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Small and medium-sized enterprises in the European Union: development challenges in 2014-2020 perspective

**Edited by
Marek Matejun**

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**Small and medium-sized enterprises
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Edited by
Marek Matejun

Lodz University of Technology
Monographs 2014

Reviewed by:
Prof. Elżbieta Jędrych
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Dr. Kamila Malewska
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INTRODUCTION

Marek Matejun

For many years, small and medium-sized enterprises have occupied an important place in the strategy of socio-economic development of the European Union. This is due to the fact that these entities have many important functions related to, among others, creating a significant share of the national income and jobs, introducing innovations and causing many other effects that positively influence the level of competitiveness of the European economy. In order to ensure favorable conditions for the development of the SME sector in the European Union at the central level, as well as at the level of individual countries and regions, numerous assistance programs are developed in the form of specific support instruments available for the smallest entities.

A number of such measures were implemented **in the years 2007-2013**, when the focus was on creating favorable conditions for the growth of competitiveness of the economy based on knowledge and entrepreneurship, as well as on ensuring employment growth and an increase in the level of the social, economic and territorial cohesion. The financial resources for those objectives were derived from three main EU Funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). In addition, public funds were involved, providing entrepreneurs with the opportunity, for example, to apply for financing of investment projects in the framework of many thematic programs. That period has contributed to the implementation of a number of development initiatives, as well as to the strengthening of the potential of many small and medium-sized enterprises and business environment institutions for small companies. On the other hand, in conclusions concerning that period, attention is often drawn to the inadequate preparation of many businesses of the SME sector to absorb the EU assistance and the directions in regard to the use of public funds are frequently criticized.

Currently, the European Union is entering the new **2014-2020** programming period, which is associated with the implementation of the principles of the Europe 2020 Strategy. This perspective will be associated with the possibility of the participation of entrepreneurs in a number of projects and the use of many support instruments, both financial, as well as non-financial. As in the previous years, however, certain actions will have to be taken and the acquisition of

specific skills useful in efforts to absorb the EU assistance will be required. At the same time, exploiting the potential of the environment in the 2014-2020 perspective will be associated with changes in the conditions for the functioning and development of many European small and medium-sized enterprises.

The monograph is devoted to the above-presented matters. **Its aim** is the presentation, analysis and evaluation of selected issues which, according to the authors, will be important for development processes of small and medium-sized enterprises in the 2014-2020 perspective. The book consists of fourteen chapters, which are divided thematically into three separate parts.

The first part concentrates on the external conditions for the development of small and medium-sized enterprises in the latest strategic perspective of the European Union. The considerations begin with the presentation of definitional criteria, the socio-economic role and the history of development processes of the SME sector in Poland. Another paper highlights the importance of cooperation with business environment institutions, offering a variety of forms and instruments of support for the smallest entities. Examples of solutions in this area are shown in the next three chapters. The chapters present selected sources of funding and support programs for the SME sector within the 2014-2020 perspective, as well as the rules and the possibility of co-operation with business incubators in development processes of small and medium-sized enterprises.

The second part of the monograph emphasizes the challenges and changes in management systems which will largely determine the functioning of the SME sector in the coming years. The role of human capital is stressed, as due to the limitations of resources of the smallest entities, it will be one of the key factors creating a competitive advantage in this category of enterprises, particularly in terms of the knowledge-based economy. The next chapter identifies and assesses the most important stimulants of family businesses, as well as draws attention to the growing importance of international management and logistics for small and medium-sized enterprises.

The third, and last, part of the monograph focuses on selected determinants of building the competitiveness of businesses in the SME sector. This part stresses the significance of organizational culture as an important factor in the implementation of the concept of lean management. Then the benefits of the project financed from the EU funds in the framework of the European Regional Operational Programme of the Lodz Region, which was implemented in the selected company in the printing industry, are presented. The characteristics and the role of the relatively new legal organizational form of social cooperatives in the implementation of social measures for the occupational activation of people with disabilities are also presented. The last paper provides unconventional and more casual reflections on the efficiency of activities conducted by modern enterprises, on building their value and making use of the opportunities for the development of innovation.

The monograph is addressed primarily to managers and owners of small and medium-sized enterprises, along with undergraduate and graduate students, as well as post-graduate business students. At the same time, we hope that this book will be also appreciated in the scientific community, enriching the debate on the future challenges in managing the development of small and medium-sized enterprises, as well as inspiring discussion and further research in this field.

Part I

Conditions for the development of small and medium-sized enterprises in the 2014-2020 perspective

SME SECTOR IN POLAND AND THE EUROPEAN UNION – RANGE THEORY

Paweł Siemaszkiewicz

Department of Business Management, University of Lodz

1. Introduction

The aim of this paper is to present the basic issues MS sector in Poland and the European Union, as well as an indication of the economic importance of the full sector. The small and medium-sized enterprises are now the fastest growing sector in Poland and the European Union. In the history of the national economy or European Union does not always held such a high place like this. At a time when the main were in the lead large companies employing hundreds of people, the SME sector occupied a niche site or not performed at all. Only technical development has become the impetus for the development of SMEs. It was then noted that so far neglected firms have hidden potential, which is a solution out of the crisis and stimulate the economy. They began to see the features that were previously overlooked and more importantly the characteristics that once evidence of the weakness of the SMEs sector began to be treated as its main advantages. Over the years, the sector held increasingly larger share of both the Polish economy, the European Union and many countries in the world. Currently his position is comparable to the large enterprise sector. Why owes itself so high a place in a number of economy? The answer to this question is relatively simple, its structure and unique characteristics. Flexibility, proximity to customers, small technical facilities, the possibility of faster inspection and possible adjustment and development during the crisis, all of these qualities in the company of the SME sector, and does not have a large enterprise. Thus, the SME sector has achieved a competitive advantage, strategic, and those qualities have become crucial for the development of the sector. It could be argued that the sector of small and medium-sized enterprises is the perfect solution for today's economy, which is looking for ways to save money and struggling with many problems, which are often the cause of new threats for entrepreneurs.

The article consists of five parts, which in a substantial complement and form a coherent whole, consistent with the theme of work. The first part describes the characteristics of the SME sector, are listed in the ways of identifying the sector of small and medium-sized enterprises. Described are two methods for determining the group of units as well as the listed group of companies

belonging to the sector. The second part is devoted to the role played by the European Union, as well as the SME sector in Poland. Functions have been described, taken from the large companies that are performed to date in the economy. The third part was discussed the effects that accompany the development of the SME sector and their impact on the economy of both the Polish and the European Union. The fourth section has been included on the Polish, as strange country, taking into account the development of the sector. It has been the stages of development of the SME sector, taking into account the period in which it began until the present. Part Five moves the impacts of membership in the European Union for the development of SMEs in Poland are set out in this part of the changes, which occurred after the Polish accession to the European Union. The is also the importance of the EU PHARE, as partof supporting the development of SMEs.

2. The concept of the SME sector

The small and medium enterprises are an important part of almost every world economy. **But what it really is and what it consist of?** It is a question that should be our first answer. Developing SMEs name refers to the small and medium-sized enterprises. As you can guess the units are owned by small and medium-sized enterprises and micro enterprises. [Mikołajczyk 2007, p. 9-13] For a company to be eligible for the SME sector and for each group must meet a number of requirements. The requirements before units can be divided into two types, quantitative and qualitative.

Using quantitative criteria shall be used values as the **average employment, the annual turnover of the net, asset value**. An important feature is that the company must be an independent organization, i.e. one that is not more than 25% of the shares are in the hands of another entity [Jankowska 2005, pp. 103-104]. Speaking of quantitative demands to know how the numbers, every kind of enterprise SME sector, taking into account the above-mentioned values. The data are presented below in Table 1.

Table 1. The quantitative criteria describing the company

Criterion	Micro-Enterprise	Small business	Medium enterprise
Average annual employment of workers	<10 workers	<50 workers	<250 workers
Annual net turnover	<2 mln euro	<10 mln euro	<50 mln euro
The value of assets	<2 mln euro	<10 mln euro	<43 mln euro

Source: [Strojny 2010, p. 10].

As you can see, the data are precise and easy way to present the differences between the groups.

The second way of identifying and qualifying companies to individual sectors is a qualitative method. It is based on the assumption that there are several attributes, which should have a firm SME sector. The most important are [Safin, 2002, pp. 36-41]:

- the company is dominated by the personality of the entrepreneur,
- company has a network of personal contacts with customers (suppliers) and relative openness to them,
- enterprise services (produce) in accordance with individual customer,
- not formalized organizational structure,
- contacts between the management company and co-workers are close and informal,
- fast response to changes in the environment,
- separate type of financial management,
- small market share,
- economic and legal independence,
- activities of small and medium enterprises is often associated with a single product or a poorly diversified.

With this method, there are two positions. According to the first position, only that the company is included in the SME sector, where there are all the features. In considering the second position, the company belongs to the SME sector, where it has most of the features [Ibid 2002, pp. 36-40].

The first definition of determining what is the SME sector have been created by the European Commission in order to determine the type of company. This action was necessary to be able to as much as possible to support the SME sector, which the European Union is an important element of economic development. The European Commission has created two definitions, one in 1996 and another in 2004, Both have been developed as a recommendation of the European Commission. The difference between them lies in the extension of the range of groups from the current three to four, where the fourth are micro-enterprises [Stawasz 2008, pp. 65-66].

3. The role of the SME sector in Poland and in the European Union

The development of the SME sector for some time was not considered possible. Theorists dealing with economics or business in the nineteenth century believed that a small enterprise does not have much chance in competition with large companies. His thesis supports the arguments such as not enough knowledge, little capital and no adequate technical facilities. To change attitudes contributed to technological progress, which broke out in the seventies of the twentieth century. [Martyńskiuk 2011, pp. 18-19] allowed to take over a small and medium-sized enterprises many functions in the economy.

Speaking of functions replace the **share of changes in the industrial structure of the country**, which is observed today. Manifested by the fact that

small and medium-sized enterprises are the main factor that contributes to the demarcation towards the development of industry in the European Union and in Poland. **Small and medium enterprises to effectively reduce the level of unemployment**, it is a problem that faces every state. A SME sector through a flexible structure, small capital needs can easily change the profile example of generation thus saved from bankruptcy, and even increase your income. **Increasing the competitiveness of the country and the region** is another function that took over the sector, thanks to the unique structure is an important element to create a competitive advantage. Being able to quickly adapt to the situation of the company produce a competitive advantage in the form of diversity and adaptation to customer preferences over the regions and countries where this sector is not very developed. **Influencing the development of the market** combined with the previous function, the companies through its innovation are the driving force behind the development and creation of new trends. One of the most integral and characteristic functions is **to meet a large role in the development of private property**. The SME sector created on private property and to date is an important factor supporting its development. Management of surplus labor is associated with **reducing the level of unemployment**, with the difference that in this case people are working but their work is not effective, so that it becomes not profitable. Sector stimulates these areas for action and thereby improves the condition of the economy. Because of the size and importance of both the European Union and in Poland sector **may force a change in the law which will foster the development of enterprises**. It is a natural behavior as the state knowing that there is a sector of the economy that does well in difficult times, it is more likely to support, through various incentives and subsidies. The eyebrow appearances development of small and medium-sized enterprises do not necessarily mean the collapse of large companies. On the contrary may **lead to the development of the sector of large enterprises**. It is the last function that took over the sector. Is so important, what and paradoxical. The paradox lies in the fact that while it might seem that the two sectors with a completely different philosophy and a completely different characteristic should compete with each other it turns out that they can work together and receive the benefits of this title. It turns out that both sectors can cooperate with each other.

Each sector has strengths and weaknesses, which perfectly together to combine. For example, a company in the SME sector, although it is innovative it does not have sufficient distribution channels for its product, the company has a large distribution channels, but it is hardly innovative, which can lead to cross-sectoral cooperation. Functions that fully sector due to the unique features it has, such as flexibility, close contact with customers, are always ready to react to changes in the environment. This gives you a huge advantage over large firms, which in its activities are stiff, subject to rigid rules and because of its size can not flexibly adapt to changes in the environment [Matejun 2010, p. 18].

4. Effects generated by the SME sector

The SME sector not only performs important functions in the economy of the European Union, but also the source of many of the effects seen in the economy. This is a very important element for the functioning of the SME sector, because in this way helps to develop the economy of the European Union and Polish. One of the results is **the effect of technological progress**, which reveals the emergence of new innovative devices often. That's what I attribute to the SME sector is currently the largest number of devices invented. It is related closely with the previously mentioned unique features of the industry, which allow you to quickly respond to customer demands. Another effect is **the effect of macroeconomic** that is nothing but a share of the sector in the economy as measured by various indicators such as the number of enterprises and employment. **Employment** is also one of the effects attributed to SMEs. Is determined by the average number of persons employed in enterprises from the SME sector. Comparison of Polish and European Union in terms of the effect of macroeconomic and employment shown in Table 2 below.

Table 2. Number of enterprises and employment in the SME sector

	Number of enterprises			Employees		
	Poland		EU	Poland		EU
	Number	Share	Share	Number	Share	Share
Micro	1339817	95,7%	92,2%	3060776	37,4%	29,6%
Small	41961	3,0%	6,5%	973749	11,9%	20,6%
Medium	14930	1,1%	1,1%	1647126	18,9%	17,2%
SMEs	1396708	99,8%	99,8%	5581651	68,2%	67,4%
Large	3175	0,2%	0,2%	2607341	31,8%	32,6%
Sum	1399883	100%	100%	8188992	100%	100%

Source: Own work based on: [Komisja Europejska 2012, p. 1].

Specified is also **the effect of regional decentralization**, which is characterized by the possibility of the formation of companies in almost every place. You can call it also a way of monopolization. The effect is characterized by the fact that small and medium enterprises do not need high requirements for its operation. Thereby significantly differ and gain an advantage over large companies. **The stabilizing effect** is reflected clearly in the crisis, because then there is a frequent dismissals in large companies who are unable to quickly adapt to changes. In this case, companies from the SME sector are a kind of buffer that absorbs the impact of the crisis, through the employment of redundant workers. This is because it must be remembered that the SME sector has a very important feature that can increase employment during the crisis, they can not make a company from outside the sector. **The environmental effect** is nothing like the impact of businesses on the environment. Small and medium-sized enterprises through its size and location of a lesser impact on the environment than it is for large companies, operating in a centralized manner and a more consolidated and therefore less harmful to the

environment. **The effect of mobilization of capital** is reflected when the market lacks the financial institutions that can help newly established company. In such a situation, there are other sources of funding, which are eg family or friends. Who instead spend their savings on consumption assign them to invest and thus the money held in the accounts begin to work. The final effect is **the effect of the transformation**, which, like the stabilization effect is a buffer that helps to mitigate the effects of this time of reform and regulatory changes. It also supports the development of new marketing strategies and new values [Safin 2008, pp. 70-81].

5. The development of the sector in Poland

The SME sector is both the Polish how and for each country in the European Union an important part of the economy. **P.F. Drucker calls him "the salt of the market economy."** [Matejun 2010, p. 18] Poland in contrast to Western European countries belonging to the European Union, its SME sector is developing a short time, because only since the early 90s This was caused by the previous political system, which in its ideology did not recognize private ownership, which is the basis of the SME sector. Only after the transition has increased the importance of small and medium-sized enterprises, which began to be treated more often, as major members of the economy. Considering the case of the SME sector in Poland, you can extract the phase of development of the sector, such as [Gancarczyk 2010, p. 89]:

- initial phase (1980-1988),
- phase explosion enterprises (1989-1991),
- phase of slowing growth or stabilization (1992-1994),
- Pre-accession phase (1995-2004),
- phase after the accession (2004 – present).

