is the first negotiation move, in other words – proposal, offer. Just after its presentation putting forward arguments and justification of one's stance begin. Thus proposals are the motor of negotiation while arguments are only the tool.

Proposals are also a form of seizing the initiative and controlling the situation since…"the person who makes a proposal, has control over the course of negotiations"[18].

If we find some offer insufficient and we reject it, it is necessary to present a different one. Otherwise we block further progress of talks and destroy current effects. Proposals can be formulated according to the scheme: "if you…, then we…"

Each proposal contains many elements and we should remember about it and not lose sight of them. Negotiator cannot plan only one variant of final contract and persist in reaching it. We can defend a few but not all points of a planned contract, we have to give in something.

It is obvious that the first offer in negotiations is unacceptable because it defines maximal demands of partner and it is prepared "for future development" (according to the rule: "aim high") in such a way to make space for possible concessions. Those concessions have a different value for both parties. Something which is a big step forward for one party, for the other it can be a little significant gesture. The rule "concession for concession" is a fundamental rule of negotiations.

Vacuum between the first offer and anticipated contract is called by Z. Nęcki "negotiation margin"[19]. It must be big enough to have something to give in but it should not be too big in order not to make our proposals seem absurd.

The conclusion from these deliberations is simple. We should leave the position: maximum and make concessions with small steps. At the same time we can emphasize our good intentions and great sacrifice. While reaching concessions one should not reveal their importance. Expressing enthusiasm or even satisfaction during negotiations causes that the other party may consider their made concession sufficient and toughen their stance. In contrast, if partner shows joy from our concessions we may think it should satisfy them so our further concessions are not necessary. Excessive openness is not advisable in negotiations. It should also be remembered that one can gain more by giving in with small steps but more often than with jumps but more seldom.

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[18] Z. Nęcki, op. cit. 4, p.195.
[19] Z. Nęcki, op. cit. 4, p.197.

Often, in order to recognize real intentions of partner and his tendencies to concessions a tactic of hypothetical situation "what if" is used. One of parties asks the other a number of questions starting from "what if" and then presents its offers. In such a way you can determine limits of concessions and expectations. R. Błaut writes that "...even if he [interlocutor – author's note] consciously wanted to hide his intentions or information about a company he represents, then asking him a question based on the structure "what if" would probably make him imagine the answer to this question. This image will certainly find its expression in body language and that is, on the other hand, a very reliable source of information for a skilled observer"[20].

During negotiations you should say "yes" as often as possible without making concessions. It turns out that it is a magic word, a tool to disarm the other party. Often repeated "yes, I see", "yes, I agree" or "yes, you are right" affect the atmosphere of talks. "Yes" changes attitude between speakers and listeners, decreases tension and transforms an antagonistic dispute into the beginning of dialogue[21].

Equally important is expressing recognition for speaker. When you express recognition to people you act like a friend or colleague. Moreover you persuade them to change their way of perceiving you. W. Ury highlights that "as much you can disarm a particular person as you can satisfy her need of recognition"[22].

Non-verbal and verbal reflections are used for establishing and maintaining a harmonious contact with interlocutor. Non-verbal reflections consist in making one's own behaviour similar to some non-verbal behaviours of partner[23]. The point is to reflect body posture, specific gestures, breathing rhythm, voice tone and pace of speaking. "Reflection is a craft of guessing attitude and feelings of partner in order to adapt to his mood and skills which as a result will make contact with him easier and allow to listen to him and understand effectively"[24].

Verbal reflection consists in making one's own language similar to some elements of language which are used by interlocutor according to the rule that you should talk to people in their own language. The point is to adjust vocabulary, way of reasoning but also specific kind of our statements to the character of perceiving phenomena typical of visualizers, audiles and sensates[25].

Unfortunately, despite a created climate for negotiations partners often cannot reach an agreement. In this situation you can cite an authority of a well-known

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[20] R. Błaut , *Skuteczne negocjacje*, (Warszawa: CIM, 1998), p. 49.

[21] W. Ury, *Odchodząc od NIE. Negocjowanie od konfrontacji do kooperacji*, (Warszawa: PWE, 1998), p. 81.

[22] W. Ury, op. cit. 21, p. 84.

[23] R. Błaut, op. cit. 20, p. 64.

[24] L. Grzesiuk, *Psychologia stosowana dla menedżerów*, (Warszawa: Prywatna Wyższa Szkoła Handlowa, 1997), p. 103.

[25] L. Grzesiuk, op. cit. 25, p. 103.

and highly-regarded person, who supports our stance and has a good opinion about us. You can also cite your previous achievements. Our successes are to be a guarantee of professionalism here. It is also necessary to put emphasis on benefits, which will be obtained by our counterpartner as a result of reaching an agreement with us. The benefits might be measurable but also prestigious and prospective resulting from doing business with us.

You can also introduce a factor of competition[26] i.e. make an impression that our interlocutor has to compete with somebody who has a better position and meets our requirements.

However, if negotiations proceed in the climate of aggression and lack of trust, tactics have a completely different character. Pressure on counter-partner is put with the use of manipulation such as introducing agent provocateur whose behaviour must irritate our opponent, disturb or disrupt his train of thought and invalidate the concept of goal realization.

Another tactic is "good guy – bad guy". Appearances of conflict inside one negotiation team are made here. One negotiator is a tough, tenacious and aggressive man who makes excessive demands. He is the one who appears in negotiations as first and after he effectively discourages and makes the other party freeze, then the second one appears: kind, friendly and willing to compromise. "Good one" agrees to a compromise which was planned beforehand by the party he represents and which is no compromise at all. "Bad one" is only the background of him. Small concessions of "good one" seem significant; they are accepted not because they are beneficial but because they were made by a nice person.

However what should be done when it turns out that partners are not willing to compromise and they toughen their stance or wage trench warfare? Reaching a reasonable agreement between parties becomes less and less probable. The atmosphere of negotiations becomes contentious and competitive. Sending signals that our stance is unchanging we discourage our partners from active argumentation because there will be no effects anyway. Partner's stubbornness blocks him mentally as well and a lot of effort is needed to defrost the situation. Sometimes you must create such a situation to let your partner save face. Anti-partner attitude with no chances of concessions causes impasse, waste of time and impossibility of agreeing on a contract.

In positional negotiations psychological problems along with factual ones are crucial. Most often a solved problem is treated as strictly as people who personify it. It is a wrong approach. You should separate a man from a problem and apply the rule "be tough towards a problem but soft towards people". Such an attitude is conducive to stubbornness in realizing one's goals and at the same time keeping good relations

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[26] L. Hawkins, op. cit. 10, p. 146.

with partner who personally does not feel threatened. R. Fisher and W. Ury advise: "attack a problem without condemning people. Go even further and act friendly towards them"[27].

Ending negotiations.

One of symptoms signalling the end of the negotiation process and approaching the finalization of contract is the increase of varying difficulty of talks. Both parties are excited about their course but it is necessary to hold on till the end and not give in to time pressure. Let us wait until partner accepts what has already been arranged. At this stage some difficulties may occur. Often at the last minute negotiators try to extort concessions which were previously rejected. Sometimes the other party may try to bring up an issue which was discussed before. In this situation we have to resist such pressures in a definite way. Negotiating at the last moment and under pressure of time or power is a mistake and may cause much damage. Let us not allow to be urged but also let us avoid such moves towards partner.

While seeing lack of progress in the negotiation process we can withdraw from negotiation or withdraw our offer[28]. We can bluff to take an opponent to task but we should take into account a possibility of accepting our step seriously. Therefore those tactics should be used economically and only when the risk of real breaking off negotiations is small.

We can also ostentatiously show our anger and dissatisfaction[29]. It is possible that in this way we will reduce our partner's confidence which will be the reaction to undermining his belief about his accuracy of rightness. As a result, this tactic may lead to reduction of his demands.

If we need time for preparing extra arguments or checking a contract from any perspective we can use the tactic of lack of ultimate competences. In that way we delay the course of negotiations but we gain time. It can also force the other party oriented at reaching an agreement to make concessions at the last moment.

Good results in the final negotiation stage are obtained thanks to using recapitulation. Frequent summaries of achieved results with particular emphasis of mutual benefits give the feeling that negotiations make some progress. Recapitulation of current arrangements is a tactic inclining to make a final proposal.

If, despite a lot of efforts, we cannot reach an agreement, we might bring in a mediator to talks who can – as the third party – significantly affect the change of negotiators' conduct.

Mediator may induce the arguing parties to reach an agreement through

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[27] R. Fisher, W. Ury, B. Patton, op. cit. 3, p. 80.

[28] L. Hawkins, op. cit. 10, p. 146.

[29] L. Hawkins, op. cit. 10, p. 151.

an analysis of particular issues and opportunities the parties can choose from as well as formulating an agreement satisfying needs of both parties.

The final contract should be designed in writing and contain all arrangements and conditions of their realization. A written form puts in order various aspects of agreement; it is a document for superiors; most often it is required by legal regulations. The negotiation result, the final contract should include:

- preamble (introduction),
- range of contract,
- answer to the questions:
- what are duties of particular people? What is salary?
- what is time limit?
- on which documentation is it based on?
- rules of arbitration in case of misunderstandings,
- conditions of breaking off a contract in unexpected circumstances[30].

At the moment of signing a contract let us not reveal concessions we could make if negotiations lasted longer but let us congratulate our partner on a good deal he made with us. Let us also congratulate on the way how concluding a contract will affect the future functioning of his company.

However, we should bear in mind that "basic success of negotiation not exactly consists in the fact that a contract is concluded but rather in the fact that parties fulfil their mutual obligations which result from that contract. It requires a careful preparation of mechanisms, which will induce the other party to respect made arrangements and comply with them"[31].

The discussed stages form the negotiation cycle, also called negotiation spiral. This cycle depicts next steps leading to success: finalization of talks. It also happens that before the success of a signed contract is achieved, one can go through a few negotiation cycles.

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[30] S. Witek, *Techniki kierowania szkołą*. (Jelenia Góra: Wydawnictwo Nauczycielskie, 1994), p. 44.

[31] L. Hawkins et al., op. cit. 10, p. 96.

Summary

The negotiation process is in fact a game played between participants. It can be a zero-sum or non-zero sum game. Reflection of a played game is a style of negotiation. The competitive style or (according to a different classification) dominance, adaptation, avoiding and compromise are the signs of assumption that one party can win only as much as the other one loses (zero-sum game). The sum of the negotiation results can be positive though; both parties can win but a number of favourable conditions must arise. The most crucial ones include a determined goal, a degree of negotiators' preparation for negotiations, their personality features and skills.

But there is still an open question: how much are we able to master the method of a perfect negotiator?

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Management organization in structure social help on environmental of self-help home

Introduction

Term "managing goes to process bring to realization definite things, fitly and effective, together with different people and by them"[1]. Environmental Home of Self-help is institution getting support people ill/disable , that is why incredible essential is by task entertain in frames of help and support. Takes place in way fitly and effective also by testify skilled employee that is why managing human resources is essential element whole process managing Environmental Home of Mutual aid.

Activity supports is process of management to plan organization leading and control. Planning embrace appear their range designation goals given organization, arrangement strategy leading to their achievement also elaboration hierarchy plans by coordination act[2]. Organize appear definition task to execution also arrange who makes them as their groups who whom be subject to and where has entertain decision[3]. Leading as about direct people and coordinate action of employee by director. Last thing to do which realize a person on management position is controlled. Manager monitor function organization, compare results with appointment goals before[4].

Henry Mintzberg distinguish from ten different role which perform manager classify their three category: interpersonal (role represent, leader, communicator), information (role observation, propagator, spokesman) and decision (role corporate, counteraction disturbance disruption, deponent stock and negotiator)[5]. Manager to achieve success should also disputant particular skills: technical, interpersonal, concept also diagnostic and analytic. Technical ability are necessary to make or understanding tasks with particular organization[6]. Interpersonal skills is to „ability establish contact , under-

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[1] S.P. Robbins, D.A. DeCenzo, *Podstawy zarządzania*, przeł. A. Ehrlich, (Warszawa: PWE, 2002), p. 32.

[2] Ibid., p. 34.

[3] Ibid.

[4] Ibid.

[5] R. W. Griffin, *Podstawy zarządzania organizacjami,* (Warszawa: PWN, 2001), pp. 52-53.

[6] Ibid., p. 55.

standing and motivate both units, as well as groups[7]. Conception skills is "ability depart-ment from ability to abstract thinking[8]". Diagnostic skills and analytic is a skill, which are „enable for manager to design the most right reaction in data situation[9]".

Process managing applied is in organization set on profit for example in large and small companies also in organizations not set on profit (not commercial) for exam-ple in government organizations , educational, protection institutions health[10]. At last article is characteristic process manage organ focused not for profit, idea in standard way and reflected measures financial gratification, but success measure live particular patients- environmental home self-help.

1. As a matter of function environmental house of self-help

Environmental home self-help ,has been institution form of support for people treated as a social eliminate from a reason their disability physical and/or intellectual, re-alize goals ,lying in the base of developed existing physical environmental care. Thought institutionalization of help is in this type of institution back on day care and support not turnoff people ill/ disabled from life in a community – mean as a presence, active and fight to go back or get a new role in community.

Thickness conditions socially nature, indeed, determine although big chance for people with disability, as it gives the hardest for her to go through is a beat bar-rier, deep roots in a stereotype, so line fear, perception differences. Although continuous presence, continuity and dynamic relations between people with relations in a family, peers, neighbors effectively thwart of fear disable/ill people before reality after hospital or reality necessity to domesticated after finished period social education. That unique possibility getting in to in its own life by a ill/disable , with protection, gives use of service which gives them center day support – named better center half way.

Environmental homes self-help are existing as an elements, found in modern faze, of system care community for old people with physical bad conditions in it intellec-tual disability. This „social system of support is very important for every person , and ill particularly. This system normally in time ill stays considerably impoverishment and has to slowly building up in time rehabilitation. In case unexpected crises, independent from their reason, system of community support has full role security and supportive[11] "Idea

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[7] Ibid., p. 56.

[8] Ibid., p. 57.

[9] Ibid., p. 57.

[10] Ibid., pp. 59-60.

[11] B. de Barbaro, K. Ostoja-Zawadzka, A. Cechnicki, *You can help*. Reference book for families of patients on schizophrenia ill and disturbances shizo-type, (Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego, 2005), p. 77.

of work homes on their thing disability, treated, or also experimental community exclusion consists itself huge possibility consists". Environmental homes self-help perception as half way center determine some kinds of bouncing point of knock out, point find balance between normality and not normality, between sickness and healthiness[12].

"Social life is lots of realistic relationships interpersonal. Relations, as exist between relatives in a family, tribe on nation, are on some realistic. Everyday life of a family is constantly braid of relatives, co-operation, addictions, communal achieves est. Realistic relations drop in also on the area of school, work place, community transport, and also on the street. Those relations has different kind of character: physiological-emotional, economical, professional, spatial, temporary."[13] „Relations that type are realistic, because their subject and limits are existence real-substance. Realistic is also fundamental this relations: family connections, language- nation, economy, spatial-time etc"[14]. On base this realistic relations interpersonal also stimulating process is need being among and with other people, although undeniable, "human is social being, that is why has need inclusively touch with a group human beings: family, school, politics or social"[15] is build net of support activation and wide idea of rehabilitation participation environmental homes.

Structure build-up system environmental care in their own assumptions has create net between each other relationships and function ate on a role of organization complementary. Constituent units local structure physical environmental care fasten between resources in their variety has guaranty adult person with physical disability or intellectual complex care, support and possibility of individual evaluation path.

In structure of the net institution support and physical team environmental care could go in minimum: physical hospital or physical department in a region hospital, day physical department, consultation physical care, consultancy treatment addiction, consultancy pedagogy- psychological, environmental home self- help or different day center of support for people with bad physical conditions, residence protection, workshop therapy classes, work institution protected and others.

Having on your mind different verity and result of that specific of function environmental self-help homes, are depend on type (type A, B, C also mix types)[16] you need to point that management of process of rehabilitation care person demand lots of flex-

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[12] A. Szalast, *Ośrodki połowy drogi: o idei funkcjonowania środowiskowych domów samopomocy*, In J. Maciaszek, P. Bucoń, „*Ochrona zdrowia psychicznego. Wybrane zagadnienia społeczno-prawne*" , (Stalowa Wola: Wydawnictwo KUL, 2011), p.120 (chosen pages: 112-121).

[13] Ks. S. Kowalczyk„ *Human and community. Zarys filozofii społecznej*", (Lublin: Wydawnictwo KUL, 1996), p. 224.

[14] Ibid., p. 224.

[15] Ibid., p. 224.

[16] Consistent typology with disposition Work Minister and Social Politician in case Environmental Homes of Self-help from 9th of December 2010 year ; type A – Prolonged patients ill mentally , type B – for people handicapped mentally, type C – for human exerting others Prolonged disturbances mental action; Connection of type commits within the confines of one center.

ibility and ruthlessness respect principle work individualization.

Responsibility for all rehabilitate impact in environment of a home self-help is equally spread in particular parts element of frame essential. Humans who deal with planning and realized goals rehabilitee for details participant due a team supportive- activated[17]. In a team depot entre all workers of Environmental Home of Mutual aid, testify services for people who we take care off. Particular role in a team perform: psychologist, pedagogy (especially entitlement to diagnose and therapy persons with intellectual disability), social employee also main assistant of a particular disable person, participate direct in diagnostic process[18].

„Their keep signs massive difficulty contacts with others (or escalation tendency to complete withdrawal from this contacts) demanding method violate beyond alone pharmacotherapy. Generally define as their namely physiological rehabilitation."[19] "Point of rehabilitation is to give good equipment to a ill person with a physic disorders in physical skills, intellectual and emotional needed for leaving, learning how to work in community, by less share own psychiatrics. Rehabilitation includes lots of effects towards patients, but also therapy and family education complete variety environmental actions"[20]. Points of physical rehabilitation realized in condition centre of day support are concentrate round fortification ill/disabled in aim to self-realization by perform different social role on base of many levels of support. This just adaption to society ,so purchase are right as social competence , decide pillar process of rehabilitation environmental home of self-help.

Reaches many dimensional needs with physical disorders, in it with intellectual disability, justify need existed centers of day support also if necessary accept accuracy tendency pushing out domination 24 hour care one thing impact in natural of environment of a disable person, "in fact environmental treatment is realized of therapy away from hospital and special region in environment close to place to live."[21] Towards analyze factors influence on success of process rehabilitation also factors left in connection with process marginalization and social excluded statement that lead action from range

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[17] Internal structure is built according to disposition of minister of labor Environmental Home of Mutual aid and social politics regarding environmental houses of mutual aid from day 9 December 2010 year, when ever tongue is in disposition about group supportive-activism it belongs to understand chief of house - as result and in house employee showing favor.