The development of the sector in Poland is closely connected with historical events affecting the whole of society as transformation or membership in the European Union. Please note that Poland, in contrast to other western European countries, in order to match them, she had little time to change its economy. The very process of finding a new reality also proceeded at a rapid pace, although it was not an easy process. Especially for the public, most of my thoughts took in the old system and require the same treatment. A formation of a new attitude among the citizens was a long process. Therefore, the reforms needed to achieve the objective often not been fully thought out, which resulted in heavy losses.

6. Membership in the European Union and the SME sector in Poland

The whole process of joining the European Union, and all that has happened before and after accession had a very big impact on the development of the SME sector in Poland. Currently, membership in the EU causes some noticeable

changes in everyday functioning of small and medium-sized enterprises such as **the internationalization** of expressing a growing activity of domestic companies in foreign markets, and foreign companies in the domestic market, it can determine **the result of competition**. It occurs when you open the borders and allow access to the various foreign markets. Is changed, the operation of the company, in order to minimize the difference between the global economy and the native, the company is becoming flexible in their business. You can call it **the result of adaptability**. Speaking of transformations, which occurred after the accession to the European Union, should be aware of changes in the management system. Speaking about **the effect of integration**, transformation, which is manifested under the influence of restrictive EU rules the management of the company [Lachiewicz, Matejun 2012, pp. 22-30].

The elements mentioned above are due to join the European Union, it must be remembered that the pre-accession period had an equally large impact on the development of the SMEs sector. The reason was to help in the form of EU programs such as PHARE program. The premise of the PHARE program was, *inter alia*, the reduction of barriers to development of SMEs.

7. Conclusion

Today, at a time when global climate is not stable, which cause the fall of the economy, the markets collapse, and the public has access to multiple sources of information such as television and the internet, causing growing education needs and requirements of customers. The small and medium-sized enterprises become the ideal solution to emerging problems.

At a time when the economy nothing is certain, only companies with the ability to rapidly emerging of adopting the changes have a chance to survive in the market. The concept of relying solely or even mainly in the large enterprise sector at the moment is not a good solution. This is due to the fact that large companies are not able to keep up with the changes that occur at short intervals. Therefore, the sector of small and medium-sized enterprises is currently the best solution in economic terms both Polish and European Union. Its contribution to each of the economies there is no more doubt, looking at the number of companies and employees, the numbers speak for themselves. Not only that counts speaking of the SME sector in the current period that this sector is a major player on the shoulders, which rests the whole responsibility.

As you can read in the article, full of the most important functions that can put the economy the sector. Reducing unemployment, aiding in the development of private property, or to contribute to the development of large enterprises, are among the many features that do not meet the causes collapse of the economy. At the same time it is also the source of many effects that allow you to grow the economy. Please note that this MSP is currently the largest source of innovation that we see around us. It is this sector generates the largest number of ideas for modernizing and

expanding the facilities or services. And that's just one of probably the most distinctive and visible to every man the effect of the whole spectrum of possible.

For Poland, as the country where socialism has developed and where the private nature of the ruling regime was limited. The development of the SME sector in the transition proved to be very important. Poland proved to be enterprising country in which willingly assumed the firm and the country in which the society quickly learns new rules and laws, which is ruled by capitalism. The importance of small and medium enterprises is an important element of economic policy, not only Polish, but European Union.

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SME SECTOR COMPANIES COOPERATION WITH THE BUSINESS SUPPORT ORGANIZATIONS

Piotr Sitkiewicz

Faculty of Organization and Management, Lodz University of Technology

1. Introduction

Development of the small and medium enterprises sector (SME) is one of the **key factors**, which is affecting the Polish and the European economy. The economic policy of the highly developed countries is directed towards the support of these entities due to the **benefits** that they create during their functioning, in the economy. These benefits are visible for an example in their share in the creation of Gross Domestic Product, their number compared with the total number of all enterprises in the economy and in the area of employment. [Borowiecki, Siuta-Tokarska 2008, pp. 143-177]. Due to these factors, many actions are currently being taken in the social and economic environment in order to create **supportive conditions** in the institutional and legal areas for the small and medium sized companies and as well by the support of the different institutions operating in the external environment of these entities. **The purpose** of this article is to show the types and tasks of the business support institutions and effort to evaluate the cooperation of small and medium sized enterprises with those institutions.

The article is divided into four parts. The first one describes the significance and the role of the chosen business support institutions in Poland. The second one describes the methodology and the scope of own research. The third part is devoted to present the results of the research, regarding the cooperation of the small and medium enterprises with the business support organizations. The last, fourth part, is a short summary of the article, in which the conclusions from the research are given.

2. Types and tasks of the business support organizations

Creation, survival and development of the small and medium enterprises mainly depend on their **environment** – direct (micro) and indirect (macro) [Skowronek-Mielczarek 2011, pp. 29-36]. This fact is a result of the specifics of

these entities [Lachiewicz, Matejun 2012, pp. 14-22], that has its **source** in the lack of resources, relatively small influence on the surrounding environment, and high sensitivity to the external, socio-economic conditions [Zelek, Maniak 2011, p. 270-283].

The small business environment is defined as a set of **objects** and **processes** (trends, events) which are operating outside of the organizational and legal framework, but at the same time is highly associated with their effective functioning [Berliński 2004, pp. 14-15]. **Macroeconomic** environment consist of factors with nature such as: political, economical, social and technological. **Microenvironment** contains elements such as: manufacturers of substitute and complementary goods, clients, vendors, financial institutions and regulatory institutions [Jędrzejczyk, Komorowska 2013, pp. 26-28].

Referring to the above characteristics, the environment then on the one hand is a source of chances and opportunities – positively affecting the operations of the small and medium enterprises, but on the other hand it is a ground full of threats, dangers, problems, with which these entities must strive through their life cycle. **The business support organizations** are an example of the external environment factors that have a positive influence on the small and medium sized companies. **Their purpose** is to help those companies in case of threats and barriers that exist and occur on the market, and to minimize their negative impact. These institutions operate in order to stabilize the market, to help to design the effective ways of development, on the basis of the resources and capabilities that small and medium businesses have.

The barriers that constrain the development of the small and medium sized companies, above all consist of the complicated tax law, difficulties in finding the qualified employees and in raising external capital [Żołnierski, Zadura-Lichota 2008, p. 184; Filip, Grzebyk 2010, pp. 29-30]. Therefore the purpose of the business support organizations **should be professional** and based on the content-support, including the fields of: legal, human resources, consulting and raising external capital-services [Dorożyński, Urbaniak 2011, p. 5].

The environment of the small business offering its services to SME sector, is mainly formed of the **non-profit organizations**. It consists of the government, social and private organizations, for which the purpose is to create conditions positively affecting the environment in which the companies operate. The example of these organizations are: local authorities, R&D units, employers organizations, innovation and entrepreneurship development centers, regional development agencies, business incubators, loan and guarantee funds [Matejun 2012, pp. 92-93]. Their offer on the one hand is directed at companies already operating on the market, but on the second hand it is to the individuals which have an idea to create a business but they lack knowledge and resources necessary in order to start a company.

The operations of the business support organizations can be considered on **three dimensions**: country, regional and local. The example of the institution operating on the country level is the **Polish Agency for Enterprise**

Development (PARP). It is a central organization (government) created in 2001, on the basis of the legal act [about creation of Polish Agency for Enterprise Development]. **The purpose** of this institution is to implement the programmes directed towards economic development, innovation related activities, export, regional development, and the socio-economic integrity of the country. Among detailed tasks of PARP, the **most important** are [Janiuk 2004, pp. 28-29]:

- to prepare the professional expertise for SME sector companies and provide these entities with the economic advisory,
- to organize trainings and seminars devoted to the entrepreneurship and innovations related areas,
- to organize information, promotion and exhibit initiatives related to the functioning of the SME's, in Poland and abroad,
- to collect and share information useful for entrepreneurs,
- to create and administrate databases that consist of relevant economic information,
- to elaborate, publish and distribute publications, including socio - economic analysis of the environment,
- to promote and support the implementation of innovative solutions and modern technologies,
- to aid financially polish enterprises that are willing to participate in international promotion, exhibits and seminar events,
- to grant subsidies to the companies that operate with the purpose of employment and country development.

The **priorities** of Polish Agency of Enterprise Development are: [www.parp.gov.pl]:

- to create creation positive conditions for enterprise innovations development,
- to strengthen the agency's role as a partner responsible for creation of the positive conditions for the entrepreneurship development,
- to create positive conditions for the development of sustainable production and consumption ideas,
- to ensure the quality and effectiveness of the actions run by the agency.

At the regional level, the tasks related to coordination of actions directed towards the support of small and medium enterprises are performed by the **Regional Financing Institutions (RIF)**. These organizations are regional partners of the Polish Agency of Enterprise Development and concentrate their activities on [Rybińska, Tokaj-Krzewska 2003, pp. 183-184]:

- managing regional entrepreneurship development programmes,
- administrating, on behalf of PARP, the SME sector supporting instruments in the given region,
- providing the SME sector companies with the professional advisory aid,

- providing, with the information about the up to date supporting programmes for the use of the enterprises.

At the local dimension, the support of the small and medium enterprises is being run by the organizations that belong to the **National Services System (KSU)**. KSU is a network of connected and freely cooperating non-profit institutions, for which the purpose of operating, is the entrepreneurship development, through delivering the highest quality of professional services in the areas that require the intervention of the state [www.ksu.parp.gov.pl]. The most important tasks of the units creating KSU are consulting and information services, aiding with the application for the external capital projects enrolment, and helping with the implementation of innovative solutions in the small and medium sized companies [Filipiak, Ruszała 2009, p. 77].

Additionally, within the KSU, **operate** the National Innovation Network, the Consulting Points, Information Network for Business, and the Enterprise Europe Network [Filipiak, Ruszała 2009, pp. 77-79, www.ksu.parp.gov.pl, www.parp.gov.pl, www.een.org.pl]. All these subsystems are directed towards the creation of positive conditions for the entrepreneurship development and the support of the small and medium sized enterprises.

The important aspect of the small and medium sized companies environment are as well the organizations that **associate** entrepreneurs. **Their purpose** is to represent the matters of the SME sector companies, from the owners perspective, above all improvement of the solutions in the administrative and legal areas, and direct aid by advisory and education activities [www.kig.pl, www.pkpplewiatan.pl, www.bcc.org.pl] The examples of these institutions are: The National Economic Chamber, The Association of Polish Handicrafts, The Supreme Council Union of Trade and Services, The Employers Organization of the Republic of Poland, The Polish Confederation of Private Employers Lewiatan and The Business Centre Club.

3. Methodology and the scope of the research

In 2012 a **study** took place, with the use of the **questionnaire** as a research method. The main **purpose** of this investigation was to analyze and judge the cooperation of the small and medium sized enterprises with the business support institutions in Poland. The target group consisted of the SME sector companies operating in the lodz area. On the basis of the literature and the research made by The Polish Agency of Enterprise Development, questionnaire consisting of **25 questions** was built, in which there could be found only **closed – end** and **one choice** questions due to the fact of considering the higher comparability of the results, and the higher propensity of the respondents to answer.

The surveys were delivered to the interviewee's directly and via email in the first half of 2012. The respondents were the owners or managers of the researched entities. In total, 215 questionnaires were distributed, from which 50

were correctly filled in and sent back (send back rate at the level of 23%). The evaluation of the data gathered was prepared in MS Excel. In chart 1 the profile of the researched enterprises are presented.

Table 1. Characteristics of the researched enterprises

No.	Size of the company	Number of companies	Percentage share
1.	Micro enterprises	30	60%
2.	Small enterprises	14	28%
3.	Medium enterprises	6	12%
No.	Forma prawna działalności	Number of companies	Percentage share
1.	Sole entrepreneurship	29	58%
2.	Private limited companies	15	30%
3.	General partnership	3	6%
4.	Civil partnership	2	4%
5.	Public limited companies	1	2%
No.	Area of operations	Number of companies	Percentage share
1.	Trade	17	34%
2.	Services	14	28%
3.	Manufacturing	7	14%
4.	Construction	12	24%

Source: Own evaluation on the basis of the conducted research.

More than half of the interviewed enterprises are micro-sized companies. Their **domination** both in the research and in the real economy, have a significant importance in the context of functioning and entrepreneurship development in the lodz area [Brylska-Michalek 2013, pp. 27-40]. These enterprises mainly operate as a simplest legal form, a sole entrepreneurship.

4. The results of the research

The first half of the research is an **attempt** to identify the general development barriers of the enterprises taken into consideration. In the survey, the respondents had to choose the **most important** barrier of their company's development. They **pointed at** imprecise law, as the most important one (38% of the surveyed entrepreneurs selected this option). Part of the interviewed companies pointed at the problems with the access to external financing and at the obstruct access to the business support organizations. The detailed answers of the respondents are presented on the Fig. 1.

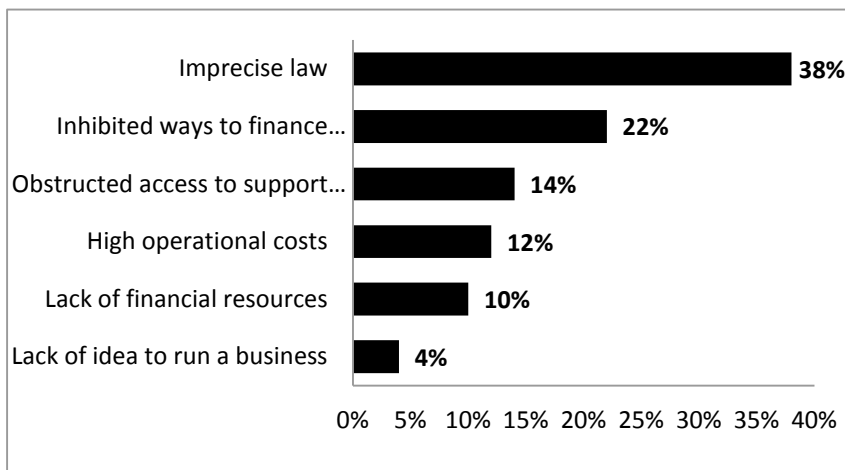


Fig. 1. General development barriers of the researched enterprises

Source: Own evaluation on the basis of the conducted research.

In the **following** part of the research, analysis of the cooperation between the interviewed companies and the business support organizations took place. The results **indicate** that more than half of the surveyed (56%) declare interaction with the business support area. The interviewed companies consider, as the **most important preference**, the cooperation with the **Regional Development Agencies and Enterprise Incubators**. The more detailed analysis indicate that companies that operate on the market longer, are more interested in the cooperation with the first type of the institutions given above, but at the same time the companies operating on the market less than a year, are more interested in cooperation with Enterprise Incubators, probably due to the fact that these are recent start'ups. The scope of cooperation between the respondents and the business support organizations is shown on Fig. 2.

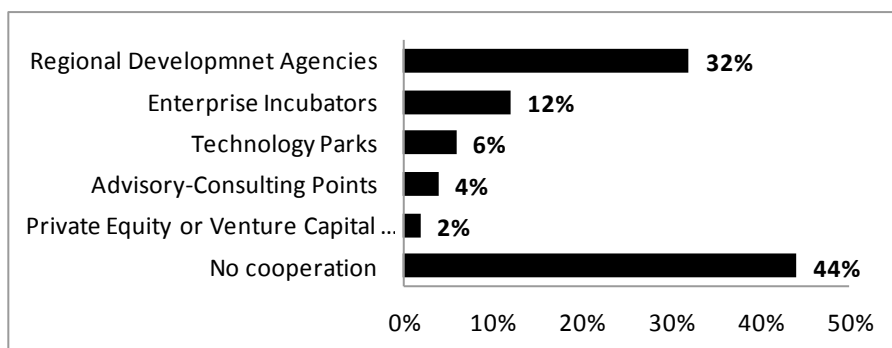


Fig. 2. The scope of cooperation between the companies and the business support organizations

Source: Own evaluation on the basis of the conducted research.

Among the companies that **cooperated** with the business support institutions, 89% considered this cooperation as good or very good, and only 11% declared it as bad. These results need to be considered positively, as it will **probably result** in the more often usage of the business support environment by the researched companies in the future and by those which have not yet used it so far.

In the following part of the research, **attention was brought** to the cooperation barriers between the SME sector companies and the supporting institutions. As the **most important ones**, the respondents considered that the aid is aimed towards the selected and narrow group of companies, and also the lack of adequate employees working in those institutions, was pointed out. One third of the surveyed did not identify any deficiencies and generally confirm good reputation of the interaction between SME sector companies and this area of the environment. The detailed results concerning the cooperation barriers of the SME sector companies and the business support institutions are presented on Fig. 3.

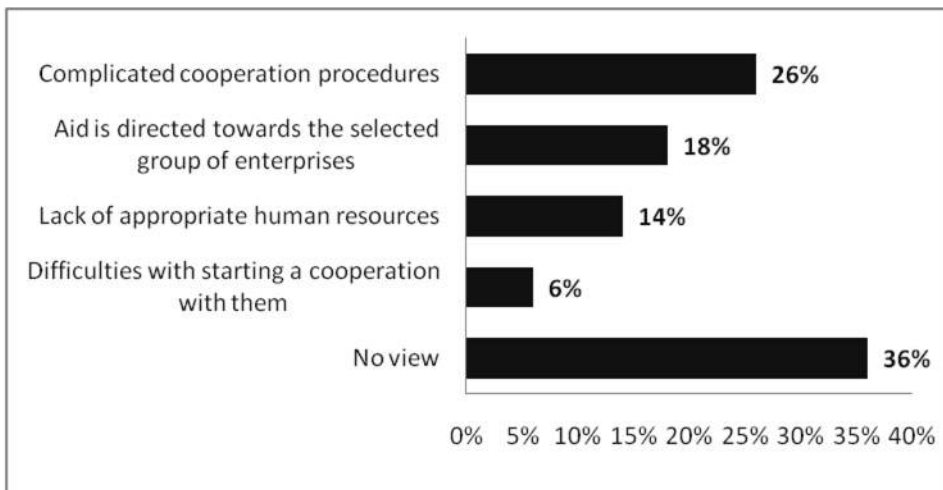


Fig. 3. The potential cooperation barriers with the Business Support Institutions

Source: Own evaluation on the basis of the conducted research.

An **important aspect**, which determine the interaction of the SME sector companies with the business support organizations are **as well** the ways of gathering the sources of information about the aiding organizations. The respondents **declared** that the most important information about the offer, aid programmes and the operation of the supporting institutions are gathered primarily from the internet (30%). As a **source** of starting the potential cooperation-conferences, workshops, business interactions were chosen, during which information about the aiding actions, which respondents got from their vendors or competitors. On the **second hand**, 18% of the respondents declared that they are not looking for the information about the aid actions available in

their environment. The detailed results concerning the use of sources of information about the cooperation with the business support institutions are presented on the Fig. 4.

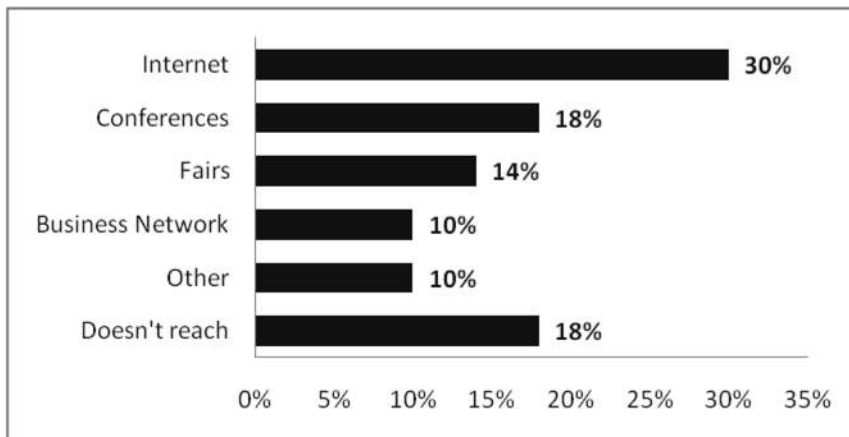


Fig. 4. Sources of information of the small end medium sized corporations about the possibility of cooperation with the Business Support Organizations

Source: Own evaluation on the basis of the conducted research.

Presented results **clearly indicate** that the actions aimed towards strengthening the role of the business support institutions **should concentrate** mainly on the development barriers elimination and on enhancing and improving relations with those entities. The main actions recommended in this area can be given:

- to aid with the access to the offered services,
- to simplify the cooperation rules and base them on partnership relationship,
- to initiate more intensive promotion actions,
- to acquire experts from the important areas in terms of small and medium sized enterprises development,
- to intensify the cooperation with the academic centers in order to allow transfer of human resources from the academic centers to the business support organizations.

5. Conclusion

The economic development rate of the Polish and the European economy is **strictly connected** with the progression of the small and medium sized companies. **Crucial factor** is correctly designed economic policy, which have in purpose the **support** of the businesses that belong to this sector and **elimination** of barriers which constrain it. As a result of this kind of solutions, it is possible

to **achieve** the growth of the SME sector share in Gross Domestic Product, competitiveness, and innovation-creation, reduce of the unemployment and to acquire more profitable socio-economic effects.. There are many problems and threats on the way of the economic development, which elimination or at least significant reduction belongs to the purpose of the business support organizations.

On the basis of literature, legal acts analyzed, industrial studies and own research, it can be **inferred**, that the operations of the business support organizations is one of the **key elements**, which **will influence** the rate of development of the SME sector in Poland in the future. The character and the purpose of the activity shows, that the companies will more often come with their problems to the dedicated non-profit institutions in order to help them with their problems. These non-profit institutions will constitute essential counterweight to the big advisory companies, which direct their services towards bigger entities.

It should be **highlighted**, that according to this research, one of the major barriers **constraining** the scope of cooperation between the SME sector companies and the business support institutions, **are** complicated rules of collaboration, and that the offered aid is dedicated to the selected group of companies. The actions for which the target is to **increase** the efficiency and to **eliminate** the existing legal barriers should be economic policy priority and both its central and regional authorities. Without the effective monitoring of those matters, further development of the SME sector companies will be **constrained**.

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SOURCES OF FUNDING AND FORMS OF FINANCIAL SUPPORT AVAILABLE TO SMES

*Katarzyna Kochel, Alicja Przyborowska, Tomasz Raczkowski
Macroeconomics Society of University of Szczecin, University of Szczecin*

1. Introduction

The Small and Medium-Sized Enterprises (SMEs) sector is undoubtedly one of the major business sectors and the leading force of the Polish economy. Therefore, investments of the resources allocated to its development are particularly important. According to the report by the Polish Agency for Enterprise Development (based on the 2011 GUS data), small and medium-sized enterprises generated 71.8% of the GDP, that is every other Polish Złoty [PARP 2013, pp. 14-15]. However, any comparison between the SMEs sector in Poland and in other European countries reveals striking differences: despite the fact that the number of such companies is comparable with the average for the other EU states, the efficiency of the Polish businesses is markedly lower. Since, apart from the issues of costs and specific sector structure, such differences are largely the result of an insufficient level of innovation for development among the Polish enterprises, appropriate funding and support for the SMEs sector is vitally important, especially considering the benefits for the economy. Development of innovation, while crucial to SMEs' competitiveness, inevitably entails substantial financial expenditure. Many entrepreneurs lack the awareness of the numerous ways of accessing the capital or dedicated programs devised to support businesses in this sector. This paper will attempt to outline the major sources of funding and business support programmes available to SMEs within the financial perspective for the years 2014-2020.

2. Sources of financing for/of the SMEs

The existence of some initial financial resources is a sine qua non for any enterprise. Indeed, it is difficult to imagine a successful trajectory for any business lacking some form of initial investment or support. Setting up a viable business with an earning potential is usually preceded by a business plan. This

tool, having grown in popularity in the 1970s, is currently a firm prerequisite of any business funding application, particularly in the EU.

In the conspicuous abundance of the sources of financing, different divisions could be made, depending on the assumed criteria. For instance, according to the type of impact on the enterprise's finances, direct and indirect options might be distinguished, whereby bank loans would be an example of the former and appropriate depreciation of fixed assets that optimizes the taxes – of the latter. In economics however, the lines are typically drawn between the internal and external sources of funding, whereby transformation of the assets or shaping the existing capital would be widely different examples of the former and personal vs third-party financing – of the latter.

2.1. Personal funds

The specific character of the SMEs is reflected by the fact that personal funds are by far the most common option chosen by the entrepreneurs. Unlike the strictly assigned business loans, personal resources offer the convenient freedom of choice in its allocation. They are, however, essentially available to those who managed to accumulate sufficient resources which would allow to set up and equip a business, as well as cover the running or production costs. It appears that the main reasons SMEs opt for harnessing personal funds are the constraints of the external financing: SMEs typically don't present high financial credibility which results in the reluctance on the part of the banks, as the required security is usually unrealistic. If an application happens to be accepted, the loan comes with terms and conditions which are a far cry from those enjoyed by large companies.

2.2. Bank loans

A bank loan occupies a prominent position among the external funding options: in the first half of April 2013 alone, it was used by 37% of enterprises – 32% of the micro enterprises, 63% of the small and 68% of the middle-sized ones. The growing interest in this form of financing is reflected by the proliferation of the banks offers, which are also increasingly more concerned with the SMEs clients' expectations, needs and capabilities.

Business loans could be divided into different types, depending on the chosen criteria – according to the time of repayment: short- (up to a year), middle- (between 1 and 3 years) and long-term ones (over 3 years); according to the account of the transfer: current account (16% micro-, 41% small, 39% medium-sized) or credit account; according to the loan's purpose: investment loan (4% micro-, 9% small, 24% medium-sized enterprises), working capital loan (7% micro-, 30% small, 21% medium-sized enterprises) and other loans.

The average interest rate of the offered loans was effectively cut by 1% in the first half of 2013, as compared to the second half of 2012 and equalled 8%. It is important to underscore that the interest rate owed by the micro-enterprises are considerably higher than those owed by the SMEs. [Ministerstwo Gospodarki 2012, pp. 25-26].

2.3. Leasing

The legal definition of leasing can be found in the article 709¹ of the Civil Code which specifies that it is an agreement under which a lessor undertakes to purchase an asset from a given seller and release it to the lessee for use. Under such agreement the lessee undertakes to pay the lessor a financial consideration in agreed instalments, at least amounting to the price or consideration borne by the lessor for the purchase of the asset. Despite the above definition, the asset subject to the lease agreement does not necessarily have to be purchased by the lessor specifically for the purposes of the given lease agreement. It may also be the asset owned by the lessor [*Polish Leasing Association*].

Leasing is an increasingly popular solution – despite the fact that its costs are usually higher than those of a bank loan, it is nevertheless more easily available to the entrepreneurs. SMEs are frequently unable to acquire fixed assets and that, in turn, often significantly impedes their development. Leasing enables the use of such an asset without the burden of a single yet high expense. Moreover, businesses choosing the operating lease option, benefit from a form of a tax shield, as both the interest and the monthly instalments qualify as tax-deductible costs for the lessee. Yet another crucial advantage of this solution is the fact that, unlike the bank loans, leasing agreements don't affect the lessee's Debt Ratio (DR).

Of interest is the fact that as many as 72% of entrepreneurs declared their knowledge about leasing to be “vast”, 20% said it was „reasonable” and only 5% admitted „little” knowledge – such disclosures alone reflect the popularity of leasing and are further confirmed by the official figures: in 2011, 40% of the small and 42% of the medium-size enterprises used leasing. [Europejski Program Modernizacji Polskich Firm 2011, p. 36].

2.4. Factoring

A form of short-term financing, factoring gives entrepreneurs the opportunity to sell their non-expired debts, instead of suffering the consequences of delayed payments or difficult to execute debts. It is a type of financial arrangement whereby the company sells its receivables (from the provided supply of goods and services), from its customers to the Factor who subsequently manages them

in varying ways. It is typically offered in combination with additional financing options and other dedicated services [Polski Związek Faktorów].

Factoring might be aptly described as the enterprise selling its dues. Since the factoring contract is a type of unnamed contract, it is regulated by the Civil Code's the Act of 23 April 1964 [Dz.U. nr 16, poz. 93 z późn. zm.; ost. zm. Dz.U. z 2007 r. nr 82, poz. 557)] or, since 2006, by art. 1: 102 (1) PECL (Principles of European Contract Law). [Instytut Rozwoju Biznesu]. G. Gikas put forward an approach which divides factoring according to the Factor's responsibility [Gikas 1997, pp. 5-7]:

- Full Factoring (Non-Recourse Factoring),
- Non-full Factoring (Recourse Factoring),
- Modified Factoring (mixed type of factoring).

In Full Factoring, the Factor overtakes the risk associated with an inability to recover debts (for example in case of the debtor's insolvency). On the contrary, in Recourse Factoring, this risk is shared between the Factor and the client who sold the receivables (the Factorant). Mixed Factoring is a combination of the former two, whereby the responsibility is carried by both parties to some specified extent: the Factor usually meets the risk associated with the receivables and arrears only to a certain amount, while the responsibility for everything above that remains with the Factorant. [M. Podstawka 2010, pp. 594-597].

2.5. Venture Capital

Among the sources of financing available to smaller enterprises, Venture Capital Funds (a form of private equity) play an increasingly important role. The character of this financial solution is reflected by its name, which indicates a high risk (and potentially profit) involved [Waniak-Michalak 2007, p. 44]. Venture Capital Funds are highly specialized companies which are often linked to investment banks or other financial institutions specializing in investing in business ventures that present a higher risk, while accordingly offering a higher rate of return [Molo, Biegówka 2000, p. 46]. Situations whereby finding a promising market niche or creating an innovative product/ service becomes the good fortune of a potential entrepreneur unable to cover the costs associated with his venture are not uncommon. At the same time, there are ranks of investors who, owning substantial capital assets, are eager to support innovative ideas – they often become so-called business angels who make it their mission to support fresh and innovative start-ups.

Although Venture Capital Funds are potentially appealing to both parties, over 58% of SMEs have no knowledge about such opportunities, suggesting that it is not a particularly popular source of financing in this sector. Among the other 42% entrepreneurs, as many as 24% underscore the relative inaccessibility of this type of funding. Only 8% SMEs believe it is not difficult to obtain, with

11% declaring no opinion on the matter [Europejski Program Modernizacji Polskich Firm 2011, p. 35].

2.6. Commercial Papers

Commercial Papers are a form of short-term discount instruments – money market instruments issued at a value discounted from their face value, with maturities less than one year. They are a specific type of bonds, yet similar to the classical ones in that they effectively constitute a loan obtained from the creditor (the bond holder) by an enterprise, alongside an obligation to buy it back at the nominal value. By issuing Commercial Papers companies satisfy their needs relating to the working capital. The characteristic feature of the Commercial Papers is their high nominal value which, starting at 10.000 PLN, typically reaches anything between 100.000 and 500.000 PLN. Therefore, it is important to note that financial constraints naturally limit the availability of this type of instruments to banks and investment funds or other companies [Ministerstwo Gospodarki 2008, p. 89].