[18] Diagnostic process understood as range of action executed after enclosure of incompetent person for community of center of support environmental interview, diagnosis psychologically -pedagogical, composition of composite diagnostic documentation process of rehabilitation card diagnostic participant en abling proficient planned Environmental Home of Mutual aid.

[19] B. de Barbaro, K. Ostoja-Zawadzka, A . Cechnicki, *Możesz pomóc. Poradnik dla rodzin pacjentów chorych na schizofrenię i zaburzenia schizotypowe,* (Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego, 2005), p. 67.

[20] Ibid., p. 67.

[21] Ibid., p. 67.

assure and rehabilitation in the nearest environment to a disable person considerably has impact on effect those actions and also which is incredibly essential, allows a person ill/ disable for an active in social space in direction modeling attitude social and weaknesses heart reactions towards people with disorders.

Continuity participation a person with mental disorders, in it with intellectual disability ,in environment home self-help is, not like seem like could, continued actions from the educated distance or therapy in hospital conditions but in a way new road direction finding self identity (identity podia geostatic), as adult person.

Noticeable individuality individual careers so also necessarily individualized actions towards their undertaken for one of most important goals of work supporting activated and therapist belongs to recognized maximize autonomy persons with a physical disability and/or intellectual. Although "naturally, consequences life in autonomy and preparing to new conditions of function is revaluing in itself process upbringing a disable person. There is all about, by in model of upbringing go away to defect logical determination priority of raise, which means from bringing up- adaptation to norm and imaginations people fitted to concept integration est. This way binding most of all from leaving from concept even shortage as under goal revalidation and knowledgeable in realistic needs disable people"[22].

Summery – "idea of environmental function homes self-help shut down, first of all, in creative company, support of shoulder and share with its own wealthy energy vitality during trips full of come back and leavings, starts and profits, full of unexpected circumstance, abundance in hope on satisfaction being yourself"[23].

2. Managing environmental home of self-help

Managing specific organization came in local composition unit structure social help- environmental home self-help also representation their stress on outside lie on shoulders of manager/director. Manager/ director entertain action as: planning, organized, leading and control. Environmental home of self-help active on basic existed law acts also management of manager/director. Law acts designed better work ŚDS is:

- Act from day 12th of March 2004 year about social help (Acts from 2009 year Number 175, position 1362 from later),
- Act from 5th of June 1998 year about self government section (Act from 2001 year

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[22] A. Krause, *"Człowiek niepełnosprawny wobec przeobrażeń społecznych"*, (Kraków: Oficyna Wydawnicza Impuls, 2005), p. 64.

[23] A. Szalast, „*Ośrodki połowy drogi: o idei funkcjonowania środowiskowych domów samopomocy*", in J. Maciaszek, P. Bucoń, **„*Ochrona zdrowia psychicznego. Wybrane zagadnienia społeczno-prawne*"** (Stalowa Wola: Wydawnictwo KUL, 2011), p. 120 (chose pages 112-121).

Number 142, position 1592 from later),

- Act from 19th of August 1994 year about security physical health (Act from number 111 position 535 from later).
- Act from day 27th of august 2008 year about public finance (Act Number 157 position 1240 later),
- Act from day 21st of November 2008 year about participants self-government (Act Number 223, position 1458 from later),
- Managing Work Minister and Social Politics from day of 6th of December 2010 year in case of environmental homes of self-help (Act number 238, position 1586),
- Statute,
- Decree Organization.

Decree Work Minister and Social Politics from 2010 year in case of environmental home of self-help describes: way of function at Environmental Home of Mutual Aid , administration mode and accept to homes, qualification persons testify services, standard of services[24]. Homes are divided on individual types in case of persons categories for which are destined: type A- for people chronic physical ill, type B-for people handicapped intellectually also type C-for people demonstrate different chronic effects physical activities[25]. Numbers of places at home placement in one building does not have to be smaller than 15 and bigger than 60. Environmental Home of Self-help works almost 5 days a week for 8 hours a day. At east by 6 Horus a day are made classes with patients. Time left distained is on different activities for example putting in order or preparing for classes[26]. A person apply for referral to home on stay testify conclusion to centre of social help proper in condition on places of living. To conclusion adds family doctors certificate also physical doctor or neurology in existed physical bad conditions. Team supportive-activism work out individual plan of proceed on supportive-activism[27]. Decree determine as well qualification director home, which should have high degree level on direction connected with testify service at home also at least half a year practice of work on position which had direct contact with persons with physical bad conditions. To practice this add time of employee at home. Director of home employed physiology, pedagogic, social participant, instructor of therapy classes, assistant of a disable person also others specialists depend on which kind and range of services he testify[28].

Environmental employees of homes of self-help are obligate getting training

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[24] Regulations Minister Work at Politician Social from day 9th of December 2010 year in case environmental homes of self-help, Dairy Act Number 238, Position. 1586.

[25] V. Ibid., p. 1.

[26] V. Ibid.

[27] Ibid., p. 2.

[28] Ibid., p. 2.

also experience in range of shape up in patients motivation to acceptation by surroundings behaves, shape ups habits goals active also leading training social skill. Indicator of employment is not less than one Etta on 7 patients at home type A also 5 patients at home type B and C.

Actions undertaken by environmental home of self-help can be support by persons with inside of for example voluntaries and members of family . Range of services testify by home is following: function training in everyday life (for example training of care for outside look, hygienic learning, cookery training) training ability of interpersonal and solution of problems (for example shape up positive relations patients with family) training ability spending free time (for example develop lecture interest, radio audition) physical consultation, help for patients with getting office things, help in connecting to health support, indispensable care, therapy movement (sport occupation, touristic) also other forms preparing patients to share in workshop therapy occupation or take employment[29]. Service at home testify there are in forms classes team or individual. Home can be also make sure patients transport service count on driving on classes from place of living and driving back after classes[30].

Environmental home of self-help obligate is to guide individual documentation also collective patients diaries document of work employee team support- activism. Patients submit conform their presence by sign in presence evidence of home. Insight to documentation has manager/ director of home also employees team of support- activism renationalization to analysis individual plans proceedings support-activism. Law in sign to documentation has overall persons entitle to control of home. Manager/director elaboration report from activity home. Information in it detailed information's concern minimum form and effective leading activity store of home numbers of patients which left the home , numbers of patients participial activities, co-operation with others subject of social help also price realized tasks together with consultations in it planned changes. Report manager/director translate leading unit or ordering also right to matter of social help section office provincial. In present period process standardization services testify by environment homes of self-help, embrace all sphere their function. Homes has adopt it to requirement consist in lower decree until 31st of December 2014 year[31].

Regulation Organization Environmental Home of Self–help define organization, goals and range testify services also system of control. Environmental homes of self-help are units from range of social care. Leading environmental home of self-help is a task and does not belongs to tasks our administrative district, what bind with the way their financial also stability exist in front of possible changes of structure administrate dis-

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[29] Ibid., p. 3.

[30] Ibid., p. 4.

[31] Ibid., p. 5.

trict. Manager/director present report, financial plan, information concern function unit Administrate District. Patients accept are on foundation decision administration of Director Administrate District Centre Help Family, published from authorization foreman. Supervision on function Environmental Home of Mutual Aid cause Foreman also Office Provincial Department Social Politician. Structure organization presents in a way following manner: department administration- economic, department support- therapist, department medical-rehabilitation. To jobs department administration-economic due minimum leading accountancy budget, prepare financial reports, execute duties accountancy-bookkeeper also planning and realization investment livelihood accommodation in right clean condition, care about own things , proper care about business car in it checking their technical condition also lead adequate documentation. As detail task for individual position of work define director Environmental Home of Mutual Aid[32].

Department support- therapeutic realization task from range of: diagnose individual needs and possibilities patients Environmental Home of Mutual Aid, elaboration, realization, assessment and evolution plans behave support-activism, making sure care while classes, planning and realization classes, in laboratory Environmental Home of Mutual Aid, therapy and revolution patients, invitation patients to self-service, shape up hygienic habit, develop self-service and social activity science independently function in environment, finical fitness exercise and manual patients, science communication from surroundings, leading meetings with parents, social work with parents, consultation, help with in making case office also leading right documentation. Particular things for particular employees sounds manager/director Environmental Home of Mutual Aid[33].

Department medical- rehabilitee makes diagnose participants in a way of medical- nursery, makes activity in minimum way of health education, trainings medical, rehabilitation and ability of movement, sport classes, touristic and settlement matter office also leading right documentation also making sure right care last during classes[34].

Goal of activity Environmental Home of Mutual Aid is to testify specialist services caring, illness people or disable. Those services embrace particularly services existence (stay, meals, drove on classes), therapist (therapy classes, healthiness, rehabilitation, physical therapy and pedagogic), guide, social work. Environmental Home of Mutual Aid undertake activity aim at to hold and develop ability participant indispensable to satisfaction needs life. To activities their aim: function training in everyday life, ability to train interpersonal also developed problems, physical guide, care, help in access to testify health, active therapy. Environmental Home of Mutual Aid testify their services

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[32] *Regulamin Organizacyjny Środowiskowego Domu Samopomocy w Janowie Lubelskim*, Załącznik do uchwały nr 11/35/11 Zarządu Powiatu w Janowie Lubelskim z dnia 15 lutego 2011 roku, regulation avaibble at e-mail adress: www.sdsjanow.pl.

[33] Ibid.

[34] Ibid.

in forms individual classes or groups. Regular organized Environmental Home of Mutual Aid define co-operation with institutions as: commute help center social or city center of social help, district center help family – in fact for home localization health care and in especially divisions psychiatrist function in structure institution health care, district office of work, organizations beyond, churches, culture centers, educational posts. This co-operation has on goal making sure social integration participants also entertain function with range modeling environment community in direction form acceptance and tolerance physical disability and intellectual. One the most important form of complex affection both on patients of center as and on surrounding their the nearest surroundings environmental home of self-help[35].

For organization also right action control environmental of home self-help responsible is manager/director Environmental Home of Mutual Aid. Confide on control activity in range of action designation employees. Control is efficiency in figure complex control whole shape function and tasks Environmental Home of Mutual Aid. Control problems obtain selected questions. Control temporary rely on investigation definite activity in action their execute, in goal arrangement if activity take place correct. As control check up embrace investigation physical state also documentation mirror activity done. Results inspected control right manager in goal of prevention arise abnormality[36].

Manager/director in frames of execute tasks with range of planning organization, leading and controlling spent appropriate decree-order function in support about low legal. Manager/director introduce minimum list of documents bound with control administrator in its own obligated all employees to get known and appropriate order. List of documentation bound with control administrator fragmented is on region as environmental inside goal and managing risk mechanism control information and communication also monitoring and grade[37]. Region environment inside embrace manage director as statute Environmental Home of Mutual Aid, regulation organized, regulation work, regulation salary, guide qualification employees, procedures intake employee, politic cadre, instruction investor instruction circuit and control documentation, regulation of control outgoing middle publics, control regulation managed codex ethics employee, regulation public orders, norms used diesel oil, team support-rehabilitee, regulation laboratory therapeutic, regulation of stay, cards law and responsibilities participants, procedures of buying and use materials therapeutic . „Goal and managing risk „embrace managing director concern politics managing risk registration control and

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[35] Ibid.

[36] Ibid.

[37] *Wykaz dokumentów związanych z kontrolą zarządczą*, Załącznik nr 1do Zarządzenia Nr 14/10 Kierownika Środowiskowego Domu Samopomocy w Janowie Lubelskim z dnia 18 października 2010 roku w sprawie prowadzenia wykazu dokumentów związanych z kontrolą zarządczą oraz planu i harmonogramu kontroli zarządczej w ŚDS w Janowie Lubelskim.

their documentation also plan control. Region „mechanic control„ embrace minimum followed management director ŚDS: regulation organized regulation work, condition BHP and firework, Range of responsibilities and entitle of responsibilities, authorization and power of attorney, financial- accountancy authorization, recommendation business trips, road cards[38]. Region information and communication embrace manager regulations organized regulations work also range responsibilities, entitlement and responsibility. Last form of region control manager is „monitoring and grade„ which embraced managing manager: regulation organized, financial politics, grades study, essential and financial report. Lawyers Environmental Home of Mutual Aid are obligated to get known and use high mention decree[39]. As look like control achieved by manager embrace whole function Environmental Home of Mutual Aid also designation is ranks applied decree.

In goal assurance as the most effective and efficacy control director introduced appropriate directive„ Code Ethic Employees Environmental Home of Self-help„[40]. All employees are obligated to familiarization with code also warn theirs rule: rules law order, not discrimination, co- mediocrity , prohibition abuse entitlement, principle impartiality and independence ,objectivity, honesty, kindness, responsibility also rules acceptation control administration[41].

Manager/ director environmental home of self-help managing also state of people by throughout education and also holds effective activation team of employee. Realization Cadre Politician in Environmental Home of Mutual Aid has on goal formation personal and reliable team of employee self- government, educate their posture and standards behavior, making sure of stabilization professional and counteraction resignation from work making sure of professional stabilization and counteraction resignation from work employees, evolution of system motivation also raise trust of patients of home and their families by ensure specialist services provide by competence of employees[42]. Cards politics is priorities region of managing ŚDS[43]. Strategy politics Cards is realized in following areas planning human steering also intake employees, grade employees livelihood employee also evaluation employees. Priority their politics is evolution employee

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[38] Ibid.

[39] Ibid.

[40] Zarządzenie Nr 12/10 Kierownika Środowiskowego Domu Samopomocy w Janowie Lubelskim z dnia 18 października 2010 roku w sprawie wprowadzenia Kodeksu Etyki Pracowników Środowiskowego Domu Samopomocy w Janowie Lubelskim

[41] Kodeks Etyki Pracowników środowiskowego Domu Samopomocy w Janowie Lubelskim, Załącznik Nr 1 do zarządzenia 12/10 Kierownika środowiskowego Domu Samopomocy w Janowie Lubelskim z dnia 18 października 2010 r.

[42] Zarządzenie Nr 10/10 Kierownika Środowiskowego Domu Samopomocy w Janowie Lubelskim z dnia 18 października 2010 roku w sprawie wprowadzenia Polityki Kadrowej w środowiskowym Domu Samopomocy w Janowie Lubelskim.

[43] Ibid.

by for formation conditions favorable getting high professional qualification of system promote and reward also implementation future needs by director. Intake employees is important areas strategic managing cadres[44]. It is on concurrency and open. Opens intake express in generalization information about free places of work in Public Bulletins Information also on information board. Competition intake express in definition procedure also tools which usage unable choose person the best prepared to work. Appraisal employees move in goal getting higher quality and effectively of work, inform employee, how evaluation their work also enable director to getting right cadre decision. Care and development professional employees mirror leading politics tanning, which embrace arrangement needs tanning, planning, realization also evaluation effective training[45].

Regulation of Work define in detail responsibilities employer, responsibilities of employees self-government, time of work, order and organization of work, way excuse lateness and not present at work also gives dismissing and holidays, terms of place and time of salary, duty of security and hygienic work also security firework, of woman condition and made giving prices and discrimination also punishment for violation order and work discipline[46].

Regulation visit in environmental home self-help definition in detail rules direction to environmental home of self-help, screen cross out from the list of patients, law and duty patients.

3. Manage process of rehabilitation

On effective realization of goals on status environmental home of self-help basic effect has planning but also realization particular stages of action undertake towards people we care for, folding in to management of procedures and rehabilitation processes given participant. Those management constituent also of all rehabilitation process exist second level of function organization social help, which is environmental home of self-help, as different centre of day support, realized analogical status goals.

On rehabilitation process (physical) in a frame of participation of a physical disabled person and/or intellectual in environment of a home self-help consist of:

- Interview environmental(as element of individual diagnose),
- prepare diagnose individual (separate psychological, pedagogic and others unanimously with demand also analyze accessible documentation for example: medical, education, law)

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[44] Ibid.

[45] Ibid.

[46] *Regulamin Pracy w Środowiskowym Domu Samopomocy w Janowie Lubelskim*, załącznik do Zarządzenia Kierownika Środowiskowego Domu Samopomocy w Janowie Lubelskim z dnia 16 czerwca 2009 roku.

- observation participant in period adaptation in conditions function is centre (as element diagnose individual also as form verification won data which often give in change in the mean time of a ill/disable person conditions using from service home),
- prepare individual plan behave support-activism
- realize goals individual plan proceedings support- activism (in data forecast in plans period right with individual well-chosen method),
- contains appraisal function participant by assistant leaded (formal documentation observation changes function participant-every week
- presence individual plan proceedings supporting- activism (achieving period- every half a year-realization goal plan ,mark function participant, mark adjective goals selected applied work method).

(REFERENCE: OUR OWN)

There we have to point out that direction process rehabilitation participant environmental home self-help proclaim important part of success manage organization and itself community patients of a home is an element basic filler exist unit whereas to higher by unit efficiency cooperative in range behavior continuous work individual organization cells could contribute rational organization division tasks sides standardize middle and work tools patient assure right to level development mind patients and their possibilities individual notebooks, lecture, help science, selected audition and radio together analyze and introduce uniform work method in range patients at school, boarding-school, internet and class therapy, arrangement plan of studying, therapy and technique gathering, repeating and strengthen recognize messages planed from truss teaching with everyday situation in life groups educational and others cells organizations post[47].

Planning and by the same time realize process rehabilitation in forms of participation of a person disability in environmental homes self-help starts at the moment exceed by patient doorstep home. Regular diagnose possible preference needs not holds as with switching off a person needs with social contacts inside centre. In front of this impact diagnostic with use of standardized method[48] are supported by observation in condition a conditioner patient to demand new group social also receive particular rules behave inside institution, regular minimum regulations. Necessary approach activity diagnostic is justify statement that human is part of cosmos but simultaneously is exis-

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[47] L. Ploch, *Włączanie społeczne w placówce specjalnej*, (Warszawa: Publishing Difin, 2011), pp. 130-131.

[48] Proper methods standardized for given member group of support-activism i.e. psychological tests and pedagogical. Diagnosis of participant is composed on its requirement of effective use of favor of center Environmental Home of Mutual Aid and bringing up of quality of service of this favor. It does not define legal fixing requirements precisely and diagnostic methods, so, data of centers considerably differ in ap proach for and realization of diagnostic process.

tence uniquely. This immanent towards world material despite this is also towards him transcendental. This is a person and at the same time a human. Characteristic human being but most of all describe it, next point out on her fundamental property and discuss their ontological structure[49]. Point out demand fact importance diagnose on area of pedagogy special which has fundamental meaning for all rehabilitation process and first of all for unit diagnosed and their parents. Diagnose makes a person handicapped, but exactly the same beaver before diagnose and after it. Getting official, formal and specialist information about diagnosed automatic condition turn on it in other social existence area. Diagnose changes identity[50].