2.7. Loan Funds and Guarantee Funds

Loan Funds and Guarantee Funds are regulated by the Civil Code and the Commercial Companies Code [Ministerstwo Gospodarki]. As previously mentioned, new entrepreneurs frequently struggle to obtain external funding, as banks are reluctant to offer them loans, demanding high securities. It must be underscored that difficulty in obtaining these vital financial resources constitutes a major barrier leading to the decision to postpone or forsake the idea of setting up a business. Against this backdrop emerges the crucial role of the Guarantee Loan Funds, as they effectively facilitate the access to the above-mentioned external sources of funding (in the form of bank and other loans) for any existing or potential entrepreneur.

Essentially, the majority of the Loan and Guarantee Funds' networks are organized into and operate as associations: Polish Union of Loan Funds (Polski Związek Funduszy Pożyczkowych) and National Association of Guarantee Funds (Krajowe Stowarzyszenie Funduszy Poręczeńiowych) [Ministerstwo Gospodarki 2008]. The Polish Union of Loan Funds represents the interests of the Loan Funds on the national level by supporting their efforts in the local development and the development of local, micro, small and medium-sized enterprises. These efforts revolve around providing effective financial support for the purposes of setting up, running and developing an economic/business activity [Polski Związek Funduszy Pożyczkowych] through, among others for: financing investments, implementing new technical or technological solutions, acquiring machines and , extension, adaptation or modernisation of production, commercial and service-offering buildings, purchasing machinery and

equipment, materials and raw materials indispensable to the undertaking [Ministerstwo Gospodarki 2008].

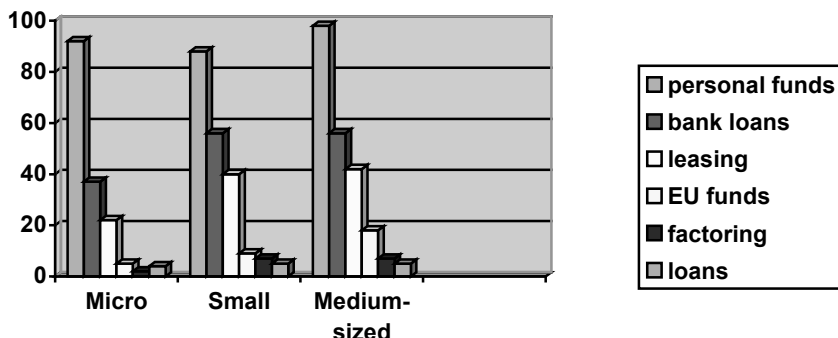


Fig. 1. Selected financing options available to SMEs

Source: *MSP pod lupą*, Europejski Program Modernizacji Polskich Firm, http://www.efl.pl/finansowanie/EFL_Raport_MSP_pod_lupa.pdf, (dostęp: 19.03.2014 r.).

Figure 1 presents the share of the different sources of financing within the SMEs sector.

The most popular were personal funds, as they were harnessed by 92% of the micro-, 88% of the small and 98% of the medium-sized enterprises. Essentially different was the share of the bank loans, which was used by 37% of the micro-enterprises and 56% of small and medium ones. Leasing enjoyed similar popularity – 22% of the micro, 40% in the small and 42% in the medium-sized enterprises found their way to it. EU funds, factoring and loans from other entrepreneurs jointly reached no more than 10%, with the exception of the EU funds for the medium-sized enterprises, which constituted 18%.

3. SMEs' support programmes

3.1. COSME

One of the dedicated forms of support available to the SMEs in the years 2014-2020 is COSME (Program for the Competitiveness of Small and Medium-Sized Enterprises). As a continuation of one of the sub-programs (EIP – Entrepreneurship and Innovation Programme) it is concerned with improving competitiveness of the small and medium-sized businesses. Its specific aims are [Portal Innowacji]:

- Supporting innovation,
- Improving access to financial resources,
- Providing local business support services.

In addition:

- Promoting and encouraging wider and better use of Information Communications and Technology.
- Supporting the development of Information Society and promoting the benefits of renewable energy and energy efficiency.

The EU Parliament's directive clearly puts forward the paragraph emphasizing the crucial role of competitiveness which is at the heart of the EU's endeavours in these areas. Indeed, one can read that the idea behind COSME was to increase the level of competitiveness and durability of the EU enterprises, in particular by supporting the existing ones, fostering entrepreneurial culture and promoting the status and growth of the SMEs to the end of creating a society based on knowledge and a development based on a carefully-balanced economic growth. Over half of the programme's resources (60%) will be allocated to the financial instruments facilitating entrepreneurs' access to funding [Parlament Europejski]. In Poland, the COSME Program was launched during the conference „European programmes supporting businesses in Poland – today and tomorrow” which took place on the 28th of November 2013.

Among its beneficiaries there will be [Stowarzyszenie Pomorskie Unii Europejskiej]:

- Existing and prospective entrepreneurs (SMEs),
- Public administration.

The value of the resources envisaged for COSME reaches €2.3 billion – the initial €275 million released in 2014 will be increased in the coming years, up to €430 million by 2020.

3.2. Horizon 2020

Horizon 2020 is a Framework Programme for Research and Innovation which aims at driving economic growth and creating jobs. It is the biggest EU Research and Innovation programme thus far to prioritise scientific research and innovation by bringing together three distinguished programmes/initiatives, namely: 7PR (Seventh Framework Programme), Competitiveness and Innovation Framework Programme (CIP), as well as the initiatives within the European Institute of Technology (EIT). The European Union aims to make as much as €80 billion of funding available for the initiatives within this programme [Komisja Europejska]. The support available through Horizon 2020 centres on three major sections:

- **Excellent Science:** Activities under this Pillar aim to reinforce and extend the excellence of the Union's science base and to consolidate the European

Research Area in order to make the Union's research and innovation system more competitive on a global scale.

- **Industrial Leadership:** The goal is to make Europe a more attractive location to invest in research and innovation, by promoting activities where businesses set the agenda. It will provide major investment in key industrial technologies and help innovative SMEs to grow into world-leading companies by providing them with adequate levels of finance.
- **Societal Challenges:** This section is primarily concerned with political activities. It is oriented towards challenges that will bring together knowledge, technology and other disciplines.

Since the primary objective of the programme is to drive the economic growth, it is instrumental to assure an appropriate allocation and distribution of funds – such that will lead to economic growth and result in new jobs being created. Following this principle, significant portion of the funds, i.e. as much as 15% of the overall budgeted, will be available for the support of the SMEs sector [Komisja Europejska 2011, pp. 2-13].

3.3. Support available within the EU Cohesion Policy

On the 6 October 2011, the European Commission endorsed a legislative package for cohesion policy for the years 2014-2020 which featured two main structural funds of immediate relevance to the SMEs sector: European Social Fund (EFS) and European Regional Development Plan (ERDF). The initiatives within the cohesion policy endeavour to develop a low-emission economy, deemed to offer the prospect of fostering competitiveness, particularly in the SMEs sector. The primary objective of the EFRR is economic cohesion which might be achieved through the initiatives aimed at addressing the developmental differences among the regions. The European Commission's consultations and debates established that no less than 80% of the funds should target the development of disciplines concerned with energetic effectiveness and renewable energy, as well as the support of the SMEs sector. The investments within this fund are envisaged to be increased to 23 billion between 2014 and 2020, as compared with the years 2007-2013 when it equalled 18,5 billion [Komisja Europejska 2011, pp. 2-9]. Although EFS is primarily concerned with human capital investments that aim at creating jobs, nurturing social integration, building new skills and offering educational outreach, it should nevertheless support the objectives of the EFRR, in particular with regard to the desired transition into a low-emission economy and development of innovations in the SMEs sector. In the period between 2007 and 2014, as many as 310 thousands of enterprises benefited from some form of support from the EFS, while 15% of the micro-enterprises were set up as a direct result of such a support.

On the national level, in the years 2014-2020 support for the entrepreneurs will be organised within and managed by the Operational Programme “Knowledge, Education, Development” which identifies a string of priorities. Support available to SMEs is detailed under the investment priority 8.9: „Helping entrepreneurs and enterprises adapt to changes”, which looks forward to raising entrepreneurial awareness (particularly on the managerial level) and creating a prompt and effective Alert Management system for critical situations. The investment priority 10.3 on the other hand, outlines the initiatives aimed at improving access to services for entrepreneurs. They envisage creation and circulation of dedicated tools that would identify the SMEs sector’s main needs, as well as manage the cooperation between entrepreneurs and voivodeships [Ministerstwo Infrastruktury i Rozwoju 2014, pp. 41-75].

4. Conclusion

Considering its role in shaping the country’s GDP, SMEs sector appears to be the key to the growth of the Polish economy. Therefore, its development has vitally important consequences for the improvement of the country’s macro-economic situation, as well as its constant pursuit of the standards enjoyed by the economies in Western Europe. A plenitude of financing forms and resources, particularly the solutions within the financial perspective 2014-2020, should be seen as an incentive facilitating further expansion of this sector. Nevertheless, Polish entrepreneurs’ poor level of awareness and knowledge of the readily available financial assistance constitutes a major problem and largely impedes SMEs’ development, amounting to a missed opportunity for income generation.

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IMPACT OF BUSINESS INCUBATORS UPON DEVELOPMENT OF ENTERPRISES

Maciej Woźniak

AGH University of Science and Technology

1. Introduction

The important role of small and medium-sized enterprises (SMEs) in the economy made that many support measures were implemented. One of the support instruments is a business incubator. It is an organization that create a supportive environment for development of new enterprises [Bergek, Norrman 2008, p. 20]. There is also a pre-incubator, which is an organization that makes risk-reduced environment where entrepreneurial ideas can be tested for market viability before moving to a business incubator [Dickson 2004, p. 1]. Incubators are popular support institutions in the beginning of 1980s. In the USA, according to the estimation, incubated ventures have created about 500 thousand jobs since 1980. In 2001 incubators assisted 35 thousand new enterprises, which create 82 thousand jobs and have annual revenue over 7 billion US dollars [Scillitoe J.L., Chakrabarti, p. 156]. In connection to the above, many governments have invested heavily in these types of institutions because they believe in creating new enterprises and jobs. However, it has been designed and enacted without much rigorous study [Amezcuca 2010, p. 11].

In connection to the above the goal of this paper is to evaluate their impact for SMEs. For this purpose quantitative methods of research was used – questionnaires based on CAWI (Computer Aided Web Interviewing).

2. Evaluation of public policy

Public policy for SMEs is justified on ground of market failure. There is but need to evaluate the impact of this policy. Evaluation of support policy for SMEs could be done according to 'Six Steps to Heaven' framework proposed by D.J. Storey. It is presented in Table 1.

Table 1. Six Steps to Heaven: Methods for Assessing the Impact of SMEs Policy

Step	
Monitoring	
Step I	Take up of Programme
Step II	Recipients opinions
Step III	Recipients views of the impact of Programme
Evaluation	
Step IV	Comparison of Assisted Firms with ‘typical’ firms
Step V	Comparison with Matched firms
Step VI	Selection bias taken into account

Source: [Storey D. J., *Entrepreneurship and SME Policy*, Warwick Business School, World Entrepreneurship Forum, 2008 edition, p. 19].

In the table there is also a distinction between Monitoring and Evaluation. The former relies on the views of the beneficiaries, while the latest try to contrast these views with those of non-beneficiaries in order to present the “counter factual”. The difference between actual changes and the “counter factual” is the impact of the policy. The most frequent used methods are the Steps I to III, which are only monitoring tools [Storey 2008, p. 19]. There is but absence of a tradition of evaluation in SMEs policy. Unfortunately, some polices never appear to evaluate. If assessment takes place, it is often using only the most primitive of methods [Storey 2008, p. 26].

In this paper the research using the method from Step III and V are analyzed.

3. Importance of business incubators for enterprises

3.1. Methodology of study and characterization of surveyed companies

The study was conducted by questionnaire in June-July 2009 on a base of about 250 companies from Małopolska. Only enterprises that have already had experience in the use of the support instruments were selected in order to obtain reliable data for the study. They could choose four possible rank of importance: large (3), average (2), small (1) or none (0). Finally, the questionnaires from 26 companies what represents approximately 10% of the surveyed enterprises were received [Woźniak 2012, p. 151].

3.2. Rating incubators by surveyed companies

Table 2 shows the rank which the respondents admitted incubators. They are divided on the proposal of J. Chmiel. He identified the following types of

incubators: pre-incubator, support centers and centers of innovations and entrepreneurship [Chmiel 1997, p. 22].

The importance of support centers is bigger in the phase of starting a business and then gradually decreases. The reversed situation is in the case of centers of innovation and entrepreneurship. These incubators are only in other EU countries than Poland. For surveyed SMEs they are the least important in the stage of establishing the company, while in the subsequent phases their role is growing.

Table 2. Overall rating of business incubators

Phase of company development	Seize of firm	Sector	Incubators		
			pre-incubators	support centers	centers of innovation and entrepreneurship
idea	micro	advanced technologies	1.6	-	-
		other	1.5		
start-up	micro	advanced technologies	-	-	1.4
		other		1.6	-
entrapreneurial phase	micro, small	advanced technologies	-	-	1.5
		other		1.5	-
expansion	small, medium	advanced technologies	-	-	1.6
		other		1.3	-
intrapreneurship	medium	advanced technologies	-	-	-
		other			
rethinking business, change of strategy	medium	advanced technologies	-	-	-
		other			

Source: [Woźniak M, Ocena niefinansowych instrumentów wspierania przez małe i średnie przedsiębiorstwa, „Przegląd Organizacji” nr 6, 2012, p. 33].

Note: bold means the proposed instruments which are used only in other the EU countries than Poland.

Figures 1 and 2 present the importance of incubators by the surveyed small and medium companies. A remarkable fact is that small companies gave higher ranks than the medium enterprises for all kinds of incubators. This also applies to every stage of development.

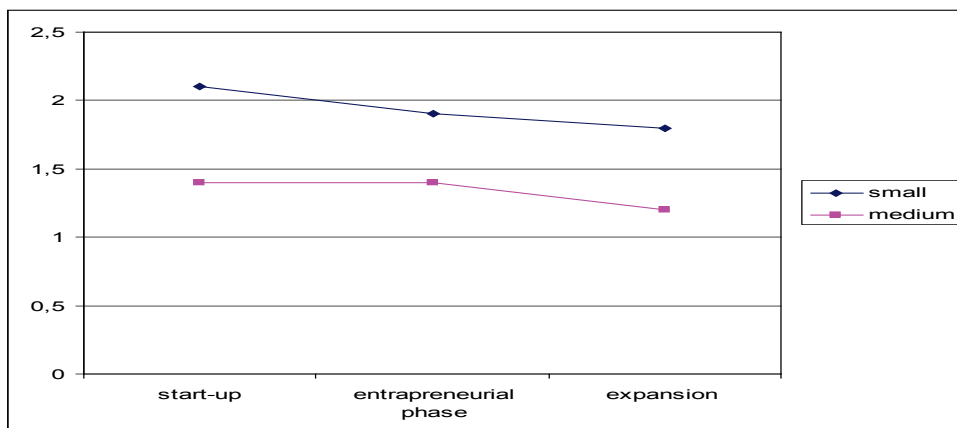


Fig. 1. Rating of support centers by small and medium enterprises

Source: Own study based on [Woźniak M. (2012), *System wspierania małych i średnich przedsiębiorstw w Polsce*, Wydawnictwa AGH, Kraków, p. 168].

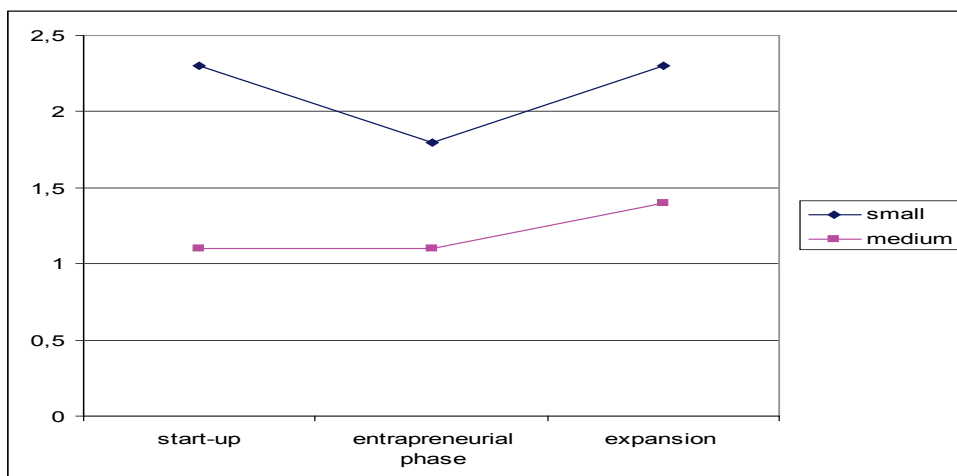


Fig. 2. Rating of centers of innovation and entrepreneurship by small and medium enterprises

Source: Own study based on [Woźniak M. (2012), *System wspierania małych i średnich przedsiębiorstw w Polsce*, Wydawnictwa AGH, Kraków, p. 168].

Figures 3 and 4 show the importance of business incubators by sectors. The highest ranks, with two exceptions, the surveyed SMEs gave for the construction sector.

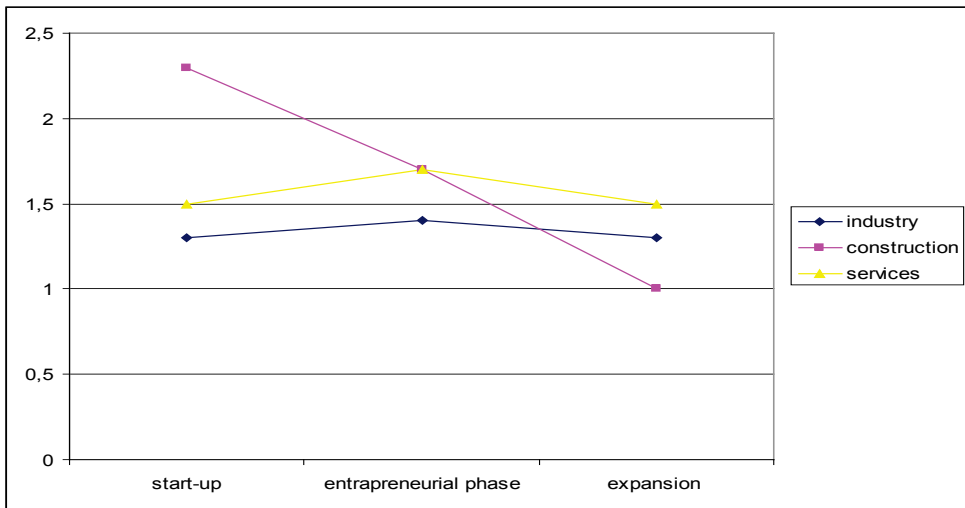


Fig. 3. Rating of support centers by enterprises from industry, construction and services
 Source: Own study based on [Woźniak M. (2012), *System wspierania małych i średnich przedsiębiorstw w Polsce*, Wydawnictwa AGH, Kraków, p. 169].

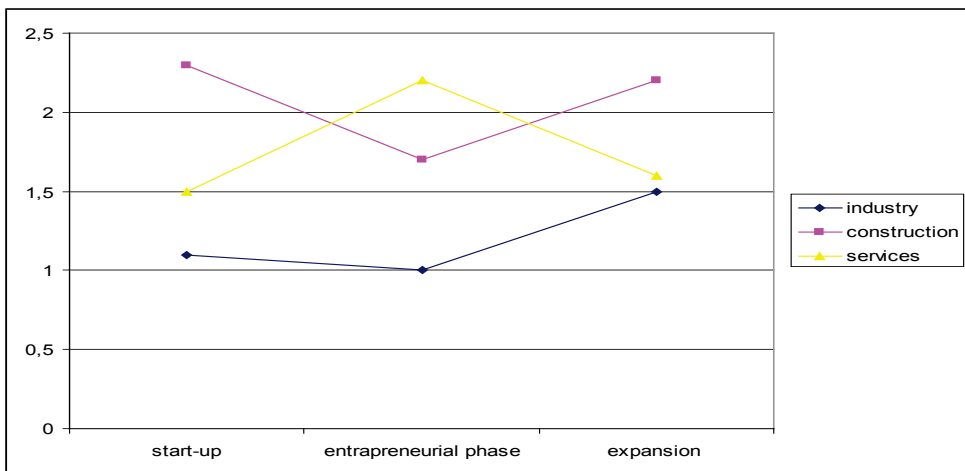


Fig. 4. Rating of centers of innovation and entrepreneurship by enterprises from industry, construction and services
 Source: Own study based on [Woźniak M. (2012), *System wspierania małych i średnich przedsiębiorstw w Polsce*, Wydawnictwa AGH, Kraków, p. 169].

Nevertheless of importance of business incubators for SMEs, it is not clear how effective are incubators in terms of growth of enterprises.

4. Effectiveness of business incubators

4.1. Methodology of research

The main objective of the research was to provide original empirical evidence on how effective are Italian technology incubators which are located in science parks and business innovation centers. A sample of independent new technology-based firms which were incubated with a similar sample composed of off-incubator companies was compared [Colombo, Delmastro 2002, p. 1110].

At the beginning of 2000, a questionnaire was mailed to the firms inquiring about: characteristics and founders, growth and innovative performances, cooperative agreements and whether they got public funds. 45 of 232 valid fully filled questionnaires concerning new technology-based firms that had been established after 1980 was got back. 26 incubated companies came from services (software, Internet services, and multimedia content). Most of firms were located in northern Italy. This sample of companies was then matched with 45 independent firms that were not located in incubators but were in similar sectors, in similar geographic areas, and of similar age. In order to find firms that complied with the above mentioned criteria, the RITA database was restored. RITA provides information on a sample of Italian high-technology start-ups established after 1980 and on their founders. The strategy was successful because it concerns both industry and geographic area. The only exception was the age criterion because off-incubator firms were older than those located in incubators. However, the disparities between the average ages of the two categories of companies were less than one year [Colombo, Delmastro 2002, p. 1111].

The question arises if the data relating to such enterprises suffer from sample selection problems and what may be the implications for the analysis because the firms in- and off-incubator samples were surveyed at a particular date – the beginning of 2000. For example, it may be said that survival rates are higher amid firm located in incubators. Moreover, innovative companies could be more prone to risk taking. Nevertheless, the sample of incubatees was compared with the control sample with a series of dimensions through statistical tools: t-test, binomial and multinomial Chi-squared tests [Colombo, Delmastro 2002, p. 1111].

4.2. Results of study

The result of this research shows that the average annual growth rate for incubated firms is 55% and for off-park firms 30%. Incubated high-technology firms start with a size which is similar to that of other companies. They tend to grow at a faster pace. The econometric estimates suggested that such result could not be explained by the superior human and financial capital of the founders of

tenant firms. In other words, there seems to be an added value provided by SPs and BICs. The presumption was that other things being equals (i.e. with start-up size, firm's age and other explanatory variables being evaluated at their mean value [Colombo, Delmastro 2002, p. 1117].

The employees of incubatees were on average more educated: 52% of them have a graduate degree against 29% of the workforce of enterprises located off incubators. Moreover, incubated companies are more likely to exploit links with universities and other research institutions. Approximately 24% of them have been involved in EU R&D projects against only 9% of firms off incubators. 29% of incubated enterprises have acquired R&D services from universities and/or other research laboratories against 13%. In addition, firms located incubators produce a (marginally) higher innovation output than companies from the control sample: 18% of them has patented a new product and/or process against 13% of the sample of firms located outside incubators and 11% have been granted a copyright against 9%. Incubatees are also more likely to adopt information and communication technologies than firms located outside incubators: the average number of personal computers per firm is 11 against 10 of the off-incubator sample, the average number of workstation is 4.6 against 2.2, and the percentage of LAN users is 98% against 80% [Colombo, Delmastro 2002, p. 1118].

On-incubator firms have a slightly greater innovative output than the off-incubator companies. The former enterprises have more educated employees, a significantly greater probability of adopting technological innovations, a greater aptitude to participating in international collaborative R&D projects and getting access to R&D output of research centers. This results presents positive impact of location in incubators. One of the reasons is that staff of incubators provides useful technological brokerage services, which increase the capabilities of firms to increase their internal knowledge resources. Another reason is that the greater educational achievements and professional skills of both entrepreneurs and employees of incubatees contribute to growth the absorptive capacity of them [Colombo, Delmastro 2002, p. 1118].

Incubated companies are more likely to engage in formal agreements with other organizations as well: 78% of them have stipulated commercial and/or technological agreements against 58% off-incubator firms. The incubatees have also better access to public financial funds: 51% of on-incubator companies received public grants compared with 33% of the off-incubator enterprises. Better access to public funds could have the additional beneficial effect of encouraging risk-averse individuals to set up their own companies. It is coherent with differences between founders of on- and off-park companies [Colombo, Delmastro 2002, p. 1118].

Nevertheless, there is the question whether business incubators have simply promoted the geographical clustering of high quality new technology-based enterprises, or they also have encouraged the creation of companies which

otherwise would not have been established. The empirical data do not provide any direct answer to this question [Colombo, Delmastro 2002, p. 1119].

Another important question is that business incubators could be non-profit and for-profit organizations. They can also function in or out of university. It is advisable to analyze what are the differences in their impact on enterprises.

5. Effectiveness of different types of business incubators

5.1. Methodology of research

The business incubator can be nonprofit or for-profit organizations. Although most of the incubator are non-profit, 10 percent of them operate as for-profit institutions. The question is which model generates higher long-term business performance. Some of public management scholars expect that non-profit incubators perform at lower levels because the goals are more complex, contradictory and hard to measure. The single priority of for-profit incubators is to generate a return on investment, while nonprofit incubators might try to achieve one of all of the following: creation of new jobs or increase the number of women entrepreneurs. For-profit incubators may not withstand losses in long time while non-profit incubators could not need to worry about that issue because public owners might tolerate subsidizing them [Amezcuca 2010, pp. 1-2]. Many universities also set up business incubators and they have several advantages in terms of accessing research, human capital or technological resources. Some research suggest that they will have higher levels of performance than firms from incubators not sponsored by a university [Amezcuca 2010, p. 3].

The research include 2 100 business incubators, which are the members of National Business Incubation Association and 23 state associations. Moreover, 130 incubators from the National Establishment Time-Series Database (NETS) was added to the research. In all these incubators there were about 20 000 firms. A random sample of 40 incubators and their matched tenants (approximately 5,000 enterprises) was pulled from the dataset. Then, the researcher contact all of these incubators by e-mail asking their managers to report which of the listed firms, were or were not their past or current tenants. In the result, 75% of the identified incubated firms were indeed current or former tenants [Amezcuca 2010, pp. 5-6].

5.2. Results of research

The results has revealed that graduate from a nonprofit incubator have a 40% lower hazard than graduates of for-profit incubators. Furthermore, women owned enterprises incubated by nonprofit incubators have a 35% lower hazard rate than similar incubatees from for-profit incubators. In addition, women

owned enterprises that graduated from nonprofit incubators have a 72% lower hazard rate than similar graduates of for-profit incubators. The complementary relationship between nonprofit incubators and women owned firms is also reflected in the sales growth results. Women owned enterprises from nonprofit incubators have sales growth levels that are 16% higher than incubatees from for-profit incubators. Moreover, women owned businesses that graduate from nonprofit incubators have sales growth levels that are 31% higher than similar firms from for-profit incubators [Amezcuca 2010, p. 10].

Enterprises incubated by university incubators have a 27% lower hazard rate than other similar incubatees while in incubation. On the contrary, results show that businesses that graduate from university incubators have hazard rate that is 95% higher than similar firms not incubated in an university incubator [Amezcuca 2010, p. 11].

Based on the results of the study one can say that graduates of nonprofit incubators have lower failure rates than graduates from for-profit incubators. The measures of firm survival reveal that incubatees from university incubators tend to have higher hazard rates post-graduation. The reason could be that firms incubated in university incubators are more risky ventures than businesses incubated elsewhere or the quality of services offered by university incubators is lower than that offered by other types of incubators. Moreover, growth in business development networks within business incubators does not generate significant positive effects for all incubatees [Amezcuca 2010, pp. 11-12].

6. Conclusion

Many governments have implemented public policies, which aim is to support enterprises. The research on evaluation of them are only fragmentary. It concerns also business incubators.

The results of the quantitative research show that importance of business incubators for SMEs are medium. Their ranks are rising as companies move to the next stages of development. The only exception is support centers, whose role is gradually decreasing. However, each of the incubators received higher ratings from small than medium companies. They are also more important for construction SMEs. These results refer to enterprises in Małopolska

Given the effectiveness, there is evidence that the influence of business incubators for SMEs is high in terms of annual growth rate. Although it confirms the importance of such support instrument for SMEs, particularly the small ones, that research were made in Italy. One have to be careful in comparison it with results from Małopolska.

Analyzing the difference between non-profit and for-profit incubators in the USA, it is noticeable that the survival rate of the incubatees in the former is higher than firms of the latest. Another important fact is that enterprises

graduated from university incubators have hazard rate much higher than ventures from other incubators.

Taking the above into consideration one must say that there is a need of coherent and complex monitoring and evaluation of support instruments for enterprises such as business incubators. Conclusions based on research results, which were made in different countries have always many constraints.

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SUPPORT MEASURES FOR SMALL AND MEDIUM-SIZED ENTERPRISES AS ILLUSTRATED BY THE EXAMPLE OF THE INCUBATOR FOUNDATION

Monika Gajowiak, Joanna Psionka

LBT (People-Business-Technologies) Student Scientific Society

Lodz University of Technology

1. Introduction

Supporting the development of entrepreneurship and the creation of new jobs in the sector of small and medium-sized enterprises is a characteristic phenomenon in the contemporary market economy. Stimulating the growth of these entities and providing the assistance aimed at creating favorable conditions for the creation of alternative jobs are increasingly often mentioned among the areas of economic policy whose implementation can relatively quickly contribute to improving the socio-economic situation in many regions of Poland and the European Union [Filipiak, Ruszała 2009, p. 7]. The use of the EU Structural Funds is important for the development of small and medium-sized enterprises. The EU offers a wide range of aid programs addressed to enterprising people oriented towards self-development and the growth of their business. Given the above-mentioned premises, the aim of this paper is the presentation of the issues related to the implementation of support measures for SMEs in the framework of the EU assistance in the current programming period 2014-2020 and the indication of the role that entities from the non-governmental sector play in the provision of this assistance, based on the characteristics of the activities and initiatives of the Incubator Foundation. An additional objective of the paper is the promotion of this subject among interested readers, as well as among students of the Faculty of Organization and Management at the Technical University of Lodz, who comprised survey respondents in the study on the awareness of the activities to support the functioning of SMEs in the framework of the implementation of support programs co-financed by the European Union, including the initiatives of the Incubator Foundation.

2. Measures to support small and medium-sized enterprises in the EU perspective for the years 2014-2020

The literature does not provide a clear classification of the SME sector entities. One can find many concepts and definitions, there is also a common tendency to use a variety of criteria, both qualitative and quantitative [Lachiewicz, Matejun 2012, pp. 15-18]. Qualitative criteria emphasize the economic and legal independence of the business owner [Skowronek-Mielczarek 2007, p. 1], as well as the type of organizational structure¹. Quantitative criteria include the number of employees, the value of the company comprising fixed assets and current assets, i.e. the value of revenues from activities in global terms or from business operations (sales of goods and services) [Alińska, Grzywacz, Latoszek, Proczek, Zawiślińska 2008, p. 18].