Function gathering information about paper in center result from fact of needs making sure their right care help professional prophylaxis better understanding their authentic interest and possibilities. Information has to enable realize wide idea individualist in action didactic and upbringing favors to rather positive bond emotional with pupils, but also accept the most optimal for specified group of patients model action enable realized strategy in social incorporation[51].

Glance for participant Environmental Home of Mutual Aid as huge richness possible development, unrealistic in their potential visualize fact that human being appear seem has double element constrictive ontological axiological. On surface ontological person is constitute by specific reality substantial homely real existed nature intelligently. Second measurement a person is sphere higher value, especially logos and ethos. Person is someone, who is able to actualization truth and good. Those values has always dimension social because person with their own nature is subject between a person simultaneously definition approach to construct individual plan[52] supportive activism[53] with behave rolls respected needs intellectual evaluation emotional but also spiritual.

Entertain advisability active in direction changes in any from share patient function establish using connections won actual data with information as possession although action in precinct about participant right with postulate co-operation[54].
In frames function day center support-activism contain establishment from range social

[49] S. Kowalczyk, *Człowiek a społeczność. Zarys filozofii społecznej*, (Lublin: Wydawnictwo KUL, 1996), p. 108.

[50] D. Baczała, *Niepełnosprawność intelektualna a kompetencje społeczne*, (Toruń: Wydawnictwo Naukowe Uniwersytetu Mikołaja Kopernika, 2012), p. 48.

[51] L. Ploch, *Włączanie społeczne w placówce specjalnej*, (Warszawa: Wydawnictwo Difin, 2011), p. 127.

[52] S. Kowalczyk, *Człowiek a społeczność. Zarys filozofii społecznej*, (Lublin: Wydawnictwo KUL, 1996), p. 11.

[53] According to disposition of minister of labor and social politics proceed regarding environmental houses of mutual aid from day 9 December 2010 year whenever tongue is in disposition about it proceed individual plan support-activism established belongs to understand - as result, for requirements properly and capabilities of each psychophysical participants, kind and range of favor showed in house.

[54] L. Ploch - Postulate of cooperation understood as ability to analyzing of result of information piled with data earlier concerning e.g. school failures .

rehabilitation are define individual on base diagnose support minimum at:

- analyse access (deliver by participant) documentation ;
- interview environmental (assessment social situation);
- separately diagnoses: physiological and pedagogic ;
- observation participant during visit in centre in period expectancy on acceptance in period to three months after direct (period destined on carry out physical and pedagogic diagnose, introduction identification on surface after potential development dominant problems also preference and talent)

Accuracy and reliability diagnose inconspicuously condition adequate prepare individual plan supportive activation and in some success process of rehabilitation of patient[55].

After diagnostic process exist also on many areas as in co-participant patient home or therapist generate success or fiasco undertake action. For the most essential elements managing process rehabilitation conditions environmental home self-help recognize can:

- patient diagnose environmental home self-help (possible introductory diagnose of a person with disability waiting for acceptance to Environmental Home of Mutual Aid),
- evaluation plan supporting activation,
- attitude and quality of work leader assistant,
- quality personal contact essential centre with family/ guardian,
- involvement members of family and guardian in process their rehabilitation (understood as presentation attitude openness in sphere generalization ability),
- co-operative members of team supporting- activation,
- co- operative cadre therapist from cadre administration centre.

(reference: our own)

Manage rehabilitation physical process of patients environmental home self-help determine basic management element organization- specific unit social help. Their effective whereas it is accidental co-function many factor with both plane with different scene build success one theater. Success coming back and finding by patients home yourself own in reality with sickness and disability.

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[55] A. Szalast, "Osoby z niepełnosprawnością intelektualną w ośrodku wsparcia dziennego", „Niepełnosprawność i Rehabilitacja" No. 1/2012, (Warszawa: Instytut Rozwoju Służb Społecznych, 2012), pp. 33-34 (chose pages: 31-40).

Summary

Environmental home self-help system element of social care testify on thing of adult persons with physical disorder in it with disability intellective act in fact role in process integration social also prophylactic marginalization and social exclude social member burden weight our own disability or disability close person. In front of achieve on base programs safety of physical health, reorganization general country system of care over persons with problem disorders and/or physical ill center of support day start fulfill in local structure help key role. Named center halfway fill institution low, fulfill demands letting as well for continuation treatment and therapy started on way of hospitalization, as and on incorporation new, alternative ours all its own forms impacts into patients.

To testify services were performed on as highest level as needed is competent and high qualified cadre of employees also effective of managing whole function of home. Hole whole function to two plane designation specific of center support day among type numbers unit in structure social care: function environmental home self-help as organization unit social help also function members of community home (cadre therapist and participants) in process rehabilitation. Managing whole institution sit on direction/manager which to organized, planning also monitoring function of the institution. That is why his competence and abilities managing huge measure depend on good luck making decision in front of participants at home and as well as natural links social support which are their families. General creed are straight with law acts determine law fix and by the way guarantee quantity of service. Use and interpretation needs natural law and there are the same general through process of managing environmental home of self-help not right laying in competence manager/director unit together with their individual predisposition managing. Having on attention also specific all with function center of day support/environmental home self-help also individual character managing, right manager/director principle is being imagination that statement, that every from centers should as the same function attitude exist as separate its own form of support persons disable in local structure social help.

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SELECTED ASPECTS OF AN OPEN ECONOMY[1]

Abstract

Open economy tools include capital intellectual and Human Capital Management Solutions. We methodologists and process designers determinants open economy have been designing complex systems without characterizing the active components of our systems, known to be highly non-linear and variable (people). This paper outlines selected aspects of an open economy and projects I reviewed on the way to making this stupendously obvious but notable discovery and four characteristics of people that most affect methodology design and project outcome e.g. TBE™.

1. Aspects of an open economy

New era of open economy e.g. TBE[SM] had enjoyed a long continuous, and rich development over pas two centuries with contributions from some of the world's most distinguished economists, including: R. Bazylevich, Š. Čarnický, Y. Malhotra, J. Mihasiuk, S. Panchyshyn, and D. Salvatore. We will be examining the contribution made by each of these, and by other great economists in the following chapters. Other special branches of new economics are of more recent vintage, and none can claim such a distinguished list of contributors and background[2].

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[1] Paper presents effect of realization of project N N115 408840 *Intellectual Capital as the acceleration of development of information society*, Faculty of Economics, Rzeszow University**,** Cwiklinska 2, 35 601 Rzeszow, Poland.

[2] See: J. Amman, T. Carpenter, G. Neff, *Surviving the New Economy*, Boulder, CO: Paradigm Publishers, 2007 and D. Salvatore, *International Economics*, New York: Macmillan, 1990, p. 7.

Twenty-first century businesses worldwide operate in an environment where forces - such as globalization, technology, Internet, deregulation, restructurings and changing consumer expectations - are creating much uncertainty and prodigious risks. Consider, for example, that no force is having as great an impact on business today as the Internet. And as the Internet evolves, companies in all industries are rethinking the basics: business models, organizational change, core strategies and target customer bases. These new developments create new issues related to risk and risk management ("Goodwill" category). Managing risk on an integrated and enterprise-wide basis is a vital issue confronting executives, with the CFO a key decision-maker in crafting the company's strategy. R. Bazylevich speaks, I think the point to risk management is not to try and operate your business in a risk-free environment. It's to tip the scale to your advantage (e.g. Aeropolis). So it becomes strategic rather than just defensive (spin-off).

In today's turbulent global economy, financial executives must manage financial performance while keeping up with the faster pace of business and huge amounts of new data pouring in from the Internet. Indicator ICT, Neural Network, Capital Intellectual, Algorithm GROVERA and SAS Financial Management Solutions help you capitalize on the global economy, by giving you the ability to drive change instead of merely reacting to it (goodwill3). You get a clear, balanced view of your business so you can make the decisions that align with overall corporate goals. You can combine traditional measures, such as income statements and balance sheets, with intangible assets such as the value of your customers, products and services. And you can use the results of financial decision making to optimize performance in every corner of your organization. Executives, managers and distributed teams need accurate, up-to-date information for decision making, and they need it faster than ever. For IT departments, the challenge is to deliver information to an increasing number of users in a variety of formats – without raising operational costs. SAS Business Intelligence empowers users by giving them access to information in the format they need, when they need it (think again). The solution provides integrated enterprise architecture with targeted user interfaces to allow information access, analysis and reporting for different types of users. SAS Business Intelligence is one of five integrated elements that comprise the SAS Intelligence Value Chain, a framework that optimally integrates individual technology components within your existing infrastructure (Economic accelerator of development).

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[3] Goodwill can often arise when one company is purchased by another company. In an acquisition, the amount paid for the company over book value usually accounts for the target firm's intangible assets. Goodwill is seen as an intangible asset on the balance sheet because it is not a physical asset such as buildings and equipment. Goodwill typically reflects the value of intangible assets such as a strong brand name, good customer relations, good employee relations and any patents or proprietary technology (http://www.investopedia.com/terms/g/goodwill.asp).

In era digital a methodology Knowledge Management contains nine basic elements:

- skills,
- activities,
- techniques,
- tools,
- teams,
- deliverables,
- standards,
- quality measures,
- roles people (Capital Intellectual).

People, as active devices, have success modes and failure modes. The following are the main ones that I have named and used to date:

1. People are communicating beings, doing best face-to-face, in person, with real-time question and answer (rethinking).
2. People have trouble acting consistently over time.
3. People are highly variable, varying from day to day and place to place.
4. People generally want to be good citizens, are good at looking around, taking initiative, and doing „whatever is needed" to get the project to work (forsite).

Three success modes counter the consistency problem:

- people are generally interested in being „good citizens",
- people take initiative,
- people are good at looking around.

So far, and even today some people like to make lists, some don't. Some work best nights, some work best in the morning. Some like deadlines, some don't. Groups vary similarly. Some cultures prize public self-scrutiny, others shelter people from embarrassment, and so on.

Business Intelligence worked on carefully curate data in the data warehouse. But now Business Intelligence has to bring together a huge diversity of information including data in the data warehouse, data in enterprise apps, documents in content management systems or file servers, plus blog posts, twitter feeds, and user reviews from the Internet. And now, more people rely on this growing diversity of information for more and more kinds of daily decision-making.

2. Capital Intellectual of era new business and Human Capital Management Solutions[4]

K. E. Sveiby believes, new strategies for business success based on shifting the focus from information to knowledge:

1. Fifty percent of the fastest-growing companies in the U.S. can be described as „knowledge companies" - those that employ highly skilled, highly educated people who sell their knowledge rather than products (capital intellectual, Think Tank, TBE people).
2. Provides tools for measuring intangible assets such as competent and creative employees (forsite), patents, brand names, and company reputation.
3. Some archetypal knowledge companies are consultancy firms, advertising agencies, software companies, and architecture firms (e.g. new era redesigning).

Few of today's companies improve performance through knowledge or learning. This is because few managers understand how to make a business of knowledge. They focus on explicit knowledge (information) instead of implicit *human knowledge*. Investing in information technology instead of in people, they only know how to measure performance in money[5].

According to Patrick H. Sullivan identifying a firm's assets, especially its intellectual assets the proprietary knowledge expressed as a recipe, formula, trade secret, invention, program, or process-has become critical to a company's overall vision and strategic plan and essential in such transactions as stock offerings or mergers[6]. In the era of the knowledge-based company, where the firm's genius and future lies in its ideas, a firm's collective know-how has become a measurable commodity and as much a part of its bottom line as the condition of its cash investments, plant, and equipment. Extracting and measuring the real value of knowledge is essential for any corporate head who knows how high the stakes have become for corporate survival in the information age, where the innovative idea is as good as, if not better than, gold (see: Thomas A. Stewart, *Intellectual Capital: The New Wealth of Organizations*, Crown Business, 1998). Value-Driven Intellectual Capital (VDIC) is a corporate and financial executives idea to the new world of intangible assets -what they are and how to convert them into cash or strategic position. This creative concept of the seminal thinkers in the field, and the key organizer of

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[4] All see: Š. Čarnický, K.W. Krupa, P. Skotnyy, *Business Intelligence: Theory and Practice*, Rzeszow – Košice: University of Economics in Bratislava, University of Rzeszow, 2011.

[5] K.E. Sveiby, *The New Organizational Wealth: Managing and Measuring Knowledge-Based Assets*, Berrett Koehler Publishers, 1997.

[6] P.H. Sullivan, *Value Driven Intellectual Capital: How to Convert Intangible Corporate Assets into Market Value*, Wiley & Sons, 2000.

the ICM Gathering[7], a group of leading-edge knowledge-based companies (spillovers). VDIC explains the new, boundary expanding world of intellectual assets - where translating an innovative idea into bottom-line profits involves a tightly focused strategy with clear directives for making it happen (no spin off). A blueprint for turning corporate knowledge, know-how, and intellectual property into a sustainable competitive weapon that will build a firm's reputation and market share, this practical, insightful outlines:

- Basic concepts underlying IC (intellectual capital) and corporate value creation.
- The linkage between IC, business strategy, and profits.
- The different kinds of value-including qualitative and quantitative - firms realize from their intellectual capital.
- Activities required to produce the value firms desire from their intellectual capital.
- Methods for calculating the dollar value of companies for market capitalization and mergers or acquisitions.
- An economic model of an intellectual capital company.

Important is a valuable distillation for corporate and financial executives, managers, researchers, and analysts of IC's basic working concepts and definitions (Economic accelerator of development e.g. Accelerator 06[8]). Very important is the principles underlying value creation and value extraction, the concepts and strategies used by successful companies, the sources of value for knowledge companies, and the mechanisms used to convert that value into real profits. And since it is managerial talent that turns intellectual property into business assets, the book provides an arsenal of key concepts, methods, and processes for aligning with and using intellectual property as an active element of a firm's business strategies (Goodwill accounting e.g. SFAS 142[9]). It concludes with a discussion of how value is extracted from human capital, focusing on its elusive magnetic core-creativity and productivity. In an era in which firms are increasingly accountable to shareholders and success is judged solely by stock price, knowing how to measure

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[7] More see: http://www.knowledgeharvesting.com/documents/ICM%20Gathering%20-%20Future%20Directions.pdf

[8] BUSINESS ACCELERATOR 06 is the founding event of the market of innovation of the region, dedicated to entrepreneurs looking to sell their first product / service innovative and / or seeking financing to accelerate their development. The originality of Business Accelerator 06 is its ability to establish and „boost" business relationships within region Nice. 40 innovative companies are expected, buyers / decision makers (large accounts) investors (with an emphasis on private investors, individuals and investment funds) and accompanying experts present on territory Nice. Business Accelerators 06 organized by the group „Chain of Innovation" of the SED Committee (Sustainable Economic Development) of UPE06 (http://investincotedazur.com/en/ newsletter/january-26-business-accelerator-06-nice-acropolis.101216&artid=act9730).

[9] The New Accounting Treatment of Goodwill - SFAS 142 (Statement of Financial Accounting Standards (SFAS) No. 142). SFAS 142 made two major changes to goodwill accounting:
- Amortization of *all* goodwill ceased, regardless of when it originated. Goodwill is now carried as an asset without reduction for periodic amortization.
- Companies are to assess goodwill for impairment at least annually. If goodwill is impaired, its carrying amount is reduced and an impairment loss is recognized (http://www.nysscpa.org/ cpajournal/2004/1004/essentials/p30.htm).

and extract the value of a firm's intellectual assets has become one of the most critical and essential skills needed by CEOs and CXO today (spin out). Reflecting the most innovative thinking from some of the most sophisticated firms in the world, Sullivan's Value Driven Intellectual Capital is a manifesto, a clarion call to excellence for any corporate or financial executive, merger and acquisition partner or investor who understands how much future corporate survival and success depends on the simple enduring genius of a good idea and the need to convert those ideas into corporate value (**spinnaker knowledge**).

Mark Smith speaks, measuring knowledge capital a plethora of methods[10] (effect leverage). There is growing criticism that the traditional balance sheet does not take account of those intangible factors that largely determine a company's value and its growth prospects. The 'unreported' assets are on average 10-15 times those of the tangible assets. Furthermore, several studies show that future growth is determined not by historical financial accounts but by factors such as management skills, innovation capability, brands and the collective very know-how of the workforce. More consequently more organizations are starting to address the measurement and management of intangible assets such as knowledge. Those who do so cite several benefit:

- It more truly reflects the actual worth of the company;
- The process of measurement gives insights into the drivers of sustainable performance;
- Demands are growing for effective governance of intangibles, of which social and environmental reporting are already evident;
- *"What gets measured, gets managed"* - it therefore focuses on protecting and growing those assets that reflect value;
- It supports a corporate goal of enhancing shareholder value;
- It provides more useful information to existing and potential investors (see: Mark Smith, *BI Is Serious Business,* http://businessintelligence.com/research/302, 2010).

Big research found over 50 different measurement methods, which we have grouped into four main approaches under the acronym ABBA. The four approaches for measuring intangible, not mutually exclusive are:

1. Asset - valuing knowledge as an asset, potentially tradable;
2. Benefits - focusing on the benefits of a KM programmed;
3. Baseline - assessing Knowledge Management effectiveness as a basis for year-on-year comparison;
4. Action - focusing on performance measurement.

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[10] See more: http://www.skyrme.com/insights/24kmeas.htm, pp. 3-7.

Larissa T. Moss and Shaku Atre speak, while playing an important part, critics of such measures argue that they are static measures and do not help managers identify the underlying cause and effect[11]. The last few years has seen the development of new kinds of scorecard that are more directly helpful to understanding your intellectual capital. The ones we have identified as significant are:

- The Skandia Navigator (a kind of balanced scorecard) and its underlying value creation model (http://www.intellectual capital.se/[12]).
- Karl Erik Sveiby's Intangible Assets Monitor - this divides intangible assets into external structure, internal structure and competence of people (see: http://www.sveiby.com/).
- The Inclusive Value Methodology of Professor Philip M'Pherson. This combines financial and non-financial hierarchies of value.
- IC Rating® of Intellectual Capital Sweden - also a hierarchy but adds a risk factor.
- The IC Index[@reg;] of Intellectual Capital Services - this combines value drivers in a distinction tree (hierarchy)[13].
- The Danish template developed in a 3-year in-depth project by the Danish Ministry of Industry.
- The VAIC™ (Value Added Intellectual Coefficient) method from the Intellectual Capital Research Centre in Zagreb.