It is worth noting that, depending on the country, the above-presented criteria defining the SME sector may differ². The Polish SME definition contained in the Act on Freedom of Economic Activity is adapted to the recommendations of the European Commission. The Act of July 2, 2004 on Freedom of Economic Activity defines the concept of micro, small and medium-sized enterprises. Table 1 below shows the criteria for the classification of these companies.

Table 1. Classification of enterprises in Poland according to the Act on Freedom of Economic Activity

Enterprises	Number of employees	Annual net turnover from sales of goods, products, services and financial operations	Total assets on the balance sheet
Micro	fewer than 10	less than 2 mln euro	less than 2 mln euro
Small	fewer than 50	less than 10 mln euro	less than 10 mln euro
Medium	fewer than 250	less than 50 mln euro	less than 43 mln euro

Source: Act of July 2, 2004 on Freedom of Economic Activity (Journal of Laws no. 173, item 1807, Art. 104-106, p. 33).

¹ The structure typical of SMEs is a flat structure, which is characterized by a small range, with few levels of management. The main advantage of this type of structure is the possibility to respond quickly to changes constantly taking place in the environment. This is possible mostly due to the fact that the business owner makes decisions independently and the channels for information flow are short.

² As a result of these differences, the company "A" operating in the country "X" will be classified as an entity of the SME sector (e.g.: as a medium-sized enterprise), while the company "B" with the same number of employees and/or volume of assets but operating in the country "Y" will be seen as another subtype of the SME sector (e.g.: a small-sized enterprise) or it will not be perceived as the SME sector entity at all. This means that while making comparisons between countries, one should ensure that the examined entities and assistance rendered are comparable.

Knowing the premises for the classification of economic entities into the ones in the SME sector and those outside this sector, it is worth noting that SMEs play an extremely important role in the socio-economic life of the region, particularly in the following areas [Huczek 2/28/2008, p. 3]:

- innovation development,
- employment impact,
- impact on the environment,
- development of local production,
- effective dealing with recession, economic crisis and slump,
- regional impact,
- mobilization of capital [Sasin 2003, pp. 47-60].

M. Oliński indicates that small and medium-sized enterprises perform many positive functions in any developed market economy. Generally speaking, these functions are divided into social and economic ones. The primary social function played by the SME sector is creating the Polish independent economic middle class (small and medium-sized enterprises are often said to be *companies typical of the middle class*) as it is commonly believed that the prosperity of the country and the effective functioning of the market mechanism depend on the degree of development of the middle class in the given society [Oliński 2006, p. 134].

The experience of developed countries confirms that small and medium-sized enterprises play a large role in the economy, affecting the economic growth, market saturation in goods of appropriate quality, as well as an increase in employment. Small and medium-sized enterprises are, therefore, one of the main factors of socio-economic development of the state. They are a kind of stimulus to the growth of the economy [Huczek 2/28/2008, pp. 1-2]. On the other hand, it is an extremely fragile group of economic entities, highly susceptible to the influence of various external factors, which is manifested by high volatility and a lack of stable quantitative changes in the development of this sector [Matejun 2008, p. 26].

The scale of the importance of this category of economic entities is reflected by the creation and implementation of various strategies and programs to support the development of this sector. Such programs are prepared at different levels: the international level, e.g. in the framework of the European Union policy, the central – national level, as well as the local and regional one, i.e. at the level of the local government. The implementation of these strategies and programs is carried out by a variety of support institutions operating at the international, national, regional (often voivodship), as well as the local level, as institutions cooperating directly with small and medium-sized enterprises. Due to this fact, there are many specific support instruments available for the SME sector companies that stimulate changes in enterprises resulting in the growth of the SME sector businesses [Matejun 2011, pp. 195-197].

One of the examples of support measures for small and medium-sized enterprises is the "Europe 2020 Strategy" developed for smart and sustainable development facilitating social inclusion. It is a new, long-term strategic

document for the socio-economic development of the European Union. This strategy is a result of the Lisbon Strategy, implemented since 2000, and is based on three pillars correlated with each other – their priorities are characterized more closely in Table 2:

- smart growth,
- sustainable growth,
- inclusive growth.

Table 2. Three interdependent priorities of the "Europe 2020 Strategy"

Pillar – "Europe 2020 Strategy" priority	Description
Smart growth	economic development based on knowledge and innovation
Sustainable growth	promoting a more resource efficient, greener and more competitive economy
Inclusive growth	fostering an economy characterized by a high level of employment, ensuring social and territorial cohesion, focused on job creation and poverty reduction

Source: The authors' compilation.

The adopted strategy focuses on five future goals related to the areas of employment, innovation, education, combating poverty, as well as climate and energy, in order to ensure that the "Europe 2020 Strategy" will bring the expected results, providing a reliable and effective system of economic governance which will facilitate the coordination of policies at the EU and national level.

The European Commission has proposed indicators to monitor progress in the implementation of the above-presented priorities by means of five main objectives set out at the European Union level, including [www.inkubator.org.pl, access: 10.12.2013]:

- achievement of an employment rate of 75%,
- improvement of conditions for research and development activity, including spending 3% of EU GDP for investment in R&D,
- reduction of greenhouse gas emissions by 20% compared to 1990's levels,
- increase to 20% of the share of renewable energy in overall energy consumption,
- intention to increase energy efficiency by 20%,
- improvement in education levels, in particular by reducing the share of early school leavers to under 10% and increasing the proportion of people aged 30-34 with a university degree to at least 40%,
- support for social inclusion, in particular through the reduction of poverty, with the aim of rising out of poverty or social exclusion of 20 million citizens.

The basic instruments needed to achieve the objectives of the "Europe 2020 Strategy" are prepared in parallel by the Member States of the European Union and the European Commission. Community members develop autonomously and individually the called National Reform Programs for their own countries, while the Commission prepares a joint, binding on all members of the EU, flagship initiatives designed to be implemented at the level of the European Union, its Member States and their regional and local authorities. The key initiatives are presented in Table 3: Innovation Union, Youth on the Move, Digital Agenda for Europe, Industrial Policy for the Globalization Era, European Resource Efficiency Platform, Agenda for New Skills and Jobs, European Platform against Poverty.

Table 3. Flagship initiatives needed to achieve the objectives of the "Europe 2020 Strategy"

Name	Description
Innovation Union	improvement of the framework conditions for innovation and the use of innovation to solve major social and economic problems identified in the Europe 2020 Strategy
Youth on the Move	improvement of quality at all levels of education and training and increasing the attractiveness of European higher education internationally
Digital Agenda for Europe	achievement of sustainable economic and social benefits from a digital single market based on access to the broadband Internet
European Resource Efficiency Platform	support for the shift towards a low-carbon and resource-efficient economy and aim to eliminate the dependence of economic growth on environmental degradation
Industrial Policy for the Globalization Era	improvement of conditions for entrepreneurship, especially in the case of SMEs, and support for the development of a strong industrial base capable of competing on a global scale
Agenda for New Skills and Jobs	fostering conditions for modernizing labor markets, by facilitating mobility of workers and the development of their skills, in order to increase employment levels and ensure the sustainability of the European social models
European Platform against Poverty	ensuring economic, social and territorial cohesion by helping the poor and excluded and enabling them to actively participate in economic and social life

Source: The authors' compilation.

In order to improve the process of implementing the strategy, the system of coordination of the macroeconomic policy and management of the process of implementation of structural reforms in the European Union is to be strengthened. The European Commission will monitor progress on the basis of two existing instruments, which will retain their separate identity, but will be

prepared at the same time, that is: reports on the implementation of the "Europe 2020" program and reports on the implementation of the Stability and Growth Pact. The aim of these reforms is to build solid foundations for economic growth, combining EU objectives with national priorities [www.inkubator.org.pl, access: 10.12.2013].

In times of fierce competition and rapidly changing trends, companies should take care of their effective development and stable operation. Also, it is advisable that companies absorb new technologies which currently are the leading determinant of economic success. In addition, it is important for the selected sources of company funding³ to be rational, well-thought out and not accidental. In this context, the opportunity to make use of the EU funds [IRDOP, OPIE, POIE, OPHC, JEREMIE] is particularly favorable for SMES as the funds enable small and medium-sized enterprises to acquire financial resources. These funds allow companies to develop and improve their market competitiveness due to such activities as:

- modernization,
- exploration and implementation of new technological solutions,
- increasing employment,
- environmental protection.

For the purposes of economic and social development, it is very important to appreciate the significance of small and medium-sized enterprises. Therefore, on 25 June 2008, the European Commission adopted the "Small Business Act" (SBA) for Europe. It includes ten fundamental principles that the EU, along with its Member States, should adhere to in terms of SMEs. These include [Kamińska 2011, pp. 52-53]:

1. Create an environment in which entrepreneurs and businesses can thrive and entrepreneurship is rewarded.
2. Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance.
3. Design rules and regulations according to the "Think Small First" principle, taking into account specific characteristics of SMEs.
4. Make public administration responsive to SMEs' needs.
5. Adapt public policy tools to SMEs' needs: facilitate SMEs' participation in public procurement and adjust state aid better to SMEs' needs.
6. Facilitate SMEs' access to financing.
7. Help SMEs to benefit more from the opportunities offered by the Single Market.

³ Fixed assets and current assets are necessary to conduct ongoing business operations. The equity capital and borrowed capital are the main sources of funding of these assets. The equity can be divided into: internal, e.g.: profits, depreciation, and external such as issue of shares or venture capital funds, while the borrowed capital means credits, loans, grants, subsidies and aid funds. Aid programs are related to normative acts – laws or regulations. They define the terms, conditions and forms, as well as the legal basis by which the entrepreneur is granted specific assistance.

8. Improve SMEs' innovation capacity and upgrade skills of employees.
9. Enable SMEs to turn environmental challenges into opportunities.
10. Encourage and support SMEs to benefit from access to international markets.

The principles set out above are designed to facilitate the SME sector access to the Single European Market. It is significant that these principles are not binding and mandatory rules which must be implemented by all the Member States but are for guidance only, showing the direction of the changes that should take place within the EU.

Polish SMEs (in the framework of PHARE) were able to benefit from pre-accession funds and since May 2004, when Poland joined the EU, they have been able to benefit from the Structural Funds and the Cohesion Fund under which a variety of operational programs are implemented. Table 3 presents the characteristics and division of the financial perspectives attributable to the pre-accession period (2004-2006), and the first programming period in which Poland participated (2007-2013).

Table 4. Financial perspectives – annual breakdown

Years	Description	Structural funds	Operational funds
2004-2006	The aim was to help the less developed regions and sectors of the economies of the Member States and take measures to strengthen the economic and social cohesion (e.g.: projects in the field of transport infrastructure, environmental protection).	<ul style="list-style-type: none"> – European Social Fund – European Regional Development Fund – European Agricultural Guidance and Guarantee Fund – Financial Instrument for Fisheries 	<ul style="list-style-type: none"> – SOP Improvement of the Competitiveness of Enterprises – SOP Transport – SOP SOP Human Resources Development – SOP Restructuring and Modernization of the Food Sector and Rural Development – SOP Fisheries and Fish Processing – Integrated Regional Operational Program – OP Technical Assistance
2007-2013	The strategic objective is to create conditions to increase the competitiveness of an economy based on knowledge and entrepreneurship, ensuring employment	<ul style="list-style-type: none"> – European Regional Development Fund – European Social Fund – Cohesion Fund 	<ul style="list-style-type: none"> – OP Innovative Economy – OP Infrastructure and Environment – OP Human Capital – OP Development of Eastern Poland – OP Technical

	<p>growth and an increase in the level of socio-economic and territorial cohesion of Poland.</p> <p>For horizontal objectives of the SMEs' development, an increase in competitiveness and innovation of enterprises is important.</p>		<p>Assistance</p> <ul style="list-style-type: none"> – European Territorial Cooperation Programs – 16 Regional Operational Programs – Rural Development Program – OP Sustainable Development of the Fisheries Sector and Coastal Fishing Areas
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Source: The authors' compilation based on [Kamińska 2011, p. 53 and p. 56].

In the years 2004-2006, SMEs benefited mainly from the funds of the Operational Program Improvement of the Competitiveness of Enterprises and to a lesser extent from the Operational Program Human Resources Development and the Integrated Regional Operational Program. However, the EU funding for other entities and measures, not involving directly the SME sector, yet defined in the operational programs, resulted in the emergence of a business-friendly environment, abundant in more wealthy and educated human capital and modern infrastructure, which in turn translates into the functioning of enterprises [Kamińska 2011, p. 54].

However, in the period 2007-2013, the Innovative Economy Operational Program played the most important role in the development of the SME sector, as its primary goal was to support innovative projects such as research and development, as well as the implementation and use of modern technology. The Operational Program Infrastructure and Environment also favored the development of entrepreneurship, while the measures implemented in the framework of the Human Capital Operational Program were to strengthen the human potential of enterprises, as well as increase employment and social cohesion.

To sum up, for companies in the SME sector, which do not have adequate amounts of their own capital to carry out investment projects or to enter new markets, the EU assistance programs are a great support. Thanks to these programs, SMEs have a chance to appear in the European market, as well as a wider – international one. National regional aid aims to promote investment, job creation and establishment of new companies in the most disadvantaged European regions. To support the economic development of these regions, this assistance is offered due to a high level of unemployment occurring in a given region, the so called peripheral regions, or due to a low level of economic development in the region. Regional aid is only effective when it is used sparingly and proportionately and focuses on the most disadvantaged regions of

the country. Furthermore, the benefits of aid in terms of the development of less-favored region must outweigh the resulting distortions of competition. Regional aid can effectively support the development of disadvantaged regions only if it is granted in order to encourage additional investment and economic activity in these areas.

In its Communication of 8 May 2012 concerning the modernization of state aid policy, the Commission announced three goals to modernize control over state aid:

- Stimulating sustainable, smart and inclusive growth in a competitive internal market.
- Focusing the attention of the Commission on control activities conducted *ex ante* in the cases that have the greatest impact on the internal market.
- Optimization of the rules and reduction of the decision-making time.

The support measures for SMEs are implemented by various support institutions such as the Polish Agency for Enterprise Development, Small Enterprise Assistance Fund, Foundation for Enterprise Development "Twój StartUp", banks and parabanks, and the Incubator Foundation is one of these institutions.

3. Characteristics of the Incubator Foundation

The Incubator Foundation was established on June 11, 1992, by the Board of the City of Lodz, acting on behalf of the Municipality of Lodz and Lodz Regional Development Agency. On 19 October 1992, the Foundation was entered into the Register of Foundations and, as one of the first in Poland, it set up a Business Incubator which operated until 2006. On January 28, 2005, the Foundation was registered in the National Court Register, the Register of Foundations and the Business Register. The primary statutory objective of the Incubator Foundation is to create conditions conducive to the emergence and development of small and medium-sized enterprises [www.inkubator.org.pl, access: 10.12.2013].

The method used when conducting the study was an online survey carried out among the students of the Faculty of Organization and Management, Technical University of Lodz. The respondents were students of the third year of full-time, undergraduate studies, majoring in management in all three available specializations: Small and Medium Enterprises (SMEs), Corporate Finance and Accounting, Sales Management. The purposeful selection method was used when choosing the individuals for the study. The survey was designed to test students' knowledge of how the Incubator Foundation operates and what projects it implements, as well as to measure the level of awareness of the activities co-financed by the EU to support and develop the SME sector entities and promotion of the knowledge on the subject.

The survey included single choice questions, except for two which were multiple choice. The questions were arranged from general to specific. Starting from the students' subjective assessment of their own entrepreneurial activities and future job intentions through questions concerning the use of any EU assistance to specific questions on their knowledge regarding the Incubator Foundation.