Each of these methods e.g. *ICM Gathering*, has some interesting characteristics, but unlike raw balanced scorecards, they variously help managers focus,

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[11] More see: L.T. Moss, S. Atre, *Business Intelligence Roadmap: the Complete Project Lifecycle for Decision-Support Applications*, Addison-Wesley Professional, 2003.

[12] Edvinsson and Malone, report 90 measures in 5 groups developed by insurance company Skandia for its 'Navigator':
- Financial (20): income per employee, market value per employee etc.
- Customer (22): number of customer visits, satisfied customer index, lost customers.
- Process (16): administrative error rate, IT expense per employee.
- Renewal and Development (19): training per employee, R&D expense/administrative expense, satisfied employee index.
- Human (13): leadership index, employee turnover, IT literacy.
This is part of a 'balanced score-card' that adds non-financial measures alongside financial measures as a tool for managers and a measure of overall performance. Our research shows that another balance is also important. This is the balance between indicators that represent inputs, processes and outputs – a feature not explicit in methods like the Skandia Navigator.

[13] Intellectual Capital Services Ltd. (ICS) is a strategy consulting firm and think tank in the fields of:
1. Innovation management.
2. Value measurement.
3. Strategy and management of Intellectual Capital.
4. Strategic learning experiences.
ICS is a London-based consultancy firm, founded by Professor Göran Roos. The company has built an extensive consultancy business and academic network over the past decades. ICS has achieved recognized leadership in intellectual capital as evidenced by a dominant position in academic publications and numerous independent references for best practice (see: http://www.intcap.com/).

not just on the components of value, but on trends, momentum, underlying factors, interactions and sensitivities to risk (spin out).

3. Open economy influences and inspirations - creative projects being implemented in the Venetian Metacluster

To implement the most important determinants of the new economy, the Metacluster promoted and carried out a diverse set of projects[14]:

- BIOVER;
- EDILBIOCERTO;
- WORKSHOP OF PARTICIPATORY PLANNING IN MOGLIANO;
- A.T.T.E.S.S.;
- ECOMAKE;
- «BORSA DELLA BIOEDILIZIA» (The Eco-building Fair) and participations in other FAIRS and EVENTS (Figure 1).

Borsa della Bioedilizia (Eco-building Fair), in order to:

- have the companies that belong to the cluster get in touch with one another;
- have the public know the initiatives which the Metacluster promoted, carried out or just participated in;
- have the companies that belong to the Metacluster get in touch with foreign companies and players;
- update the knowledge about eco-building at an international, national or regional level (reconnect guide).

In order for the adhering companies to be known, the participation in sectoral fairs is highly recommended. Such fairs include: Ecobuild (London), Terra Futura (Firenze), SANA (Bologna), Progetto Fuoco (Verona), Solar Expo (Verona).

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[14] See more: A. Tormena, *Venetian Metacluster for Sustainable Building Solutions*, Treviso-Italy, June 04, 2012, Pdf, pp. 1-21.

Figure 1. Eco-building Program

Source: A. Tormena, *Venetian Metacluster for Sustainable Building Solutions*, Treviso–Italy, June 04, 2012, Pdf, pp. 1-21

Very interesting is the A.T.T.E.S.S. project. ATTESS is a regional project, started in 2010, promoted by "Meta Distretto della Bio-edilizia" (eco building cluster), Treviso Province, some municipalities and schools. The A.T.T.E.S.S. project, which was promoted and designed by the Venetian Metacluster for Sustainable Building Solutions in partnership with the Venetian Cluster for Cultural Heritage and with the IUAV University of Venice aims to define the modalities through which to intervene on historical buildings according to energy efficiency, environmental sustainability and indoor well-being (Figure 2). ATTESS has been set up to give micro and SMEs the opportunity to adopt environmentally friendly & market oriented solutions and technologies adapted to the preservation of historical buildings in Veneto Region[15]. This choice is based upon the awareness that promoting urban and buildings' redevelopment as well as operating on the historical building stock following both environmental sus-

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[15] See more: freshproject.eu/data/user/01.../0499R2_GP12_ATTESS_PP8.xlsm

tainability and conservation is consistent with sustainable development. It is also capable of increasing its function and value, and therefore it's useful for its conservation. Furthermore, intervening on the historical building stock spurs a new economy within the building sector that, contrarily to what happens in new buildings, doesn't dissipate the territory and it curbs the need for the extraction of raw materials. Before delving into the project description, it seems useful to make clear that the ATTESS project was focused on the historical building stock, meaning those buildings which were built with traditional construction techniques, where the materials of the local building tradition mingled with pre-industrial technologies. Such definition allowed to set a precise theoretical time frame for the research, marked by the use of concrete and pre-industrialized technologies. While defining the historical building stock, the environmental framework in which the building is located and of which it's part and parcel. Therefore, three reference ambits were found: urban, peri-urban and extra-urban.

Figure 2. The A.T.T.E.S.S. project – map sector localization
Source: A. Tormena, *Venetian Metacluster for Sustainable Building Solutions*, Treviso–Italy, June 04, 2012, Pdf, pp. 1-21

Another creative program is called Ecomake (eco native). The first Ecomake edition highly interested national and local authorities, sectoral players and companies, the press, television broadcasting companies and online media, and the audience, which was motivated, and thus participated actively in the fair (http://www.ecomake.

it /2012/ HOME/ Default.html). The 2012 edition featured the participation of WHO Regional Office for Europe, whose representative gave a speech on "*Environmental burden of disease associated with inadequate housing*", the summary report of which was translated into Italian and handed over to the participants (Figure 3). The fair focused on the event called «***Building the future of the building sector in Veneto***», which was an important institutional event to relaunch the building sector using the opportunities offered by the green economy.

Figure 3. Project ECO(MAKE(- second edition

Source: A. Tormena, *Venetian Metacluster for Sustainable Building Solutions*, Treviso–Italy, June 04, 2012, Pdf, pp. 1-21

The Metacluster has envisaged a plan addressed to companies that provides a qualification with the best personal of a credit upon successfully passing an exam. The education plan consists of:

- Preparatory workshop e.g. Chinalco plan;
- Different basic modules for builders, thermotechnical, electrical and photovoltaic installers;
- Cross-sectoral workshops (win-win);
- Specialization courses;
- Update courses.

This project is successfully implemented since 2009. It addresses the issue through a holistic approach, it is based on public private partnerships (e.g. BOAO Forum); the quality of its results ensured by having involved a well known and qualified body (in this case: eco building cluster) and offers training courses (the new skills are a key point in this project; technical steerign committee assesses & analyses the results of the project).

4. Determinants of an open economy - the efficiency of EU development policies (the economic debate)

The stages of economic integration trimming to the determinants of EU countries are mainly open economy (Table 1):

- Free trade areas:
  - Free trade between members, different external tariffs;
  - Little or no institutional co-ordination.
- Customs union:
  - Free trade between members and common external trade restriction;
  - Common regulatory bodies.
- Common (or single) markets:
  - Removal of all barriers to free factor mobility;
  - Free mobility of goods, capital, labour, and services;
  - Greater level of regulation and strong institutions to monitor decisions adopted by member states (forsite special).
- Economic union:
  - Harmonisation of economic policies (generally monetary or fiscal policy);
  - Members give up powers. Strong central institutions which dictate common economic policy.
- Complete economic integration:
  - All economic policy areas are harmonised;
  - The capacity of states to implement independent policies disappears;
  - Central institutions become the centres of economic decision-making.

Level of integration	Main features	Period
Free trade area	Free trade among members	From 1958 to the early 1960s
Customs union	Free trade with a common external tariff	In theory from 1958, in reality from the early 1960s until 1993
Common market	Free mobility of factors across member states	1993-1999
Economic union	Harmonization of economic policy	Early stages in 1993. Partial economic union in 1999
Economic integration	Completely unified economic policy	Not yet achieved

Table 1. The stages of economic integration
Source: A. Rodríguez-Pose, *The European Union: Economy, Society, and Polity*, Oxford University Press, Oxford 2002, ISBN 0-19-874286-X, p. 218

- Endogenous growth theory and new economic geography:
  - Greater accessibility, higher skills, and greater capacity to generate and assimilate innovation will lead to the concentration of economic activity;
  - A development policy is needed in order to counterbalance this tendency.
- Classical Ricardian trade theory:
  - Factor endowment is less important;
  - Integration leads to a rearrangement of economic activity;
  - Investment and innovation will flow to low cost areas;
  - Labour will flow to high cost areas;
  - Disparities will even out and policies are not needed.
- Neoclassical growth theories:
  - Decreasing returns to scale will lead to convergence;
  - Even without economic integration;
  - No need for development policies.
- Economic theory is inconclusive about the territorial impact of economic integration (perspective vibration economy).
- A development policy is needed in order to achieve greater economic and social cohesion. Each additional step towards economic integration has been accompanied by cohesion policies (graph 1) (system reconnect policy):
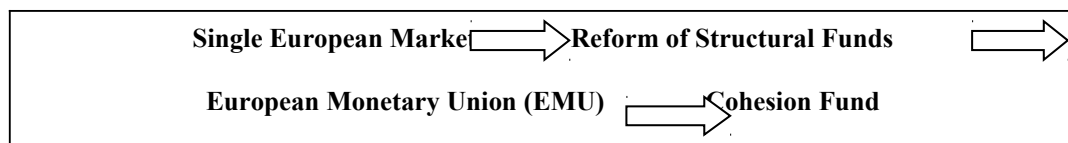
Graph 1. Cohesion policies
Source: own elaborate

Political belief that EMU is likely to lead to a concentration of economic activity. This is achieved by inter alia:

- Cohesion Fund established to provide financial contribution to projects in the fields of environment and trans-European networks. Since the Reform, the four Cohesion countries have converged to the EU average:
  - Greatest convergence in Ireland;
  - Lowest convergence in Spain.

Convergence EU (graph 2) has also been fuelled by slow economic growth in the core especially in Finland, Germany, Italy, and Sweden but divergence within states (graph 3, 4).
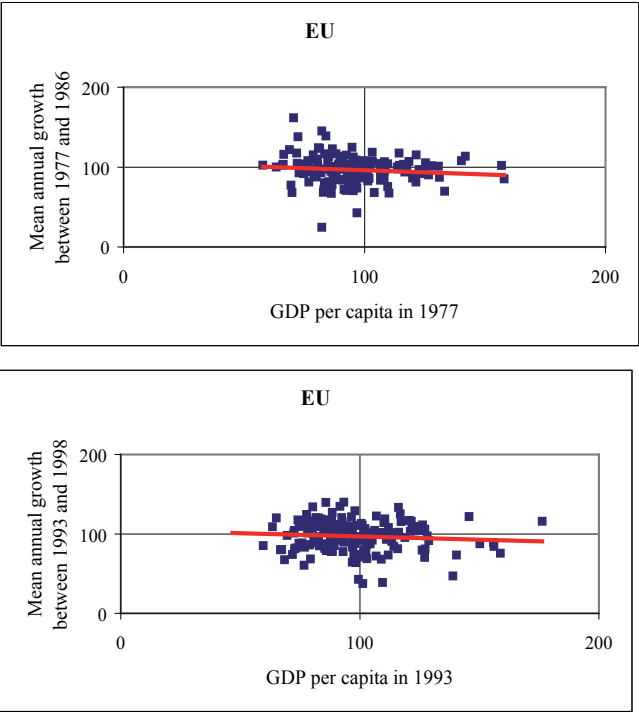
Graph 2. European convergence – GDP per capita

Source: A. Rodríguez-Pose, *The European Union: Economy, Society, and Polity*, Oxford University Press, Oxford 2002, ISBN 0-19-874286-X, p. 218
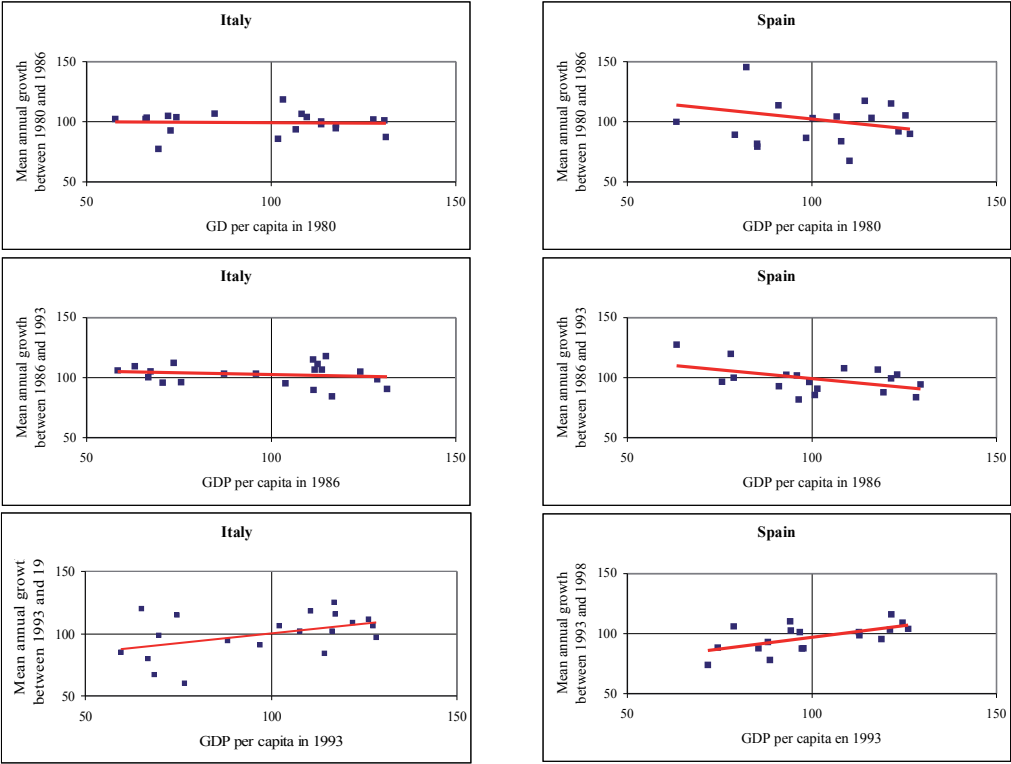
Graph 3. European convergence - Italy and Spain

Source: A. Rodríguez-Pose, *The European Union: Economy, Society, and Polity*, Oxford University Press, Oxford 2002, ISBN 0-19-874286-X, p. 218

Graph 4. European convergence - Greece and UK
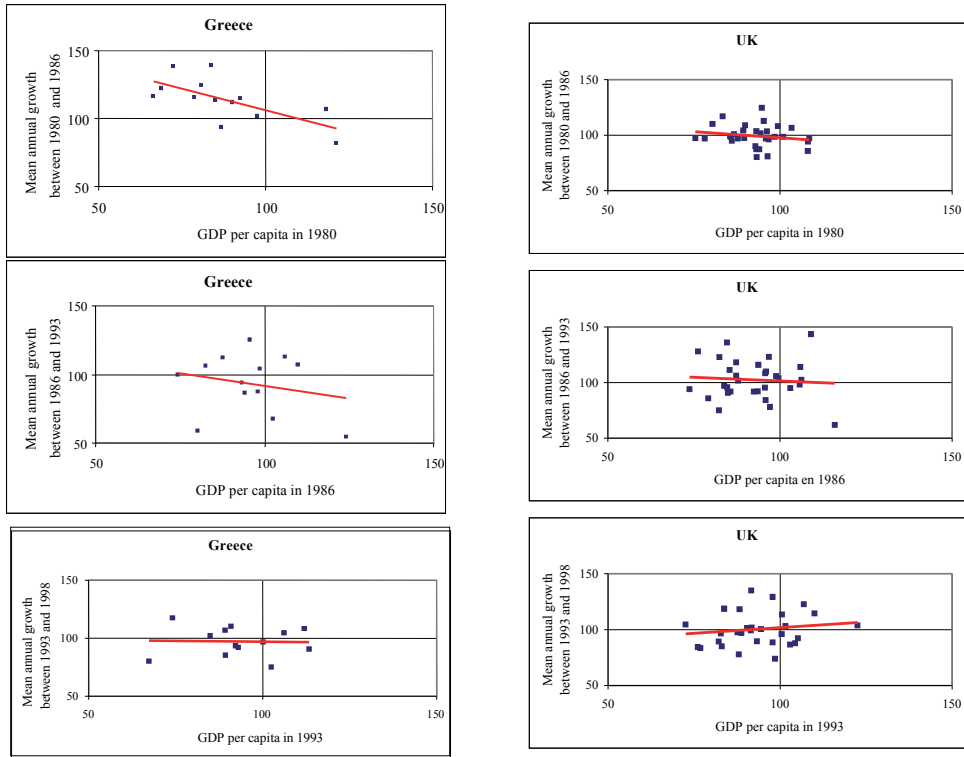Source: A. Rodríguez-Pose, *The European Union: Economy, Society, and Polity*, Oxford University Press, Oxford 2002, ISBN 0-19-874286-X, 218 p.

The expected benefits of economic integration (graph 5):

• Cost saving effects:
  – 'Static trade effect': benefits reaped from allowing public authorities to buy from the cheapest suppliers;
  – 'Competition effect': Downward pressure on prices as a result of greater competition;
  – 'Restructuring effect': Reorganisation of industrial sectors and individual companies as a result of greater competition (international economy).
• Other possible benefits:
  – Benefits on investment, innovation (rationalisation of R&D expenditure) and growth (eco progress);
  – Savings for the public sector (lower government subsidies for inefficient);
  – Firms and global cooperation (DOHA debate).

Graph 5. Estimation of benefits
Source: A. Rodríguez-Pose, *The European Union: Economy, Society, and Polity*, Oxford University Press, Oxford 2002
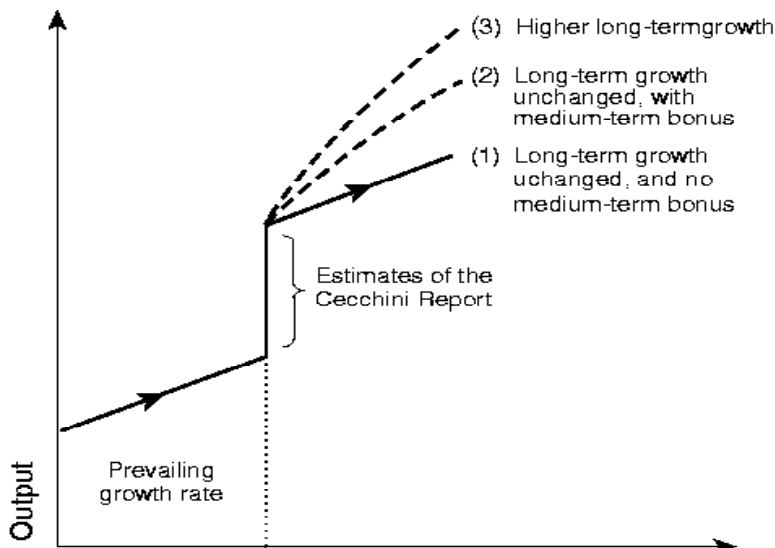
The efficiency of EU development policies:

- Over time, there has been no change in the Cohesion States.
- The number of regions qualifying for Objective first has remained stable:
  - If anything, the number has increased;
  - Many regions of core countries (Merseyside, South Yorkshire, Burgenland) have been incorporated;
  - But few peripheral regions (only Abruzzo, with parts of Ireland and Lisbon – among others – being phased out).
- The analysis of unemployment trends highlights divergence - greater polarization in unemployment rates.
- Achieving economic cohesion is, however, proven more elusive than expected:
  - National convergence e. g. Veneto Innovations (fot. 1);
  - But regional divergence e.g. KORANET, UNIMITT and TTO - Polytechnic of Milan.

Photo 1. Innovative activities in the region Veneto
Source: our

Photo 2. KORANET – Korean scientific cooperation network
Source: our

KORANET is it to combine bilateral approaches within Europe of cooperation and thus to the objective of integrating the European Research Area (ERA) and its international, contributing also to third countries aligned dimension (re-inspire thing-tank). The project is funded under the 7th EU Research Framework Program and runs from January 2009 until December 2012 (fot. 2). Polish Academy of Sciences is among eleven partners from nine European countries and Korea which form the KORANET consortium.

Photo 3. UNIMITT - the Centre for Innovation and Technology Transfer of the State University of Milan
Source: our

UNIMITT is the Centre for Innovation and Technology Transfer of the State University of Milan recently estasblished in order to support the exploitation of academic results mainly in terms of IPRs and spin off companies (fot. 3). The UNIMITT model integrates the following three functions:
- technology transfer office (project INTELIGENCE);
- industrial liaison office;
- science policy centre.

UNIMITT supports the process of research results exploitation, helping to:
- file patent applications and manage the patent portfolio;
- generate spin-off companies (redesigning);
- do technology marketing and licensing with industry;
- identify and evaluate IP (creative eco community) and specific technologies.

IP protection/exploitation is one of the most important and effective way to achieve the academic findings transfer: is more rewarding for Universities and researchers (without a patent is more difficult to give full value to the know how transfer), is helpful in preventing conflicts of interest and public assets dismission (vibration economy).

Photo 4. Polytechnic of Milan - TTO
Source: our

The Technology Transfer Office (TTO) of the Milan Polytechnic is one of the first established TTOs in Italy as well as being one of the founders of Netval and Proton Europe (fot. 4). The TTO is the reference structure of the university for the support of technology transfer activities. The staff consists of a dynamic group of specialists who are highly motivated and result driven (effect leverage).

Conclusion

Š. Čarnický speaks the fundamental characteristics people a new era of economics have a first-order effect on economy development, not a lower-order effect. Today being good at communicating and looking around counter inconsistency, leading to the prediction that methodologies can make good use of low-precision artifacts whose gaps are covered by new era intelligence personal communication (the benchmarking exchange). Can be represented several characteristics of people that have recognizable economy effects on new methodology design (leverage digital natives). Selected ones are: that we are sensitive to communication timing and modalities. The prediction is that physical proximity and ease of communication has dominant effect; that people tend to inconsistency (win-win). The prediction is that methodologies requiring disciplined consistency are fragile in practice (win-win); that people vary, not just daily, but from group to group. Methodologies don't currently, but do need to deal with this cultural variation; that people like to be good citizens, are good at looking around and taking initiative (strategy escaping forward). These combine to form that common success factor, "a few good people stepped in at key moments".

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Future of the management

From Fayol's 14 general principles of management to 25 Management's Grand Challenges of Gary Hamel

Introduction

We are now witnessing a very intense transformation of the economy. The globalization is undoubtedly the most characteristic economic phenomenon of the late twentieth and early twenty-first century. In general terms, globalization means a situation in which different entities economic, productive, social, cultural, interact globally and become participants in a broader set of interrelated system[1]. At present, characteristic of the global environment is an intensifying process of the capital concentration, which is reflected in the formation of increasingly powerful international industrial corporations, financial services and others. That trend influences a much wider area of impact then only world's economy but as well global culture and social space[2]. In recent decades, the global business environment has been growing dramatically. We live in a more-than-ever-interdependent world. Many firms are involved in the process of internationalisation, engaging their operations outside the boundary of their home country. Driving forces for the economy such as globalization, open labour market, customization of the technologies, products and services and informational revolution causes fundamental change of the management. Business environment in which the companies operates constantly changes, mostly due to the high competiveness of the global market, technology revolution and high customer demands for new product development[3]. The changes in business atmosphere are unpredictable. Customer demands for continuous improvement of quality, functionality of the product and services, shorter product life cycles, force companies to focus on improving all business processes, from design and implementation, through the production and logistics, up to marketing

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[1] A. Kryński, „Europa w procesach globalizacji gospodarczej – szanse i zagrożenia," in *Transformacja – integracja – globalizacja. W poszukiwaniu modelu rozwoju gospodarczego* Polski, edited by. S.Lis and S.Miklaszewski (Kraków: Akademia Ekonomiczna w Krakowie, 2004).

[2] Z. Zioło, „Model przestrzeni geograficznej i jej znaczenie dla gospodarki przestrzennej," *in Gospodarka–Przestrzeń–Środowisko*, edited by U. Wich (Lublin: Wyd. UMCS, 1996), pp. 183-191.

[3] G.A. Rummler and A.P. Brache, *Podnoszenie efektywności organizacji* (Warszawa: Polskie Wydawnictwo Ekonomiczne, 2000), p. 13.

and sales. These changes and the transformation of the economy is like sourdough bread for researchers and practitioners of management. Hence, the need for new thinking about management. The only thing unchanged is change seems to be a slogan of XXI century. The main questions addressed in this paper are: a) is the management theory and practice developed one hundred years ago still reflecting the complexity of the XXI century, b) are the Fayol's management principles, still relevant and valuable to contemporary organisational leaders, c) what are the challenges of the "new economy" and the last d) the attempt to find the answer to: quo vadis management.

1. First era of globalization

Globalization is not a process that began suddenly. It is the result of long, evolutionary and often very complex processes occurring in the economy. It is estimated that the basis of globalization development are other important components: internationalization, multinazionalization and transnationalization. Globalization has characteristics of all those phenomena[4]. Hence, it is process exhibits unique faces that differentiate the world economy in number of areas, as shown in table 1.

	I era of globalization 1870-1914	II era of globalization 1945-1973	III era of globalization From 1974
Capital mobility	High	Low	High
Labour mobility	High	Low	Low
Free trade	Limited	Limited	Extensive
Global institutions	Non-existent	Created	Lagging
National institutions	Heterogeneity	Heterogeneity	Standardization

Table1 The phases of globalization
Source: Ocampo José Antonio; *Globalization and development*; ECLAC; Naciones Unidas; Brazil 2002; p. 4.

This paper will focus on the first and the third era of globalization. Table 2 compares those stages of globalization and their interaction with the organization characteristics.

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[4] M. Chodorek, „Globalizacja i jej wpływ na proces konkurowania przedsiębiorstw" in *Determinanty konkurencyjności polskich przedsiębiorstw. Sposoby i warunki umacniania konkurencyjności przedsiębiorstw w perspektywie globalizacji gospodarki*, edited by M. J. Stankiewicz (Toruń: Wyd. UMK, 2002), p. 26.

	I era of globalization	II era of globalization
Key concept	Production	Risk
Products	Mass	Customized
Mindset	National toward international	Global
Ontology	The nonhuman world is a storehouse of (infinite) resources of human needs	The non-human world must preserve for serving human ends
Individuals	Consumers (producing X for consuming Y)	Citizens (worried about the planet risk and green consumers)
Organizational finality	Profit and incessant growth	Profit with legitimacy (e.g., being green can be profitable).
Images of the organization	Machine	Organic
Inter - organizational relations	Competition	Competition and coopetition
Ethics	Ethics of consumption	Ethics of responsibility and green consumption

Table 2 The eras of globalization and organization characteristics
Source: Corporate Social Responsibility & Environmental Management, p. 314[5].

The first era of globalization (internationalization of the economic activity) happened in the years 1870 – 1914[6]. In this stage the transforming historical factors were technological advancements in transportation, machinery and communication. Those advancements were the foundation for the early technological expansion that occurred throughout the nineteenth and twentieth centuries, leading Marx to speak of *territorial* compression[7]. It was a period characterized by rapid growth in international trade and investment between the European imperial powers, their colonies, and, later, the United States (see figure 1). The first era began to break down at the beginning of the 20th century with the first World War.

[5] Rego Cunha, Miguel Pina Arménio da Cunha, João Vieira, "Corporate Social Responsibility & Environmental Management," Nov/Dec2008, Vol. 15 Issue 6, pp. 311-321.

[6] P. Dicken, *Global Shift. The Internationalization of Economic Activity* (New York – London: Guilford Press, 1992), p. 12.

[7] K. Marx, (1848), *Communist manifesto*, In R. Tucker (Ed.), (New York: The Marx-Engeles Reader,1979).
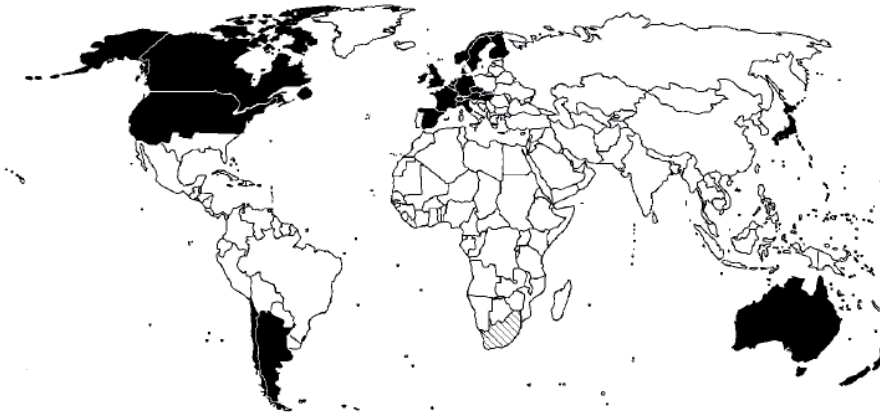
Figure 1: The World's globalization, ca. 1900
Source: Dowrick S., Bradford DeLong J.; 2001, p. 16[8]

The early stage of global economy, before World War I, was initiated by the technological leaps of transportation improvements like the steamship, and by achievements like the Suez and Panama Canals, which speed European and American commerce around the globe. Transatlantic cables, then direct telegraph links to Latin America and connections through British cable to Asia, allowed American investors and merchants to communicate faster abroad, thus expanding their markets. The first phase was marked by great capital and labour mobility, together with a trade boom which was the result of dramatically reduced transport costs.

2. Classic theory of management. Henri Fayol

During the period of first stage of globalization the classic theories of organization began to emerge. Important pioneers among them are F.W. Taylor, Henri Fayol, Max Weber, and Mary Parker Follett. The classic theory is based on the following three assumptions:[9]

1. In order to avoid any conflict in the relationship between employees and management it is required that formal structure communication process, defined tasks, defined accountability, and formalized procedures and practices are strictly defined.

2. Employee is defined as rational and narrowly self-interested *homo economicus* who can be motivated by means of money only.

3. The third assumption is that the workers have been considered as a cog in the production system.

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[8] Steve Dowrick, J. Bradford DeLong, "Globalisation and Convergence", in *NBER Conference on Globalisation in Historical Perspective*, Santa Barbara, California May 4-5, 2001.

[9] Almashaqba Ziad and Marzouq Nemer Al-Qeed, "The Classical Theory of Organisation and its Relevance," *International Research Journal of Finance & Economics* (2010, Issue 41): p. 60

Henri Fayol, French mining engineer and manager is one of the founders of the classic school of organization who initiated the administrative theory of management. He worked as a managing director of 10,000 employees for 30 years. Fayol's theories were exposed during a time of great change, environmental and societal uncertainty, innovation and economic growth. The transformation from an agricultural to industrial system engendered a steep rise in industrialization, the like of which the world had never witnessed before. While a variety of management defined functions have been published, Fayol synthesised it as follows:

- planning - *prévoir*
- organizing - *organiser*
- command - *commander*
- coordination - *coordonner*
- control - *contrôler*

Over the years these have been slimmed to four primary functions: planning, organizing, leading and controlling. Fayol identified:[10]

- **planning as:** analysing the future and drawing up action plans;
- **organizing as:** facilitating the optimum conduct of the business activities and implementing an appropriate infrastructure, which will optimize the organization's systems, resources, procedures, processes and services;
- **command as**: manager's responsibility to lead and direct employees towards the achievement of organisational goals and strategies;
- **coordination as:** manager's responsibility to bind together, unify and harmonise all the organisation's activities and efforts, maintaining synergy and symbiosis between business functions and processes with internal and external contexts;
- **control as** manager's duty to:
- o ensure that everything works according to plan and within budget;
- o set timescales and allocate resources;
- o ensure that appropriate contingencies are in place to buffer deviations from original plans and swiftly deal with system anomalies, to prevent disruption to any of the organisation's business activities.

Fayol applied the scientific approach to practical problems of management as a result he constructed fourteen general principles of administration: division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interest to general interest, remuneration of employees, centralization, the scalar chain, order, equity, stability of personnel, initiative, esprit de

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[10] Pugh, D.S. and Hickson, D.J. (2007). *Writers on Organisations*, 6th Edition, Penguin Books.

corps (see table 3). Fayol's conception of management represented the "first complete and comprehensive theory of management which could be applied to all endeavors"[11].

Principle	Explanation
1. Division of work	Reduces the span of attention or effort for any one person or group. Develops practice and familiarity.
2. Authority	The right to give orders. Should not be considered without reference to responsibility.
3. Discipline	Outward marks of respect in accordance with formal or informal agreements between a firm and its employees.
4. Unity of command	One man one superior.
5. Unity of direction	One head and one plan for a group of activities with the same objective.
6. Subordination of individual interests to the general interest	The interests of one individual or one group should not prevail over the general good. This is a difficult area of management.
7. Remuneration	Pay should be fair to both the employee and the firm.
8. Centralization	Is always present to a greater or lesser extent, depending on the size of the company and the quality of its managers.
9. Scalar chain	The line of authority from top to bottom of the organization.
10. Order	A place for everything and everything in its place; the right man in the right place.
11. Equity	A combination of kindness and justice towards employees.
12. Stability of tenure of personnel	Employees need to be given time to settle into their jobs, even though this may be a lengthy period in the case of some managers.
13. Initiative	Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative.
14. Esprit de corps	Harmony is a great strength to an organization; teamwork should be encouraged.

Table 3 Fayol's fourteen principles of management
Source: Cole, 1984, pp. 13–14[12]

3. III era of globalization – the actual state

Second half of the XX century and the beginning of the XXI century is a period of intense transformation of the economy. Increasing competitiveness in both local and global markets, globalization, technology changes and the innovation pursuit have forced a fundamental transformation of the economy. Large multinational corporations are not eternal, only 2% of them survive for 50 years. It is anticipated that over the next

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[11] C.S. George , *The History of Management Thought* (New Jersey: Prentice-Hall, Englewood Cliffs, 1972) p. 114.

[12] G.A. Cole, *Management: Theory and Practice* (Guernsey: Guernsey Press, 1982).

10 years 30% of the existing enterprises will disappear[13]. In Poland, the average age of the family business, which is similar to the age of the other companies is about 14 years[14]. In the years 1975-1995 60% firms disappeared from the list of the world's largest companies Fortune 500[15]. The life expectancy of Fortune 500 companies has declined to less than 15 years and is heading towards 5 years[16]. The global economy environment has become more turbulent. Companies are facing complex challenges for where they have little or no experience. The problems that managers face today are significantly different from what they were prepared at the time of their education. Speed of the globalization creates more and more threats (increasing competition and a faster pace) and opportunities (larger markets with less barriers) forcing companies to dramatic improvements not only to compete, but in order to just survive. Classic process of strategy development or marketing concepts based on four "P" letters (price, product, place, promotion) do not bring the managers to the expected results. Attempts to improve the company efficiency throughout restructuration processes and reengineering or total quality management failed. As shown in table 4 the development determinants of the economy have changed.

	XIX century	XX century	XXI century
Leading good	Coal and steam	Crude oil	Silicon
Leading inventions	Railway and steamship	Engine	Internet and telecommunication
Geopolitical axis	Europe	US	Asia

Table 4 Economy development determinants
Source: own work

Marcel Castells has pointed out three fundamental features of the new globalization stage of the economy:[17]

1. Informational – capacity to generate knowledge and managing determines the productivity.
2. Global – core business activities (finances, technology development) become global, although most jobs are not in fact global yet;
3. Networked – network enterprises are at the heart of connectivity in the global economy.

Over the past twenty years it has been observe a dramatic growth of hyper competition at the global arena. The globalization of markets is driven by the macroeconomic, political

[13] A. Peszko, *Podstawy zarządzania organizacjami*, (Kraków: Uczelniane Wydawnictwo Naukowo-dydaktyczne, 2002).

[14] „Family Companies Research," *Firmy rodzinne w polskiej gospodarce – szanse i wyzwania,(Warszawa:* Znak sprawy: p/789/8/2008, Dec. 2009).

[15] F. Krawiec F, *Zasadnicza zmiana drogą do sukcesu przedsiębiorstwa XXI wieku* (Warszawa: Difin, 2007), p. 177.

[16] Stephen Denning, *Leadership Excellence*, (Feb2011, Vol. 28 Issue 2), p. 13.

[17] M. Castells, *The Rise of the Network Society* (Oxford: Blackwell Publishing 2nd ed., 2000).

and technological changes. Political landscape has changed after the 1989 Revolutions in Eastern Europe when the Communist Block was disintegrated. The dissolution of the Soviet Union in December 1991 brought into existence a completely new picture of the world. The deregulation and opening to the foreign competitors removed many barriers to international trade. The technology and information revolution influences the global communication, rapid decline of transportation costs, shorten product and technology life-cycles. One of the most significant factors in the discussion about the globalization are the macroeconomic trends, the growth of the global population (see table 5) and the rapid growth of the global consumption.