4. The role of the Incubator Foundation in supporting small and medium-sized enterprises

The Foundation provides services for SMEs in the following categories: information, financing – money lending, training and general consulting. In the framework of its activities, the Incubator Foundation runs: the Center for Entrepreneurship Assistance and the Entrepreneurship Development Fund. The Center for Entrepreneurship Assistance (CEA) was established on June 1, 1997. It provides training, consulting and information for micro, small and medium-sized enterprises in order to develop their business activities, as well as for people wishing to start a business, including the unemployed. The Entrepreneurship Development Fund was established in 1997. The aim of the Fund is to support the development of SMEs in the Lodz Region. It provides financial support for start-ups established by the unemployed and for companies through loans granted on preferential terms. The Entrepreneurship Development Fund operates two loan funds: the Entrepreneurship Development Fund and the Small Enterprise Development Fund [www.inkubator.org.pl, access: 10.12.2013].

In addition, the Incubator Foundation has several projects implemented with the support of the EU funds. These include:

Brilliant Business – the project aimed at individuals who wish to start their own business activities and live in the Lodz Region. The priority is given to the persons having the status of long-term unemployed, women returning to and entering the labor market after a break related to maternity, unemployed and occupationally inactive to 25 years of age and at the age of 50-64 years, unemployed people living in rural areas and people who have been made redundant for reasons attributable to the employer. In the framework of this project, people can count on the support in the form of training, individual counseling, one-time support of 20.000 PLN per person, the "bridging" financial support in the amount of 600 PLN per person for 6 months.

Young Start-ups – the objective of the project is to increase the occupational activity of people under 25 years of age who remain unemployed, residing or studying in the Lodz Region, by taking up self-employment. The project offers support in the form of: training in setting up and running a business, individual professional and business counseling, financial support for start-ups of 20.000 PLN per person, basic "bridging" financial support of up to 1.000 PLN per month per person paid for a period of six months, extended

"bridging" financial support of up to 1.000 PLN per month per person, payable over the next six months.

Young Business – the project aimed at increasing occupational activity of unemployed people under 30 years old, living/studying in the Lodz Region, by taking up self-employment. The forms of support in the framework of the project include: training in setting up and running a business, individual professional and business counseling, financial support for business start ups to 30,000 PLN per person, basic "bridging" financial support of up to 1.200 PLN per month per person, paid for a period of six months, extended "bridging" financial support of up to 1.200 PLN per month per person, payable over the next six months, "bridging" training and consulting support for a minimum of 36 companies.

50+ Entrepreneurs – the objective of the project is to stimulate occupational activity of people over 50 years of age without employment, residing in the Lodz Region. The forms of support in the framework of the project include: training, individual professional consulting (preparation of the Individual Action Plan), individual business consulting, one-time financial assistance of up to 30.000 PLN per person, basic "bridging" financial support of up to 1.600 PLN per month per person for up to six months of business activities, extended "bridging" financial support of up to 1.600 PLN per month per person for a period of 7 to 12 months of business activities, the possibility of reimbursement of the costs of training or counseling related to the profile of the business activity during the first year of running a business.

In the conducted study, women accounted for three-quarters of all the respondents (75.8%), while men were in the minority (24.2%). The vast majority of the respondents (84.8%) were aged 22-23 years and only one person was 24-25 years of age. Among the respondents, 39.4% were students of SMEs specialization, not much fewer of Corporate Finance and Accounting specialization, as they accounted for one-third of all the respondents. The students specializing in Sales Management, however, were in the least numerous group of the respondents (27.3%).

The students were asked to evaluate their own entrepreneurship. 26 people, representing 78.8% of all the respondents, assessed their own entrepreneurship as average, while the remaining respondents considered themselves as very entrepreneurial (21.2%). On the basis of the study conducted, it can be concluded that the students who wish to open their own business in the future or continue their family business (42% of all the respondents) have not yet tried to use the EU assistance (78% of the respondents have not sought such support) or support in the form of loans to start their own business (69%). The results of the study may indicate a lack of knowledge about these services and support programs. The surveyed students are aged 22-23 years and consider themselves to be moderately entrepreneurial.

The Incubator Foundation has several projects addressed to young people. The study conducted indicates that the best-known projects are: Young Start-ups (44.7%) and Young Entrepreneurs (29.8%), while only 8.5% of the respondents

are familiar with Brilliant Business. The presented graph helps to analyze in detail the knowledge about the projects in each of the surveyed groups. Young Business is not known at all among Sale Management students, the knowledge of Young Start-ups predominates (56%) in this group. In contrast, this project is known by 39% of the surveyed students of SMEs, as well as Finance and Accounting, specializations.

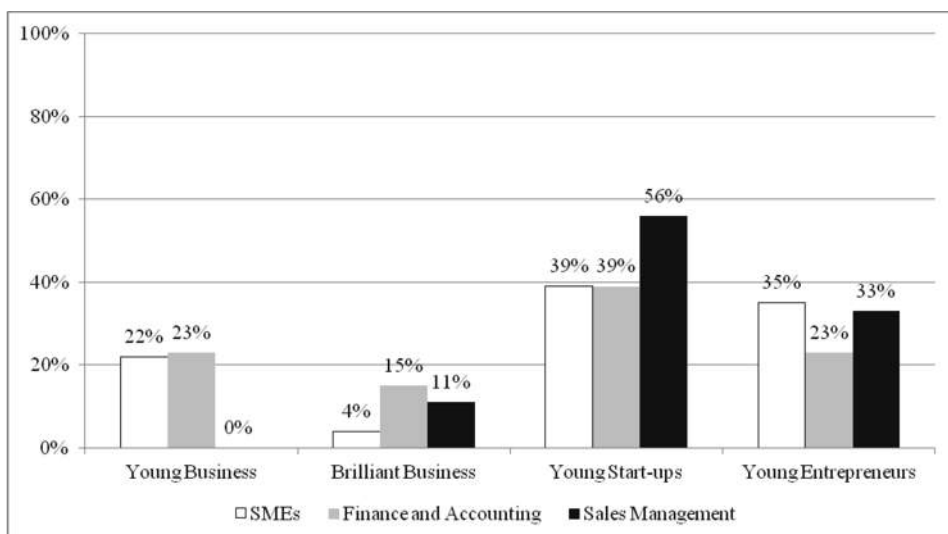


Fig. 1. The level of knowledge of projects implemented by the Incubator Foundation among the surveyed students
Source: The authors' compilation based on the study conducted.

Access to information about the programs of the Incubator Foundation was considered as good by 61% of the students surveyed specializing in SMEs, only one student rated it poorly. 64% of the respondents specializing in Finance and Accounting had no opinion about access to information concerning the activities of the Foundation and 18% of the respondents estimated the access as good. Among the respondents specializing in Sales Management, 22% considered access to information as poor, while 56% had no opinion on the subject. These results may indicate a general lack of interest in the subject of the Incubator Foundation as 51% of all the surveyed students responded that they had no opinion on the subject. Only 33% of all the responses expressed positive assessment.

Another question concerned the source from which the students had acquired information about the Incubator Foundation. The Internet is the main source in the responses of the surveyed students as it constitutes 43% of the responses. The students also derive their knowledge about the Foundation from university classes (16%) and friends (16%). It is worth noting that almost 14% of the

respondents have no opinion in response to the question and only one surveyed person acquired information from the District Employment Agency.

To sum up, the study shows that the students who attend classes in the SMEs specialization are familiarized with the issues relating to the Incubator Foundation in the course of their university classes, which results in a greater interest in the subject and clear assessment of the availability of information on the Incubator Foundation. In contrast, the students specializing in Finance and Accounting obtain information about the Foundation primarily from friends or the Internet. Regrettably, the conducted study indicates that none of the surveyed students has ever made use of the offer provided by the Incubator Foundation. Some students know the range of the offer in theory (especially the students specializing in SMEs). Most of the students believe that the Incubator Foundation services are not popular among young people starting their career path. It is possible that this is due to poor awareness caused by a lack of adequate information addressed to the target group. It is worth arranging regular meetings with people who have already benefited from its services, as well as meetings and trainings presenting the services of the Incubator Foundation, its structure and to whom the services are addressed along with the way the Foundation pursues its objectives. Thus, students could learn more about the entire organization.

5. Conclusion

The paper aimed to present the subject of external sources of financing for enterprises in the form of the EU support measures for small and medium-sized enterprises. The measures are intended to support the development of the SME sector which is of great importance for the national economy. The existence of small and medium-sized enterprises indicates health and competitiveness of the economy due to the fact that they are considered indicators of economic growth. The Incubator Foundation implements support measures for SMEs. The paper presents the main projects, aimed at both young and old people, that are implemented by the Foundation.

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Part II

**Management challenges related
to development processes of the SME
sector companies in the 2014-2020
perspective**

HUMAN RESOURCES MANAGEMENT IN THE CONTEXT OF NEW MARKET BACKGROUND

Joanna Gieraga

Department of Marketing, Faculty of Management, University of Lodz

1. Introduction

The aim of this article is to show the changes in the organizations' environment which have contributed to the new approach to human resources and which brought about the necessity of implementing modern management methods in the area of personnel policy. Negotiation is perceived as such a tool. It helps to enhance the communication between the parties involved, exchange the desired values and build the internal partnership.

2. Changes in the companies environment as a determinant of the human factor's new role in organizations

In recent years there can be observed a huge range of changes which have occurred in the organizations' environment and which contributed to the change in their performance and the way they use their resources, human resources, among others. Traditional methods of management and competing (such as low price, conventional product, traditional motivation systems) have been abandoned as being insufficient and there have been searched for more innovative ways of running an organization. The change in the approach to management has been influenced by the globalization (supported by the trade liberalization and the creation of international financial institutions), which caused the rise in the number of international companies and various kinds of cooperation, e.g. strategic alliances. There has been observed a growth of the international goods traffic and the competition has been exacerbated. At the same time the enhanced availability of the financial capital made it a poor means

of competing. A huge technological development contributed to a number of changes in the production sphere and to the rise in the information flow and accessibility. There has been also a transformation in the approach to the client who is now being treated in a more individualized way and with whom the cooperation has been brought closer. It can also be noticed that other occurrences have taken place, such as increased women's professional activity, the growth of the international employees traffic, the rise in the unemployment rate or the scarcity of highly skilled employees. These changes have been accompanied by the transformations within the companies themselves, which included organizational culture and the management style, as well as organizational structure and creating task teams. They have influenced the attitudes of the employees who became more demanding companies' „clients", with new needs to be met.

Current market background demands that there should be introduced a new approach to the human factor in the organizations. It is one of the most valuable resources because, thanks to its uniqueness and difficulty to be imitated by the competitors, it presents one of the most important sources of gaining the competitive advantage over other market members. It seems also to be advisable to trace these changes in the context of their impact on the human resources management in the organization.

One of the most characteristic phenomena is **globalization**⁴ penetrating various spheres of social, economic and political life, that led to the companies' boundaries wearing away and to the emergence of the international market. It has been supported by the **international trade liberalization**⁵, that enabled unconstrained trade on a global scale; as well as the **creation of international financial institutions**⁶ which contributed to the facilitation of the international cash flow, making payments between the countries easier. It **enhanced the international goods traffic** and, in result, **the competition** on the local market (especially of the countries which have low costs) [Milgrom, Roberts 1995, p. 231]. It also became necessary to find more effective methods of gaining the competitive advantage over other organizations, than these used before (e.g. low price), to distinguish the company's offer and to assure that it will have a group of clients.

⁴ Globalization is defined as „the rise of various kinds of connections between various subjects of the international life, and mutual, mostly asymmetrical interactions in all spheres of social life, ranging from the markets and the capital internationalization, to the mass culture, migration, finances and peace assurance" [Gwiazda 1998, p. 9].

⁵ International trade liberalization consists in „the reduction and complete lifting of the customs tariffs and various export and import taxes" [Gwiazda 1998, pp. 7- 9].

⁶ These institutions are: International Monetary Fund [*Our Work* 2012] and The World Bank [*What We Do* 2012].

The development of the globalization has been also connected with the rise in **direct foreign investment**⁷ [Cygler 2002, p. 15]. There emerged a lot of **international companies** [Gwiazda 2010, p. 59] whose departments are located in many countries [Gierańczyk, Stańczyk 2003, p. 73]. The reason for the organizations placing the capital abroad is the willingness to find new, cheaper resources or new markets. Moving the factories to the regions with cheap workforce caused that in the high developed countries the role of the human factor as the performer of simple, automatic procedures has been limited and there has been enhanced its role in other areas – these demanding commitment, creating innovations and sharing knowledge [Dunning, Lundan 2008, pp. 9-10]. The so far applied, traditional management methods can be insufficient as they are in a fixed form of regulations or authoritarian commands. It can decrease the employees' eagerness to search for their own, unique solutions. A good management tool seems to be negotiation which enables the employees to preserve some freedom in terms of performing their duties.

The presence of foreign companies is also connected with the matter of multiculturality. Within them there are working often, apart from the employees of the host country, also the ones coming from the home country. Managers cope with the problem of implementing the management methods in the new environment of the other country. Not seldom there are arising conflicts which are brought about by the differences in the mentality and perception of work between these cultures. They can lead to the decrease in motivation of the company's staff resulting into lower involvement in performing their duties. The adjustment of the organization's management policy to the country where it is applied requires openness and sensitivity from the managers. Detecting the subtle differences in the modes of thinking and perceiving the reality is extremely difficult. It can be much helpful to apply negotiation which, when skillfully incorporated into the motivation system, enable the parties to reach common ground and minimize the disagreement, thus contributing to the enhancement of communication, friendly work environment and to the rise in employees' motivation.

Growing competition resulted in the necessity to search for new forms of cooperation. As a result, there came into existence a huge amount of **alliances**⁸. They can be concluded with the company's suppliers or clients, as well as with competitors [Cygler 2002, pp. 11, 21]. Establishing such a form of cooperation enables the organizations to join their resources, e.g. technology or managerial knowledge [Marcinkowska 2000, pp. 170-171]. Thanks to the costs division the risk of running an enterprise can be limited. What is more, it is possible to make

⁷ Direct foreign investment can be defined as „long-term investment being carried out by a company or a natural person of one country, in a company of another country, with the aim of exercising control over it and deriving earnings from it” [Nytko 2009, p. 6].

⁸ According to one of the available definitions, „strategic alliances are long-term and intentional agreements between the companies, concluded on the basis of partnership and adequacy of the benefits derived from the alliance, with organizational independence of the parties involved in this agreement” [Cygler 2002, p. 33].

use of the economy of scale, enhance competitiveness, overcome administrative walls or make expansion on foreign markets [Cygler 2002, p. 83].

To ensure the processes' integration of the collaborating companies, as well as the free information flow, it became necessary to enhance the internal communication within the organizations. It enables to increase the employees' acceptance and involvement in the implemented transformations [Lewis 1990, pp. 180-183]. The cooperation within the established alliance can also be connected with reshuffles and the change in the employees' carrier. It often requires from the staff member to shift his habitation, which can cause additional stress to him because of new work conditions and uncertainty of his future in the company. Therefore it is essential to lead a continuous dialogue and cooperate with the employees to help them adjust to the new situation. It is also necessary to introduce an efficient communication system [Cygler 2002, pp. 133, 139-140]. A good tool for achieving this is to use negotiation that will help the parties both to arrange the new work conditions and to retain good relations based on mutual trust.