Global population		
Global population	Year	Growth dynamics
1 billion	1804	
2 billion	1927	123 years
3 billion	1960	33 years
4 billion	1974	14 years
5 billion	1987	13 years
6 billion	1999	12 years
Future forecast		
7 billion	2013	14 years
8 billion	2028	15 years

Table 5 Growth of the global population.
Source: own work based on: UNDP Agendy ONZ ds. Rozwoju (1999)[18]

      The underlying forces driving the global consumption are: the growth of the world population, the western culture and high social standards in the developed countries and the growing consumption in emerging countries (Latin America region, China, India). Recent studies of The WorldWatch Institute have shown that[19]:

- the 12 per cent of the world's population that lives in North America and Western Europe accounts for 60 per cent of private consumption spending,
- in 2002, 1.12 billion households—about three quarters of humanity—owned at least one television set, there were 1.1 billion fixed phone lines in 2002, and another 1.1 billion mobile lines and 600 million users of Internet,
- every day in 2003, some 11,000 more cars appeared on Chinese roads, 4 million new private cars during the year,

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[18] UNDP Agendy ONZ ds. Rozwoju, *The World at Six Bilion* (New York, 1999) p. 8.

[19] *The State of Consumption Today*, World Watch Institude, http://www.worldwatch.org/node/810 , accessed 31.07.2012.

- as of 2003, the U.S. had more private cars than licensed drivers, and gas-guzzling sport utility vehicles were among the best-selling vehicles,
- new houses in the U.S. were 38 per cent bigger in 2002 than in 1975, despite having fewer people per household on average.

The United States, with less than 5% of the global population, uses about a quarter of the world's fossil fuel resources - burning up nearly 25% of the coal, 26% of the oil, and 27% of the world's natural gas[20]. Therefore present and future challenges of the economy cannot be analysed without taking into account environmental implications. The evidence of human influence on planetary systems today is such that stratigraphy experts discuss whether to classify the present time as a new era in planetary history, the "Anthropocene"[21]. High demand for any natural good causes uncontrolled expansion and human interferences in the natural world. Recent surveys such as that conducted by US Department of Economic and Social Affairs have shown that the world energy demand is dramatically growing (see figure 2).
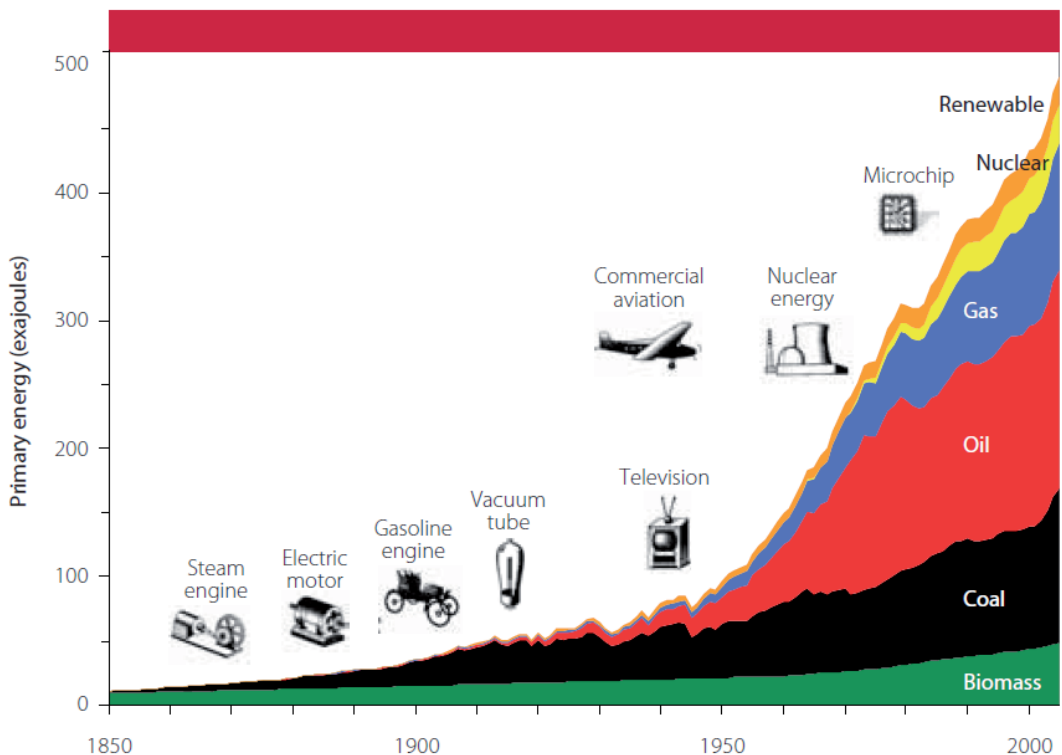
Figure 2 The energy demand

Source: World Economic and Social Survey[22]

[20] *The State of Consumption Today*, Op. cit.

[21] J. Zalasiewicz, M. Williams, A. Smith, T. L. Barry, A. L. Coe, P. R. Brown, P. Brenchley, D. Cantrill, A. Gale, P. Gibbard, F. J. Gregory, M. W. Hounslaw, A. C. Kerr, P. Pearson, R. Knox, J. Powell, C. Waters, J. Marchall, M. Oates, P. Rawson, and P. Stone, "Are We Now Living in the Anthropocene?", GSA Today 18, no. 2 (2008): 4–8

[22] "World Economic and Social Survey," Department of Economic and Social Affairs (New York: United Nations

4. The need of new paradigms in management

The globalization of markets has transformed the business environment to such a degree that some experts argue about the gap between the multi-local and global worldviews is so great that management must "unlearn" the past to be effective in the future[23]. The new competitive landscape is characterized as having a greater level of uncertainty, diverse global rivalries, rapid technological change, ubiquitous price wars, and seemingly continuous restructuring activities[24]. Organizations facing hyper competition need to take care of different dimensions of management than 100 years ago. The classic theory of management suffers superficiality and oversimplification in terms of problems faced by competitive organizations. The theory and practice of management evolution Fayol and theorists of classic management developed force the managerial revolution at the turn of the XIX and XX century. However the present forces of organizational changes facing open ended competitive challenges are not prepared to accept the principles of classic management. Peter F. Drucker, in his book, *Management Challenges for the 21st Century*[25], highlights the critical need to create new, fundamental management principles that ensure constructive development of management theory and practice. The following old assumptions identified by Fayol *command and control* and *unity* (there must be - ONE right organization structure and there must be - ONE right way to manage people) according to Drucker "*are now so far removed from actual reality that they are becoming obstacles to the Theory and even more serious obstacles to the Practice of Management. Indeed, reality is fast becoming the very opposite of what these assumptions claim it to be*"[26].

Albert Einstein says that "The significant problems we face cannot be solved at the same level of thinking we were at when we created them". Attempting to solve the complex problems of the global economy by using the management practice created based on the 100 years old paradigms is narrowing the search box, and often ultimately proves to be ineffective. We observe one of those important historical periods occurring every two or three hundred years, when people cease to understand the world and the past knowledge is not sufficient to explain the future[27]. This raises the question faced by both scientists and entrepreneurs: do models based on classic management paradigms help the organizations build a sustainable competitive advantage

2009), figure II.4, p. 42.

[23] J. Slocum, "Unlearning to learn," *Academy of Management Journal*, (1997). 40, 1430-1442.

[24] A. Ilinitch, Lewin, A., & D'Aveni, R., *Managing in times of disorder: Hypercompetitive organizational responses* (Thousand Oaks, CA: Sage Publications, 1998)

[25] P.F. Drucker, *Management Challenges for the 21st Century (*HarperBusiness, 199).

[26] Ibid., p. 5.

[27] K.S. Cameron, *Kultura organizacyjna – diagnoza i zmiana* (Kraków: Oficyna Ekonomiczna, 2003), p. 11.

in the twenty-first century? Management paradigms formulated for the industrial era and "mechanistic organizations" are becoming out of date in relation to the contemporary post-industrial era and the "organic model of organization"[28].

The term paradigm as a set of practices that define a scientific discipline was introduced TS Kuhn in 1962[29]. In his book *The Structure of Scientific Revolutions* he defines a scientific paradigm as universally recognized scientific achievement that, for a time, provide model problems and solutions for a community of researchers[30]. This view is supported by Guille´n who defines paradigms as "*systems of interrelated ideas and techniques that offer a distinctive diagnosis and solution to a set of problems*"[31]. A paradigm needs to be differentiated from management fashions and trends that emerge more frequently. Management fashions appear as providing "*efficient means to important ends and new as well as improved relative to older management techniques*"[32]. A long-term fashion that shapes organizational practices more permanently can be called a trend[33] and only when a theory or a framework which becomes commonly approved and dominant for several decades can be considered as a paradigm[34].

5. Management in XXI century. Gary Hamel

In May 2008, a group of academics, CEOs, consultants, and entrepreneurs met to discuss a management development program tailored to the needs of the new post-industrial era[35]. It was found that the enormous potential that resides in the vitality and creativity of employees needs to be increased. It was noted that the use of traditional management techniques hamper this potential. The release of this constructive energy requires the management fundamentals revolution. As a result of the meeting the list of the twenty-five grand management challenges of the XXI century was synthesized, as show in table 6[36].

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[28] Grudzewski W.M., Hajduk I., „Zmiany paradygmatów kształtujących system zarządzania", in *W poszukiwaniu nowych paradygmatów zarzadzania*, edited by Grudzewski W.M. and Hajduk K., (Warszawa: Oficyna Wydawnicza SGH, 2008).

[29] T.S. Kuhn, *Struktura rewolucji naukowych* (Warszawa: PWN, 1963).

[30] Ibid.

[31] M.F. Guille´n, *Models of management: Work, authority, and organization in a comparative perspective* (Chicago: University of Chicago Press, 1994), p. 7.

[32] E. Abrahamson, *Management fashion*. Academy of Management Review21, (1996)., p. 255.

[33] M.G. Letscher, *How to tell fads from trends,* American Demographics, 16(12), (1994), pp. 38–45.

[34] Kuhn, op.cit.

[35] The two-day event, organized by the Management Lab with support from McKinsey & Company, brought together veteran management experts such as CK Prahalad, Henry Mintzberg, and Peter Senge; distinguished social commentators including Kevin Kelly, James Surowiecki and Shoshana Zuboff; and a number of progressive CEOs, including Terri Kelly from WL Gore, Vineet Nayar from HCL Technologies, and John Mackey from Whole Foods.

[36] G. Hamel*, Kosmiczne wyzwania w dziedzinie zarządzania*, Harvard Business Review Polska, May 2009, p. 78.

1.	*Ensure that the work of management serves a higher purpose.* Management, both in theory and practice, must orient itself to the achievement of noble, socially signify cant goals.
2.	*Fully embed the ideas of community and citizenship in management systems.* There's a need for processes and practices that reflect the interdependence of all stakeholder groups.
3.	*Reconstruct management's philosophical foundations.* To build organizations that are more than merely efficient, we will need to draw lessons from such fields as biology, political science, and theology.
4.	*Eliminate the pathologies of formal hierarchy.* There are advantages to natural hierarchies, where power flows up from the bottom and leaders emerge instead of being appointed.
5.	*Reduce fear and increase trust.* Mistrust and fear are toxic to innovation and engagement and must be wrung out of tomorrow's management systems.
6.	*Reinvent the means of control.* To transcend the discipline-versus freedom trade-off, control systems will have to encourage control from within rather than constraints from without.
7.	*Redefine the work of leadership.* The notion of the leader as a heroic decision maker is untenable. Leaders must be recast as social-systems architects who enable innovation and collaboration.
8.	*Expand and exploit diversity.* We must create a management system that values diversity, disagreement, and divergence as much as conformance, consensus, and cohesion.
9.	*Reinvent strategy making as an emergent process.* In a turbulent world, strategy making must reflect the biological principles of variety, selection, and retention.
10.	*De-structure and disaggregate the organization.* To become more adaptable and innovative, large entities must be disaggregated into smaller, more malleable units.
11.	Dramatically reduce the pull of the past. Existing management systems often mindlessly reinforce the status quo. In the future, they must facilitate innovation and change
12.	*Share the work of setting direction.* To engender commitment, the responsibility for goal setting must be distributed through a process in which share of voice is a function of insight, not power.
13.	*Develop holistic performance measures.* Existing performance metrics must be recast, since they give inadequate attention to the critical human capabilities that drive success in the creative economy.
14.	*Stretch executive time frames and perspectives.* We need to discover alternatives to compensation and reward systems that encourage managers to sacrifice long-term goals for short-term gains.
15.	*Create a democracy of information.* Companies need information systems that equip every employee to act in the interests of the entire enterprise.
16.	*Empower the renegades and disarm the reactionaries.* Management systems must give more power to employees whose emotional equity is invested in the future rather than the past.
17.	*Expand the scope of employee autonomy.* Management systems must be redesigned to facilitate grassroots initiatives and local experimentation.
18.	*Create internal markets for ideas, talent, and resources.* Markets are better than hierarchies at allocating resources, and companies' resource allocation processes need to reflect this fact.
19.	*Depoliticize decision making.* Decision processes must be free of positional biases and should exploit the collective wisdom of the entire organization and beyond.
20.	*Better optimize trade-offs.* Management systems tend to force either-or choices. What's needed are hybrid systems that subtly optimize key trade-offs.
21.	*Further unleash human imagination.* Much is known about what engenders human creativity. This knowledge must be better applied in the design of management systems.
22.	*Enable communities of passion.* To maximize employee engagement, management systems must facilitate the formation of self-defining communities of passion.
23.	*Retool management for an open world.* Value-creating networks often transcend the firm's boundaries and can render traditional power-based management tools ineffective. New management tools are needed for building and shaping complex ecosystems.
24.	*Humanize the language and practice of business.* Tomorrow's management systems must give as much credence to such timeless human ideals as beauty, justice, and community as they do to the traditional goals of efficiency, advantage, and profit.
25.	*Retrain managerial minds.* Managers' deductive and analytical skills must be complemented by conceptual and systems-thinking skills.

Table 6 Management's Grand Challenges

Source: Hamel G., *Kosmiczne wyzwania w dziedzinie zarządzania*

In the company designed in a way described by Hamel, all individuals and stakeholders involved in an organization have an understanding of clear and unambiguous terms of the essence, purpose and the strategy of the business. Moreover, individuals and stakeholders understand the purpose and strategic challenge of their role. Organizational essence and purpose is becoming an important part of shaping organisational culture. This perspective is based on different paradigms, than classic management paradigms. The attempt to compare Fayol's and Hamel's management principles is shown in the table 7.

Paradigm	Fayol	Hamel
Goals	The goal of the organization is beyond the interests of individual. Employees must sacrifice their objectives for the good of the company.	Organization is committed to the employees and vice versa.
Hierarchy	Highly formalized structure. Formal authorities.	Natural hierarchy, leaders emerge instead of being appointed.
Leadership	Managers are empowered.	Employees are empowered.
Management function	POCCC- planning, organizing, command, coordination, control.	Innovation and collaboration.
Commitment	Obtained through kindness and justice.	Obtained through shared values and higher purpose of organization existence.
Communication	Command and control. Controlled one way, top-down communication.	Democracy of information.
Decisions	Centralization Decision should be made at as high level in the organization as possible.	Decentralization Decision making process should be detached from the formal hierarchy and be based on the collective wisdom.
Organization structure	Vertical organization. Subordinates report only to one boss.	Flat organization. Multi boss, matrix organization. Self-managed work teams with decisional autonomy and control of activities.
Remuneration	Reasonable compensation for the work done.	Motivational compensation for meeting long-term goals.
Employee autonomy	Limited, "unity of direction and command". Managers develop and implement new ideas.	Innovation driven by group creativity. Support for the employees initiatives and their organic experiments.

Table 7 Fayol and Hamel principles - comparison summary
Source: own work

Analysing in details the two chosen Fayol and Hamel's paradigms: communication and decision will bring us to completely different business cultures. The Fayol's organisation is a control one-way and top-down communication with the decision made within the defined and formalized structure. This management model in today's stage of globalization is ineffective, too slow, and is based on the knowledge and engagement of the limited number of managers. According to Hamel the communication should be open, the decentralized decision made based on democratic principles. This paradigm is creating a natural space for the development of new management technics, such as Future Search[37], Real Time Strategic Change[38], and Appreciative Inquiry Summit[39]. One of the most popular is Open Space Technology (OST) introduced by Owen. It is a large group interaction method used in the planning and implementation of major change efforts. It was design based on the principle that open, without formal barrier communication in meetings supports the emerge of great solutions and collective consciousness that are infinitely more than the sum of their parts. The main rule for the OST is: *"If at any time during our time together you find yourself in any situation where you are neither learning nor contributing, use your two feel and move on"*[40]. The principles of OST are explained in the table 8.

Principle	Explanation
1. Whoever comes is the right people.	No formal hierarchy. Level in the organization structure should not be important and status of group member does not matter. It is based on the assumption that those who show up are there because they care and are engaged to deliver.
2. Whenever it starts is the right time.	Reminds participants that „spirit and creativity do not run on the clock". The group energy is not imposed by the time.
3. Wherever it happens is the right place.	The space is opened here and now. Open space encourages the employees concentration on this moment.
4. When it's over, it's over.	Meeting should be led by a creative process and not by the time schedule.

Table 8 Principles of the Open Space Technology

Source: Owen, H., Opening space for productivity

Open Space Technology is a practical example of how a problem solving process can be managed in XXI century in the way that it empowers all participants, challenge complex and difficult issues and *"opening the village marketplace"*[41] for democratic contribution and contestant learning process, as described by Hamel.

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[37] M. Weisbord, *Future search* (San Francisco: Berrett-Koehler,1995).

[38] Jacobs, R. W., *Real time strategic change* (San Francisco: Berrett-Koehler, 1994).

[39] D. Cooperrider, and D. Whitney, *Appreciative inquiry* (San Francisco: Berrett-Koehler,1999).

[40] H. Owen, *Opening space for productivity*. National Productivity Review (Wiley, 1997), p. 69.

[41] Open Space World (2009) [online], http://www.openspaceworld.org/cgi/wiki.cgi?OpenSpaceExplanations, accessed 16.07.2012.

Summary

There is a critical need to reinvent the concept of management, to create new paradigms design for the twenty-first century that will allow the business to manage the complexity of the current stage of globalization. Innovation today is more likely to be needed into the management area than in any other fields. In the past decades, discussion of management practitioners, economists and academics has often taken place in the area bounded by the only politically and economically rational way of TINA - *there is no alternative*[42]. In current globally changed landscape, the POCCC - five key tasks of managers (planning, organizing, command, coordination, and control) and Fayol's 14 general principles of management are not effective. It is a moment to find the new DNA of the XXI century management, new paradigms that will unleash personal creativity and entrepreneurship capacity aligned with organizational essence and higher human purpose.

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Dynamic capabilities in the era of globalisation

Introduction

The growing importance of creation of unique dynamic capabilities of organisations is currently clearly visible, especially in the context of the stormy social, economic and political changes occurring in the global economy. The turbulent environment in which contemporary companies happen to operate enforces quick managerial decision-making as well as constant adjustment to changing economic conditions and, first of all, to the expectations of the present-day as well as potential clients of the company. It requires building up an organisation`s capacity for constant identifying and taking advantage of opportunities that emerge in the business environment, and also for noticing and avoiding or at least leveling potential threats.

In order to address the rapidly changing business environments contemporary organisations have to acquire the ability to use and transform the existing in their structure, both tangible and intangible, resources. However, the ability to modify the capabilities is obviously not enough; it is extremely important to be able to develop new capabilities and discard the needless ones, according to the principle that development is based on getting rid of the unwanted.

The above mentioned ability to generate, maintain and flexibly modify resources constitutes the dynamic capabilities of an organisation. Due to the importance of this kind of capabilities in creating and maintaining a constant competitive advantage of a company in the era of globalisation, the authors of this article aim to explain the notion of the dynamic capabilities of a firm and draw on its rudiments with a view to making it more familiar to the reader. When explaining the notion and importance of the dynamic capabilities, the authors are making use of the output of the Resource - based View as well as the theories of the Complex Adaptive Systems, and contemporary approaches to management, such as universalistic approach the contingency perspective and the configurational approach.

Dynamic capabilities and globalisation

The change in the management approach, noticing the important role of the intangible resources of the company and, first of all, the intellectual capital of the company and the development of the dynamic capabilities framework being a response to the current business requirements, result from two main phenomena. One of them are the processes occurring around the organisation which enforce its constant growth and also impose the necessity of being flexible and taking dynamic actions[1]. The other one is the obliging trend in management directed to noticing the key role of the intellectual capital[2]. As A. Rudziewicz and E. Zawitowska point out, "market entities operate in a dynamic environment in which a quick reaction to changes is the condition for effective functioning or, at least, only surviving in an economic environment"[3].

The above mentioned processes occurring in the surroundings of contemporary organisations and connected with their functioning within the global economy comprise, first of all, intensive development of IT, a widespread access to information, competitiveness in the international markets as well as acceleration of the pace of life and work. This all imposes on the organisation the necessity for being creative, taking immediate actions and reacting in a flexible way in response to the requirements of the market. As P.A. Pavlou and O. A. El Sawy[4] state, acting in the turbulent surroundings is an enormous challenge for contemporary organisations and their managers, first of all, due to the necessity to take decisions instantly and in the conditions of uncertainty.

Each company undergoes changes, both internal and external. Some of them only require adjustment to the new situation, whereas others lead to a change in the strategy and organisation structure. Sometimes, companies evolve in different directions being transformed from a consumer`s product, e.g. J&J, to the pharmaceutical industry, others change the operation strategy through making fusions with other companies as, for example, ABB. Regardless of a direction in which a company moves, in the case of important strategic changes, it is necessary to reconfigurate widely understood resources of this company including existing in its frames structures, procedures, technologies or methods of acting.

In such conditions it would be difficult to apply the industrial model of management based on the assumption that doing the job and its planning are two different functions which should be executed by two different groups of people – the manage-

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[1] S. K. Dutta, "Dynamic Capabilities: Fostering Ambidexterity," *Journal of Indian Management* 2 (April-June 2012): 82.

[2] J. Low and P. C. Kalafut, *Niematerialna wartość firmy. Ukryte źródła przewagi konkurencyjnej,* (Kraków: Oficyna Ekonomiczna, 2004), p. 11.

[3] A. Rudziewicz and E. Zawitowska, "Zaufanie w zarządzaniu," *Ekonomika i Organizacja Przedsiębiorstwa* 7 (2010): 63.

[4] P. A. Pavlou and O. A. El Sawy, "Understanding The Elusive Black Box Of Dynamic Capabilities," *Decision Sciences* 42 (February 2011): 239.

ment and the employees[5], with the whole responsibility for the efficient functioning of the organisation lying on the management grades. Building new kinds of organisational structures, such as network structures, matrix structures or hypertext structures requires creating, implementing and using modern management tools. Structures of this type require broadening the scope of activity as well as responsibility on the part of the members of the organisation[6].

Therefore, a lot of stress is put on knowledge competition as well as employment of the output of the Resource-based View in strategic management. There is also a necessity for empowerment of employees and taking by them responsibility for the assigned tasks. As J. Welch states, the main task of a contemporary manager is using the knowledge and skills of all the employees (literally: "to bring every brain into the game"[7]).

Although the issue of knowledge management is so broad that it could be used as a topic for a separate, multi-page publication, it is worth mentioning that the contemporary conditions of functioning of a company set the requirement for effective management of different kinds of knowledge[8], for example: explicit knowledge, tacit knowledge, individual and group knowledge. This is why, all kinds of management systems and the actions taken within them should be focused on a constant development of employees and on upgrading their knowledge due to their crucial role in the creation of the added value of a company. One should not forget about the importance of the organisational culture based on trust, transparency, flexibility and support, but also on discipline and a high level of action coordination[9]. This kind of culture can be observed in big, international corporations which have been successful for a long time, for example, in IBM, Marico, J&J or L&T[10].

The above mentioned knowledge as well as the worked out by the participants bundles of competencies and patterns of actions constitute the dynamic capabilities which play the key role in building a competitive advantage of a company due to their uniqueness and the fact that they are hard to imitate[11]. The dynamic capabilities are

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[5] K. Shanine, A. Buchko, and A. R. Wheeler, "International Human Resource Management Practices From A Complex Adaptive Systems Perspective: An Exploratory Investigation," *International Journal of Business and Social Science* 2 (April 2011): 2.

[6] F. de Biazzi, "Intellectual Capital And Organizational Renewal: Building Dynamic Capabilities Through People," *Brazilian Administration Review* 9 (May 2012): 40.

[7] J. Welch, *Winning,* (New York: Harper Collins, 2005), p. 56.

[8] R. M. Grant, "Toward A Knowledge-Based Theory Of The Firm," *Strategic Management Journal* 17 (Winter 1996): 109-122.

[9] P. S. Adler, C. Heckscher, and L. Prusak, "Building A Collaborative Enterprise," *Harvard Business Review* 89 (July-August 2011): 97.

[10] Dutta, *Dynamic Capabilities…*, p. 87.

[11] A. A. Lado, N. G. Boyd, and P. Wright, "A Competency-Based Model Of Sustainable Competitive Advantage: Toward A Conceptual Integration," *Journal of Management* 18 (March 1992): 77-92.

sometimes perceived as a kind of "black box", first of all, because they are hard to observe and also because it is difficult to create a concrete model of them. For this reason, the dynamic capabilities theory is quite frequently criticised by research workers. Indeed, the dynamic capabilities can most often be identified ex-post[12], but the difficulties connected with looking into them cannot diminish their role in the development of contemporary companies.

Some attempts to explain what the dynamic capabilities really are took place as early as in the 1940s. One of the authors dealing with this area was J. A. Schumpeter[13] who argued that, the competitive strength of a company is based on the ability to transform its already existing resources and skills into new capabilities which enable performing new tasks. It should be added that, at that time structural and technological capabilities were mainly stressed. Nowadays, the term refers particularly to intangible resources of a company such as a well-rooted knowledge, procedures or patterns of actions. Nevertheless, dynamic capabilities, regardless of ways of perceiving them, are to lead to the "enterprise's capacity to shape the ecosystem it occupies, develop new products and processes, and design and implement viable business models"[14].

In order to explain the idea of dynamic capabilities, the theory of the Complex Adaptive Systems - CAS is worth mentioning here, which is ingrained in a broad spectrum of disciplines such as the chaos theory or cybernetics. This theory accurately explains the nature of the organisation and this is why, it is very useful in a proper understanding of the capability approach.

The theory of the Complex Adaptive Systems is not a new theory – its roots date back to the 1920s but it is currently experiencing a renaissance, mainly due to the terms of the dynamics of systemic actions or dynamic capabilities but also because of instability of systems, which is connected with their interactions with the environment[15]. According to the CAS theory – which K. Shanine, A. Buchko and A. R. Wheeler stress, "complex systems cannot remain in a state of equilibrium, predictability and control are theoretically impossible because such systems contain inherent nonlinearities"[16]. The complex dynamic systems also come into interaction with their environment.

As A. Hall and N. Clark[17] state, it is assumed that the complex adaptive systems are characterized by the four mentioned below features which can directly be referred to

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[12] S. A. Zahra, H. J. Sapienza, and P. Davidsson, "Entrepreneurship And Dynamic Capabilities: A Review, Model, And Research Agenda," *Journal of Management Studies* 43 (June 2006): 917-955.

[13] Pavlou and El Sawy, *Understanding…*, p. 241.

[14] D. J. Teece, "Explicating Dynamic Capabilities: The Nature And Microfoundations Of (Sustainable) Enterprise Performance," *Strategic Management Journal* 28 (August 2007): 1320.

[15] A. Hall and N. Clark, "What Do Complex Adaptive Systems Look Like And What Are The Implications For Innovation Policy?," *Journal of International Development* 22 (April 2010): 308-309.

[16] Shanine, Buchko, and Wheeler, *International...*, p. 3.

[17] Hall and Clark, *What Do…*, pp. 310-311.

the organisation as a system.

1. The complex adaptive systems consist of many factors having some autonomy but operating together within the system. In the case of organisations, they may include people – the members of the organisation or the "elements" of the organisation in the broadest sense of its meaning, such as actions in the personal sphere, including systems, processes and methods of actions.

2. The factors or the components of the system come into the multi-level, complex interactions between themselves as well as other members of the system. This feature can be referred to interactions between the people in the organisation as well as the interaction between other elements of this system.

3. These interactions, in turn, result in the creation of some capabilities which may exist only thanks to these dependencies. This quality can be referred to systemic resources dynamic in an organisation, organisational capabilities or key competencies.

4. The complex adaptive systems are characterised by adaptation abilities, in other words, by reactions and adaptation to changes in the internal and external surroundings of the system.

5. The theory of the dynamic capabilities as well as the Resource - based View[18] which will be discussed in the further part of the text, contribute a lot to the explanation what the dynamic capabilities of the company are. These capabilities come into being thanks to interactions between the members of the organisation and owing to mutual dependencies between its elements, i.e. systems, processes, methods of actions. They can occur when such interactions take place. It should be stressed that, the above mentioned Resource - based View is rather connected with identification and development of key resources whereas the capability approach is connected, first of all, with their transformation in accordance with the desired direction of the company`s operation. This is why, many authors, for example R. Parthasarathy, Ch. Chuang and S. Arris[19] define dynamic capabilities as "the product" which results from the implementation of the Resource- based View in a dynamic environment.

The dynamic capabilities, as it was mentioned before, are vital for survival of an organisation in the changing, unstable environment, which requires quick and flexible reactions, constant learning and also setting new goals and reaching them efficiently[20]. The abilities gained by the organisation are so unique that they are very difficult or impossible to imitate due to the autonomy of the system units and the continuous process

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[18] B. Morel and R. Ramanujam, "Through The Looking Glass Of Complexity: The Dynamics Of Organizations As Adaptive And Evolving Systems," *Organization Science* 10 (May-June 1999): 278-293.

[19] R. Parthasarathy, Ch. Chuang, and S. Arris, "Impact Of Dynamic Capability On Innovation, Value Creation And Industry Leadership," *Journal of Knowledge Management* 9 (July 2011): 59.

[20] N. Nan, "Capturing Bottom-Up Information Technology Use Processes: A Complex Adaptive Systems Model," *MIS Quarterly* 35 (June 2011): 508-510.

of adaptation to the conditions in which such a system operates.

Initiating and implementing actions in order to generate, maintain and develop the dynamic capabilities of a company is, to a large extent, based on the so called Resource-based View, which, as S. L. Newbert points out, "is one of the most widely accepted theoretical perspectives in the strategic management field"[21]. The Resource - based View developed by such research workers as B. Wernerfelt[22], J. B. Barney, and P. M. Wright[23] and also R. L. Priem and J. E. Butler[24], demonstrates that resources are the source of the sustainable competitive advantage when:

- are both precious and rare,
- are difficult or impossible to imitate,
- cannot be an object of transaction in the market,
- they have no direct substitutes.

As the Resource-based View concentrates on the dependence between internal resources of a company and its profitability and ability to gain and maintain sustainable competitive advantage, as E. T. Stavrou and Ch. Brewster[25] state, the resources of an organisation are regarded as a trump only when, owing to them the organisation is able to avoid losses and generate profits that are above average. As M.A. Peteraf[26] points out, an advantage can only be gained by such a company that possesses at least one rare and precious resource that creates the added value in the form of an extraordinary profit but those companies that do not possess unique resources are doomed to the survival game or marginal profits, at most.

A company`s resources comprise tangible and intangible assets such as a brand name, technological knowledge, trade contracts, the human capital, the culture of the company and its goodwill. In contemporary times, when knowledge and information are the pillars of growth, the importance of intangible resources increases. Such resources, apart from the knowledge of individual employees and the knowledge generated and disseminated among members of an organisation, may also include, for example, the worked out by the teams of employees models of actions, unique skills and key competencies.

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[21] S. L. Newbert, "Empirical Research On The Resource-Based View Of The Firm: An Assessment And Suggestions For Future Research," *Strategic Management Journal* 28 (February 2007): 121.

[22] B. Wernerfelt, "A Resource -Based View Of The Firm," *Strategic Management Journal* 5 (April -June 1984): 171-180.

[23] J. B. Barney, "Firm Resources And Sustained Competitive Advantage," *Journal of Management* 17 (March 1991): 99-120; J. B. Barney and P. M. Wright, "On Becoming A Strategic Partner: The Role Of Human Resources In Gaining Competitive Advantage," *Human Resource Management* 37 (Spring 1998): 31-46.

[24] R. L. Priem and J. E. Butler, "Is The Resource-Based *View* A Useful Perspective For Strategic Management Research? Yes," *Academy of Management Review* 26 (January 2001): 41-56.

[25] E. T. Stavrou and Ch. Brewster, "The Configurational Approach To Linking Strategic Human Resource Management Bundles With Business Performance: Myth Or Reality?" *Management Revue* 16, no. 2 (2005): 188.

[26] M. A. Peteraf, "The Cornerstones Of Competitive Advantage: A Resource-Based View," *Strategic Management Journal* 14 (March 1993): 180.

As I. Nonaka and H. Takeuchi argue, citing the views of P. Drucker and A. Tofler, knowledge stopped being a supplement to power based on money and violence and has become its core[27]. Also Cz. Szmidt stresses that, "in the new economy traditional factors of production are becoming less and less important and the new factor gains in importance: it is knowledge"[28].

Knowledge has this advantage over tangible resources that it is difficult to transfer and accumulation, which also constitutes one of the sources of a competitive advantage of the company. As G. Probst, S. Raub, and K. Romhardt[29] point out, knowledge as a resource is characterized by one essential feature, namely, in contrast to all the other resources, the more it is used, the more its amount increases. This view is also presented and developed by A.K. Koźmiński[30] and B. Wawrzyniak[31].

The difference between tangible and intangible resources is contained in the publication titled.: „Management in the conditions of uncertainty. A handbook for advanced learners" by A.K. Koźmiński, who states that "<hard resources > are measurable, concrete and firmly set in reality, they undergo changes, pupation and reconfiguration with difficulty and relatively more slowly, because the principles of their use and functioning are known, described, and thanks to this, predictable (…) < soft> resources of a company is a social issue as well as social relations with the environment. They can be characterized as <undefined >, <liquid> and unstable"[32]. The table 1. below shows the difference between the tangible and intangible assets.

	Intangible assets	Physical assets
Variety	Heterogeneus	Homogeneus
Property rights	Often fuzzy	Usually clear
Market transactions	Infrequent	Frequent
General awareness of transaction opportunity	Low	High
Recognized on balance sheets	No	Yes
Possible strategic value	High	Low

Table 1. Intangible assets compared with physical assets
Source: D. J. Teece, "Dynamic Capabilities: A Guide For Managers," *IVEY Business Journal* 2 (March - April 2011): 2

The followers of the Resource-based View remark that, processes, methods,

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[27] I. Nonaka and H. Takeuchi, *Kreowanie wiedzy w organizacji,* (Warszawa: Poltext, 2000), p. 23.

[28] Cz. Szmidt, Introduction to: *Zarządzanie kapitałem ludzkim a konkurencyjność małych i średnich przedsiębiorstw*, edited by H. Król, (Warszawa: Wydawnictwa Akademickie i Profesjonalne, 2007), p. 3.

[29] G. Probst, S. Raub, and K. Romhardt, *Zarządzanie wiedzą w organizacji,* (Kraków: Oficyna Ekonomiczna, 2004), p. 12.

[30] A. K. Koźmiński, *Koniec świata menedżerów?,* (Warszawa: Wydawnictwa Akademickie i Profesjonalne, 2008), pp. 213-215.

[31] B. Wawrzyniak, ed., *Zarządzanie wiedzą w przedsiębiorstwie,* (Warszawa: Wyd. WSPiZ, 2003), p. 32.

[32] A. K. Koźmiński, *Zarządzanie w warunkach niepewności. Podręcznik dla zaawansowanych,* (Warszawa: PWN, 2005), p. 93.

and patterns of actions that exist within the organization, as well as skills and competencies of its members are unique resources and as a value itself, contribute to gaining a competitive advantage of the company. The theorists also underline that, decent processes, methods and actions in the field of human resources make it possible to implement the company`s strategy and competencies, skills and knowledge of people as well as interactions between them constitute the basis for the dynamic capabilities allowing for quick and successful adjustment to strategic changes.

As K. M. Eisenhardt and J. A. Martin[33], D. J. Teece, G. Pisano, and A. Shuen[34] and also C. E. Helfat[35] and others state, the dynamic capabilities are such organisations and strategic processes by means of which managers transform already existing resources into new assets – as a response to the changing market conditions. Many researchers, for example, V. P. Rindova and S. Kotha[36], D. A. Griffith and M. G. Harvey[37], Y. Luo[38] or C. E. Helfat[39] point out that, such extraordinary abilities make it possible for the organisations to gain and maintain a competitive advantage in the turbulent and volatile environment and in the conditions of intensified competition.

By a turbulent environment one can understand both more and more frequent market changes and also intensive technological changes. Due to the specificity of the dynamic capabilities, they gain in importance when the surroundings of the organisation become more frequently exposed to substantial changes – this is why, they are extremely important for companies operating within the global economy.

Some researchers point at concrete, crucial dynamic capabilities of an organisation which make it possible to transform the existing resources into new ones. For example, P. A. Pavlou and O. A. El Sawy identify such capabilities as[40]:

- predicting, "sensing" changes in the environment, new trends of the global economy, which can be defined as business intelligence;
- the ability to learn including generating innovative solutions, creating and disseminating new knowledge, transforming the existing resources in order to

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[33] K. M. Eisenhardt and J. A. Martin, "Dynamic Capabilities: What Are They?," *Strategic Management Journal* 21 (October – November 2000): 1105-1121.

[34] D. J. Teece, G. Pisano, and A. Shuen, "Dynamic Capabilities And Strategic Management," *Strategic Management Journal* 18 (August 1997): 509-533.

[35] C. E. Helfat, et al., *Dynamic Capabilities: Understanding Strategic Change In Organisations,* (Malden: Black well Publishing, 2007) , p. 4.

[36] V. P. Rindova and S. Kotha, "Continuous *Morphing*: Competing Through Dynamic Capabilities, Form And Function," *Academy of Management Journal* 44 (December 2001): 1263-1280.

[37] D. A. Griffith and M. G. Harvey, "A Resource Perspective Of Global Dynamic Capabilities," *Journal of International Business Studies* 32 (Third Quarter 2001): 597-606.

[38] Y. Luo, "Dynamic Capabilities In International Expansion," *Journal of World Business* 35 (Winter 2000): 355-378.

[39] C. E. Helfat, "Introduction To The Special Issue: The Evolution Of Firm Capabilities," *Strategic Management Journal* 21 (October - November 2000): 955-959.

[40] Pavlou and El Sawy, *Understanding…*, pp. 243 – 247.

create new products and services;

- the capability of integrating resources including not only the ability to aggregate resources but first of all, the ability to coherently use them at the organisation level;
- the ability to coordinate resources including the skill to synchronise actions and the ability to effectively use the already existing or new resources within the existing or transformed organisational structures.

The above mentioned capabilities are complementary to each other and influence each other. For example, development of learning skills results in growth in business intelligence level while the ability to coordinate resources affects the level of their integration – and vice versa. It should be stressed that, the dynamic capabilities existing in organisations may vary, for example, as far as the level of intensity is concerned. Identification of these capabilities still remains an interesting area for further actions due to difficulties in the empiric verification of their impact on the company`s performance, both in the scope of development and quality of the product, effectiveness of processes, innovation of technology as well as managerial practice. Nevertheless, thanks to such dynamic capabilities a company can develop in the direction of new undertakings (See: Table 2.).

Components	Time Horizon		
	Mature Businesses	Growth Businesses	Future Businesses
Focus	Defend and increase the profitability of existing businesses	Resources to expand and build new businesses	Discover options and place selected bet on emerging opportunities
Outputs	Annual budgets and operating plans	Investments, business plans for growth	Market insight data, initial project plans
Key Success Factors	Cost, efficency, customer intimacy, incremental innovation	Customer acquisition, speed, execution, flexibility	Learning, adaptation, risk taking, business model innovation
Metrices	Profits, margins, cost	Market share growth	Milestones
Organizational Structure	Relatively well defined	Relatively flexible	Lattice type
Skills of employees	Generalists	Combination of generalists and specialists	Specialists
Competencies	Operational	Enterpreneurial	Intrapreneurial
Culture	Culture to promote business consolidation	Promoting selected risk taking ability	Advanced risk taking ability
Role of Top Management	Build and sustain core competencies	Leverage core competencies	Building and adapting core competencies to address rapidly changing environment
Roles of Employees	Continue existing businesses with predefined skills	Move with speed in new growth areas by reallocating resources	Sense and seize opportunities and learn new skills by reallocating assets and reconfiguration the firm

Table 2. The significance of organisational resources in business development
Source: S. K. Dutta, "Dynamic Capabilities: Fostering Ambidexterity," *Journal of Indian Management* 2 (April - June 2012): 89-90.

As mentioned before and which has been confirmed by B. A. Colbert[41], J. B. Barney, P. M. Wright, and D. Ketchen[42], and also P. M. Wright, B. B. Dunford, and S. A. Snell[56], according the Resource-based View, a company maintains its competitive advantage not only through gaining but, first of all, through developing, expanding and implementing material, organisational and human resources in the way that they enable creating the added value which is very difficult to imitate by competition.

Most attributes referring to these unique resources, which build advantage, are rooted in such human resources as: skills, competencies, actions as well as organisational resources – learning mechanisms, procedures, controlling systems, which result from interactions in complex social structures being created as well as evolving in time and in conditions which are so difficult to specify and imitate.

In the light of the Resource-based View the significant role of the Strategic Human Resource Management - SHRM leading to the realisation of the company`s strategy and building a competitive advantage is clearly visible. An attempt to specify the dependencies between actions in the field of human resources and the performance of the company has been undertaken by J. E. Delery and D. H. Doty[43,] who point at three main approaches to such dependencies: the universalistic approach, configurational approach and the contingency perspective.

The universalistic approach indicates that some actions in the field of human resource management may be regarded as, so called "best practices", which means that such actions directly contribute to achieving a high level of performance by the company – regardless of an adopted strategy of the organisation, this is why, all organisations should implement them[44]. As L. Panayotopoulou and N. Papalexandris[45], and also F. Martín – Alcázar, P. M. Romero – Fernández, and G. Sánchez – Gardey[46] state, the main feature of the universalistic approach is concentration on the functionality of organisational actions which aim to bring an increase in the company`s performance. Moreover, as I. P. Pardo and F. H. Perlines[47] point out, these actions are also to be universal and thanks

[41] B. A. Colbert, "The Complex Resource-Based View: Implications For Theory And Practice In Strategic Human Resource Management," *Academy of Management Review* 29 (July 2004): 341-359.

[42] J. B. Barney, P. M. Wright, and D. Ketchen, "The Resource – Based View Of The Firm: Ten Years After 1991," *Journal of Management* 27 (November 2001): 625-641.

[43] J. E. Delery and D. H. Doty, "Modes Of Theorizing In Strategic Human Resource Management: Tests Of Universalistic, Contingency And Configurational Performance Predictions," *Academy of Management Journal* 39 (August 1996): 802-835.

[44] R. E. Miles and C. C. Snow, "Designing Strategic Human Resource Systems," *Organizational Dynamics* 13 (Summer 1984): 36-52.

[45] L. Panayotopoulou and N. Papalexandris, "Examining The Link Between Human Resource Management Orientation And Firm Performance," *Personnel Review* 33 (2004): 500.

[46] F. Martín-Alcázar, P. M. Romero-Fernández, and G. Sánchez-Gardey, "Strategic Human Resource Management: Integrating The Universalistic, Contingent, Configurational And Contextual Perspectives," *International Journal of Human Resource Management* 16 (May 2005): 634.

[47] I. P. Pardo and F. H. Perlines, "The Relationship Between Human Resources Strategies And Business Out

to this, they can be employed in different organisations regardless of their features and environment in which they operate. The universalistic approach does not refer, however, to the synergy of "the best practices", so their mutual dependencies are not looked into.

Although the studies carried out by J. E. Delery and D. H. Doty confirm the positive influence of the "best practices" on the company`s performance, in the strategic sense this approach does not contribute much to the management of human resources. This is because, the universalistic approach does not take into consideration either the bonds between these "best practices" and other actions and systems functioning within the organisation or the mutual dependencies between them. Therefore, it refers rather to the operational level of the company, which can be compared to O. E. Williamson`s[48] economizing or operational effectiveness.

However, the operational effectiveness alone is not enough for the company to gain and maintain a competitive advantage in the hypercompetitive, global environment and consequently, does not comply with the strategic approach. As B. A. Colbert[49] remarks, the universal approach is rather heading for the homogenization of companies and not their diversification, and after all, the purpose of the creation of a strategy is to distinguish the company.

P. A. Pavlou and O. A. El Sawy[50] represent a similar view stressing that, the operational capabilities of a company render it capable of fulfilling only current tasks while the dynamic capabilities make it possible for the company to address a new strategy. The operational abilities of a company, as opposed to dynamic capabilities, do not ensure survival in the hypercompetitive, global environment. The use of dynamic capabilities of a company with reference to the universalistic approach is then limited to reconfiguration of dynamic capabilities or creation of new patterns of actions, which enables the organisation to perform the necessary tasks and reach its goals.

The situation is slightly different in the case of the contingency perspective. The basic principle of this view is the fact that the influence of "best practices", which is so appreciated by the designers of the universalistic view, on the performance of a company is not always the same, due to the occurrence of additional factors both inside and outside the organisation. These factors are, first of all, characterized by changeability, which undermines the existence of universal actions which in any circumstances, can positively influence the performance of the company. So, the actions undertaken in the field of human resource management of the company should be dependent on

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comes: A Configurational Approach," *Portugese Journal of Management Studies* 13 (May 2008): 194.

[48] O. E. Williamson, "Strategizing, Economizing, And Economic Organization," *Strategic Management Journal* 12 (Winter 1991): 75-94.

[49] Colbert, *The Complex…*, p. 344.

[50] Pavlou and El Sawy, *Understanding…*, p. 242.

the strategy adopted by this organisation[51]. As M. Marchington and I. Grugulis argue, actions in the field of human resource management „are supposed to combine synergistically to provide an effective system of labour management"[52].

In the contingency approach to management an emphasis to tailor the actions undertaken as a part of human resource management to the company`s strategy is clearly visible, but this entails substantial "stiffening" of such actions. It means that, as a result of this approach the systems and actions in the field of human resource management are to be subordinated to this strategy, serving its purposes.

The contingency perspective does not, however, take into consideration the influence of external variables such as: competitiveness, technologies, macroeconomic trends as well as changes in the context of work on actions and systems connected with the area of management of people in the organisation. The contingency perspective does not concentrate on mutual dependencies between the mentioned above actions, either; it only focuses on tailoring them to the strategy adopted by the company. Thus, although the discussed approach negates the existence of universal practices which could, in any circumstances, positively affect the performance of the organisation, these practices are still considered in the functional dimension, which does not refer to a strategic management.

In 1981 M. A. Devanna, Ch. Fombrun, and N. Tichy stated that, "most human resources management functions are run at the operational level"[53] of the company. Also today, this tendency has not changed in a large number of companies. This view is stressed by E. T. Stavrou and Ch. Brewster, who state that, "the integration of human resource management to business strategy is rare even among large organizations"[54]. In fact managers experience numerous difficulties transferring the actions carried out in the area of the company`s people management into the strategic level, which results in performing by HR specialists exclusively mere administrative tasks changing them into clerks.

The application of the contingency perspective results in the mentioned above problem connected with management of people and defined as the "*fit versus flexibility*"- namely, to what extent the actions carried out within a human resource management should be subordinated to a general strategy of the company. This is because the strong subordination of management of people to the company`s policy brings about the dan-

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[51] D. N. Hartog and R. M. Verburg, "High Performance Work Systems, Organizational Culture And Firm Effectiveness," *Human Resource Management Journal* 14 (March 2004): 55-78.

[52] M. Marchington and I. Grugulis, "*Best Practice* Human Resource Management: Perfect Opportunity Or Dangerous Illusion?," *International Journal of Human Resource Management* 11 (December 2000): 1112.

[53] M. A. Devanna, Ch. Fombrun, and N. Tichy, "Human Resources Management: A Strategic Perspective," *Organizational Dynamics* 9 (Winter 1981): 54.

[54] Stavrou and Brewster, *The Configurational...,* p. 187.

ger that the development of dynamic capabilities will be hampered, which, in turn, may decrease the flexibility of the company. And this is flexibility that is currently the key factor conditioning building and maintaining a competitive advantage of a company. Contemporary organisations including systems being part of them, are currently facing many challenges due to the changeability of the market and the increase in clients` demands.

The substantial stiffening of these structures may adversely affect their capabilities of facing these challenges, especially in the conditions of harsh competition. Therefore, the systems operating in this organisation should be designed and used in such a way that the actions undertaken within this system enable or support the processes of creating flexible organisational structures.

None the less, as it was mentioned before, acquiring and developing unique resources of the organisation is not enough to be able to achieve success in a changeable and turbulent environment. Some capabilities of quick reconfiguration of these resources in response to the occurring changes both inside and outside of this organisation are also needed. Such capabilities may be created and developed when the managers of the company notice the necessity for proactive and coherent activity, first of all, based on the configurational approach.

The followers of the configurational approach define an organisation as a collection of various intercorrelating variables which constitute one entity. According to these theorists, strategies, structures and processes occurring in these organisations form patterns of organisational efforts which, as F. Martín – Alcázar, P. M. Romero – Fernández, and G. Sánchez – Gardey state, "have to be coherent to external factors and they also should be internally consistent"[55].

When considering this approach, both external and internal variables as well as interactions between them are taken into consideration. The followers of this theory perceive the configuration of the activity within company`s people management as some kind of methodology which affects the performance of the company as a whole.

Thus, the configurational approach defines the actions in the area of human resources management in organisations in an interactive and complex way. Therefore, this concept is related to H. Mintzberg`s concept of strategy as a pattern. H. Mintzberg describes strategy as "a pattern in a stream of decisions"[56] which are taken by managers of organisations. The comparison of the three discussed approaches, namely: universalistic, contingency and configurational is shown in Table 3.

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[55] Martín – Alcázar, Romero – Fernández, and Sánchez – Gardey, *Strategic*…., p. 637.
[56] H. Mintzberg, "Patterns In Strategy Formation," *Management Science* 24 (May 1978): 935.

Approach	Basic assumption	Relations between variables	Methodology
Universalistic	Existence of Best Human Resource Management Practices.	Linear and universally generalizable.	Deductive logic, regressions.
Contingency	There are not Best Practices. Its effects depend on third variables such as corporate strategy or the internal and external environment.	The relationship between the dependent and the independent variable will be mediated by contingency variables.	Deductive logic, regressions, cluster and factorial analysis.
Configurational	It is possible to identify SHRM patterns from the combination of the elements that built the HRM system. Those patterns could be equally efficient.	The configurational perspective focuses on how the HRM patterns affect the organizational performance as a whole. Synergistic interdependence relationships are introduced.	Holistic approach. Cluster and factorial analysis, principal component analysis, network analysis.

Table 3. The universalistic approach, the contingency perspective and the configuational approach
Source: F. Martín – Alcázar, P. M. Romero – Fernández, and G. Sánchez – Gardey, "Strategic Human Resource Management: Integrating The Universalistic, Contingent, Configurational And Contextual Perspectives," *International Journal of Human Resource Management* 16 (May2005): 640

According to the discussed approach, actions taken in the area of company`s people management are perceived not only in terms of their direct influence on the company`s performance but also as an influence of such actions on other practices and systems existing in this organisation. The configurational approach, contrary to the universalistic approach and the contingency perspective, takes into consideration both vertical and horizontal relations in the area of human resource management. It also takes into account external factors which influence effects of these actions[57].

As I. P. Pardo and F. H. Perlines stress, in order to achieve a high level of a company performance, „a high degree of fit must be present, both horizontally between different human resources practices and vertically with organisational and environmental conditions"[58]. Similarly, as D. Pittino and F. Visintin[59] point out that, the higher the harmony level between such components of an organisation in the context of its activity, its strategy and structure, the higher the level of performance of this organisation.

Despite the substantial differences between the three above mentioned approaches: universalistic, contingency and configurational, when analysing the influence

[57] L. Jae-Nam, M. M. Shaila, and K. Yong-Mi, "IT Outsourcing Strategies: Universalistic, Contingency And Configurational Explanations Of Success," *Information Systems Research* 15 (June 2004): 113-114.

[58] Pardo and Perlines, *The Relationship…*, p. 196.

[59] D. Pittino and F. Visintin, "Innovation And Strategic Types Of Family SMEs. A Test And Extension Of Miles And Snow's Configurational Model," *Journal of Enterprising Culture* 17 (September 2009): 257.

on the actions undertaken in the area of management of people in the organisation, each of them is worth looking into separately, due to a kind of complementarity of these concepts. The universalistic approach concerns the influence of human resources management on the performance of the organisation, the contingency perspective assumes the influence of the complexity of external conditions of the organisation on the linear dependence of this practice and the company`s performance. The configurational approach, in turn, draws attention to the fact that the organisation and the systems operating in it as well as its activity come into interactions with both external factors and the systems and actions that take place within the organisation itself.

At the same time, in order to build and develop the dynamic capabilities of an organisation, it is a good idea to use the holistic perspective of contingency according to which a changeable and uncertain environment may each moment bring about the situation in which the applied by the management "best practices" suddenly become not the best any more, and the hitherto action patterns become outdated. Once again, the essential role of the human capital in the creation of the dynamic capabilities should be underlined here as the participants, i.e. the members of the organisation perform a "double role" in this process – on the one hand, they constitute an indispensable component of these resources, and on the other one, they are the driving force that can maintain and develop them.

Summary

The present-day conditions of functioning of organisations, especially within the global economy create the demand for a quick adaptation to changes and the innovation as well as proactive approach. This, in turn, imposes on the organisation an efficient, full use of the existing resources as well as their effective and quick transformation into new configurations. Both theorists and practitioners of management perceive in this case the important role of the dynamic capabilities of the organisation.

The thorough understanding of the dynamic capabilities and their impact on efficiency of an organisation as well as its marketing success is a crucial step in the direction of the application of proper models of actions leading to a further creation and development of such capabilities. Managers, in order to address the rapidly changing requirements of a business environment are forced to constantly decide which resources require transformation and in what way it should be carried out. This is why, the creation of the dynamic capabilities currently seems to be one of the most important aspects of management. Some authors, for example, R. Adner and C. Helfat[60] when refer-

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[60] R. Adner and C. E. Helfat, "Corporate Effects And Dynamic Managerial Capabilities," *Strategic Management Journal* 24 (October 2003): 1011-1025.

ring to the managerial staff, use the term the dynamic managerial capabilities, which means the ability of a manager to create, develop and reconfigurate the existing within the organisation resources.

Managers, in particular, should pay attention to the development of such organisational skills as business intelligence, the capability of integration and coordination of resources as well as learning abilities due to their key role in transforming resources and their coherent employment, aiming to maintain a competitive advantage in the turbulent environment. Development of the dynamic capabilities is the key not only to the adjustment to changes but also to initiating them and building the position of a leader and innovator.

At the same time, the management staff should also remember about an optimal use of the already existing resources, capabilities as well as about a consistent use of the worked out patterns of action – provided they are congruous with the current situation of a company. Therefore, the contemporary manager should be both an administrator of the resources and an entrepreneur, and also the propagator of changes. In the era of global challenges and the uncertain environment, the contemporary role of a manager is exceptionally complex. The key role of the human capital is then worth remembering; owing to it the manager can gain support in fulfilling his or her role, which is today becoming more and more difficult.

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