A vital problem that is arising as a result of establishing an alliance whose parties are members of different countries is also the culture diversity. The necessity to cooperate between the subjects of different cultures complicates their mutual relations. "There are emerging problems with communication that have an impact on the coordination of activities in the teams and, in consequence, influence the level of the customer service. The intercultural interpersonal contact leads often to conflicts being caused by the mistakes in perception or misinterpretation of the behavior of other people" [Biesaga-Słomczewska 2011a, p. 9]. It may be beneficial to use negotiation which will help the parties negotiate a more satisfying form of cooperation and communication, which, in turn, will increase their satisfaction of the work performed and motivation as well.

Another element of the changes which are observable in recent times, is the enhanced **accessibility of the financial capital** [Kuziemska 2010, pp. 98-99]. It makes costs be no longer a significant barrier in the company's development but rather one of the standard elements that are needed to let it operate on the market. Therefore enterprises search for other than financial sources of competitive advantage, among other things, they invest in human resources. Employees are, thanks to their unique competences, a resource which is difficult to be imitated [Biesaga-Słomczewska 2006, p. 256]. It is also vital to create such conditions in the companies that will enable to better make use of and develop this capital. It can be obtained by e.g. negotiation which will help to form work conditions according to the parties' expectations.

One of the factors contributing to the globalization and shaping it is a huge **technological progress** [Simai 1996, p. 8], observable, among other things, in the sphere of informatics [Freeman 1987, pp. 123-156]. The increase in the number of transmitted information caused the environment being more complex, with changes and potential risks being more difficult to predict and counteract.

Therefore creative thinking and capacity to adjust to these transformations became more significant than ever before making conventional activities less important [Otto 2001, p. 178]. Traditional motivation systems, which made the staff performing repeatable tasks properly, became thus insufficient. It is now necessary to motivate the employees in such a way that will enhance their activity and eagerness to engage in creative processes and sharing their knowledge, thus leading to creating innovations in the companies. As mentioned before, a good method for achieving this, is to implement negotiation into the motivation system.

What is more, thanks to the broader access to Internet clients from all over the world have the possibility to make familiar with the newest trends and to gain information about the latest products. It brought about the globalization and homogenization of the customers' needs and, consequently, enabled to make use of the mass production. This contributed to the reduction of costs and rendered the production international. Factories have been relocated to the regions with cheap work force [Freeman 1987, pp. 123-156], thus causing a rise in the number of international companies. It became essential to manage the human resources in the context of culture diversity and creating innovations. Thanks to the fact that the production became international there has been a growth of international goods traffic. This, in turn, resulted in the escalation of the competition and the necessity to employ more effective management tools (which was mentioned before).

In context of these changes there are taking place **transformations of the approach to the client**. No longer is it most crucial to acquire new clients but now the long-term cooperation with them is of the greatest importance to the companies. The contemporary customer is mostly „more conscious of his rights, has less time, is more and more comfort-loving (...) and requires an individual approach to himself. (...) He perceives the transaction not only in terms of the price and reward but also in terms of communication and relation which are taking place between him and the value supplier.” [Biesaga-Słomczewska 2011b, p. 192]. Therefore it became imperative to search for other than financial methods of satisfying his needs. As a result, many organizations resigned (in some areas) from the mass production choosing the segment production which enabled to make a greater individualization of the company's offer and to adjust it to the customer's needs [Mazurek-Łopacińska 2003, pp. 35, 37, 48]. The cooperation with the client has been brought closer, according to the business partner conception, which states that it is not the product that is most important to the customer but the benefits that the client will gain. The assumption of this idea is that “both parties are involved in the creation of expected benefits in various areas of the technological process, which means that it is necessary to cooperate with the customer on every stage of creating these benefits” [Biesaga-Słomczewska 2011b, p. 192], which appertain not only to the features and physical virtues of the product but also the delivery and additional services [Horovitz 2006, p. 124]. Therefore it became essential to be able to

establish close relations and long-term cooperation with clients. Only people can create some kind of emotional climate which will help to build mutual trust and cooperation and make the customer feel safe and satisfied. Therefore it became necessary to implement changes within the companies and to draw more attention to the employees [Biesaga-Słomczewska 2009, pp. 183-184]. Only a well-motivated staff will be fully engaged in realization of the organization's ambitions and thus strive for ensuring the highest level of customer service. The realization of the employees' needs is also crucial for creating the customer value⁹ [Gordon 2001, p. 345]. According to these observations there has been invented an internal marketing conception which treats the staff as company's "internal customers". In the face of a broad access to information about job opportunities, making the staff stay for a longer time with the organization may be difficult. Attractive salary is not sufficient for making the employees loyal as in case of finding a more competitive offer in terms of financial benefits the staff member will switch to a new company. It is also essential, like in case of the external customers, to distinguish the organization's offer from other, often more attractive in terms of financial conditions. Also in this case it is vital to be able to build the benefits on various stages of the "product's delivery" (which is meant to be the salary) and accompanying services, such as effective internal communication system, pleasant work environment or training system adjusted to the employees' needs and expectations. It is also crucial to be capable of building long-term relations with the staff members, based on mutual trust and respect. A chance to create such a motivating work environment can be obtained by applying negotiation which can be used in addition to traditional methods of human resources management, especially in the area of motivating¹⁰. They enable to make the employer's offer more individualized by adjusting the motivation system (within some limits) to the needs of the staff members.

Another element of transformations, which have taken place in the business environment, are demographic changes of the employees. There has been an increase in the **work activity of women**, who nowadays "search for opportunities of self-realization rather outside the hearth and home than inside it" [Mazurek-Łopacińska 2003, pp. 17, 23]. This situation may be also caused by low earnings in Poland which make it difficult for the family to live on the income of one person [Koszty życia w Polsce 2011. Przeciętna rodzina wydaje na żywność i mieszkanie 1900 zł miesięcznie 2013; Minimalne i przeciętne wynagrodzenie 2012]. As a result, women resign more often from the sole care of their children and earlier engage in professional activity. Their decision about active participation in the job performance entailed the necessity of changing the

⁹ The customer value is defined as „the difference between the total value for the client and the total cost for the client. The total value for the client is the bundle of benefits which the client expects from the product or service. The total cost for the client is the bundle of costs which the client expects to have as a result of evaluation, gaining, using and disposing of the product or service” [Kotler 2000, p. 34].

¹⁰ Traditional motivation tools are considered to be following: pay, employee evaluation, trainings, career planning, work organization and employee participation [Janowska 2002, p. 115].

management tools which should take into account the economic and emotional needs of women, their equal status in the company and the lack of discrimination in the access to promotion and other benefits. There can arise conflicts steaming from inadequate division of these goods between the male and female staff members. Also the selection of the forms of motivation may turn out to be inadequate for women. The research has shown that the female staff members perceive the value of motivation tools in a different way than men [*Co w pracy motywuje mężczyzn a co kobiety?* 2014]. It is highly probable that there is a wider range of subtle differences which have not been identified, e.g. in the communication mode between the subordinates and managers or between the employees themselves or in the management style. The identification of all of them would be difficult therefore it is advisable to apply negotiation which would enable the parties to adjust a proper motivation system.

The international trade liberalization resulted in the **rise in the international employees traffic**. A huge number of poorly skilled people came to Poland searching for a job. They are willingly hired by the employers because of their low salary demands in comparison with the polish workers [*Napływ taniej siły roboczej może mieć negatywne skutki* 2012]. In this situation it is also vital to take into consideration the matter of multiculturalism and to adapt the human resources management to the mentality of the foreign workers, e.g. by applying negotiation, as mentioned before.

As a result of the globalization changes connected with the internalization of production and the rise in the competition, as well as with the growth of international employees traffic, there has been, unfortunately, an **increase in the unemployment rate** [Robbins 2001, pp. 26-27]. This situation especially appertains “poorly qualified workers and youth, who are too expensive in comparison with other countries” [Cygler 2002, p. 21]. Unstable situation on the work market may diminish the employees’ commitment to work [Wollard, Shuck 2011, pp. 436, 438] or make them reluctant towards changes and thus block implementing the necessary improvements in the companies [Milgrom, Roberts 1995, p. 251]. Therefore it is so vital to create such work conditions which ensure the staff safety and job stability. A good method for achieving this is to apply negotiation. It can help make the employees feel like partners whose opinion and needs are of great importance to the employer. This, in turn, may diminish their fear of being made redundant.

Despite the high unemployment rate there is in Poland a **scarcity of high skilled staff**. The reason for this is the migration of these employees to the countries which offer a higher salary [Barwińska-Małajowicz, Kalita, Puchalska 2009, p. 207], and also, as mentioned before, the fact that there is an increasing role of mental work [Probst, Raub, Romhard 2002, p. 31]. Because of this it became essential to strive for attracting the high-qualified staff and to make them work in the company for a longer time. In face of the existing market situation and current salary rates on the polish work market it is difficult for the employers to compete with financial methods [*Eurostat: średnie koszty pracy*

w Polsce należą do najniższych w UE 2012]. Therefore there is a need to apply other, nonmaterial motivation tools. An efficient method may be negotiation which enables gaining information about the possibility to satisfy the employees' needs in a nonfinancial way.

The changes that have taken place in the business environment of the organizations undoubtedly contributed to the **transformations within the companies** themselves. Among many factors, in professional literature there is often raised the aspect of **organizational culture**¹¹. Many authors insist on its proper formation because of the fact that within a company there coexist many subcultures with a different specific character and development dynamics, different values, norms and modes of working [Winch, Winch 2005, p. 165]. It is crucial to form the organizational culture in such a way that will not disturb the subtle relationships between these subcultures but enables to take advantage of their plurality and helps preventing possible conflicts which may occur as a result of existing differences. Bending these subcultures to the organizational culture could be not only ineffective but also arouse objections of the staff members. It is even more important because of the fact that the emergence of international companies and strategic alliances contributed to the growing complexity of culture management in the company [Duliniec 2010, p. 48], which, in turn, provokes to search for new areas in the human resources management, as mentioned before.

Another change that has taken place in the enterprises, is the **flattening of the organizational structure**¹², which was connected with the decentralization of the decision making process and the growth of the horizontal information connections between the departments [Biesaga-Słomczewska 2009, p. 180]. It enhanced the information flow and a more effective decision making, as well as reacting to the rapidly changing demands of the environment. These changes brought about the necessity to continually negotiate the way of realizing the employees' tasks, their work sharing or range of responsibility. Therefore an effective communication and continuous dialogue within the organization is of much more importance than ever before. It can be achieved by e.g. applying negotiation.

As a result of growing importance of creative involvement of the employees, their independence and initiative, there has been also a change in the **management style**¹³, which became more democratic [Sikorski 2002,

¹¹ According to one definition organizational culture means „a system of assumptions, values and social norms which are a stimulus to the behavior of the company members and which are vital for the realization of formally set goals” [Sikorski 2002, p. 235].

¹² One of the available definitions states that organizational culture is „a way that its components are combined to form an integral part” [Przybyła 1993, p. 23].

¹³ Management style is „the way the manager influences his subordinates, forms and passes on tasks, sets the staff's participation in the decision making process, shows the measures that should be applied for realizing the tasks and shows the assessment criteria” [Olczak, Kołodziejczyk-Olczak 2006, p. 89].

pp. 85-88]. The manager acting according to this mode leaves some autonomy to the group and the possibility to decide about the task performance. The communication between the leader and subordinates is bilateral [Olczak, Kołodziejczyk-Olczak 2006, pp. 200-201]. Therefore the relations between the parties should, to some degree, give the employees some kind of freedom and independence. This is possible by applying negotiation that enables the employees to negotiate the way of performing their tasks or the financial capital that is needed for it.

One of the changes' determinants is also the creation of **task teams** which are intended to realize specific projects and which last till the task will have been completed [Sikorski 2002, p. 112]. The performers of these projects, after accomplishing them, switch to other teams, without having a chance to establish stable relationships with other team members. It leads to a decrease in their attachment to the company and brings the necessity to affect their attitudes in order to build their loyalty to the organization. Traditional methods of influencing employees' attitudes may prove to be insufficient because they do not respect their individual needs. What is more, they are a standard which do not allows the company to distinguish its offer among other employers. As mentioned before, a good solution may be to incorporate negotiation into the motivation system.

The changes taking place in the business environment have had an impact not only on the organizations but also on their members, leading to the **changes in the staff's attitudes**. Ubiquitous informatization and enhanced access to knowledge caused that the employees are more conscious in terms of possibilities to develop their competences and professional carrier, which makes them more censorious about their workplace. They became more **demanding "clients"** of the company, expecting not only work and salary, but also other benefits, among other things, nonfinancial ones, like the possibility to make carrier, more autonomy [Sikorski 2002, pp. 260-261], or absorbing tasks [Beckmann, Kuhn 2010, p. 1]. Therefore it is essential to select such management methods which enable to build understanding and internal partnership [Lewicki, Litterer, Saunders, Minton 1993, p. 14]. Negotiation may be such a tool. Even when some areas are fixed (e.g. by organizational regulations) it is possible to create the appearance of making a joint decision by the employees, enabling them, even partly, to realize their ambitions [Biesaga-Słomczewska 2009, pp. 6, 11, 33].

Furthermore, contemporary staff members expect also an equivalent reward for their effort and involvement. This payment does not have to be financial. Employees' expectations and the way they assess their contribution to work are different so the reward they receive may be not satisfactory enough to them [Lewicki, Litterer, Saunders, Minton 1993, pp. 356-359]. Traditional management methods, in the form of rewards distributed in an authoritarian way, may prove to be insufficient as they are not individually adjusted to the

employees and do not take into account the differences in their perception. It is also advisable to make use of the negotiation's potential since it enables to exchange the information between the parties, which helps the leaders make familiar with their subordinates' needs and aspirations.

Changes that have taken place in the mentality of the employees appertain not only to their requirements but also to the readiness to exact them. Current staff member is more **self-confident and eager to run a risk**, and thus more than ever before **ready to change the workplace** when the current one does not satisfy his needs [Sikorski 2002, p. 260]. Even if he receives a satisfactory salary he may leave the company and take up a new job when another enterprise offers him a more attractive payment. It is even more probable when there is only a financial relationship between him and the organization he is working in, without any emotional engagement. Managers should therefore take steps to enhance the employees' involvement and to meet their needs [Robbins 2001, p. 27] – also these nonfinancial. It seems that they could apply negotiations in this case as well, as mentioned before.

Another change that can be observed in terms of the staff's attitudes is "the rise in significance of free time which is a vital element of life enabling to realize individual goals and values" [Mazurek-Łopacińska 2003, p. 23]. It is also probable that flexible work forms, like e.g. part time job or home office will be much more important to the employees, as well as individual arrangements between the employer and his subordinates which enable the staff to realize their private goals. This can be achieved by negotiations.

There has been also a considerable alteration to the **employees' attitude to the organizational authority**. It ceased to be a feature that is attributable to a specific person and inseparably connected with him, thus becoming rather a function being transferred to a person for the time of realizing a specific task [Sikorski 2012, p. 71]. It may then be concluded that the power distance has decreased¹⁴, which, consequently, may lead to the staff being less tolerant of drastic forms and ways of demonstrating authority by the managers (e.g. by applying an authoritarian management style). It is also crucial that the managers build more partner relations with their subordinates, e.g. by negotiating the way of meeting their interests.

3. Conclusion

In view of the changes that have taken place in the international arena, encompassing the companies' business environment and appearing within the organizations themselves, as well as the transformations of the employees'

¹⁴ According to the typology of national cultures presented by authors, one of the culture's dimensions is the power distance, which is defined as "the scope of expectations and acceptance of unequal power division, expressed by the less influential (subordinate) members of the organization" [Hofstede, Hofstede 2011, pp. 73-74].

attitudes, it became essential to see the staff from another perspective. Financial capital and traditional methods of human resources management became insufficient. They do not allow for the new context, where there is a growing significance of distinguishing the company's offer and its individual adjusting to the customer's needs, involving the staff in a close cooperation with the organization's clients and creating value for them; or releasing the employees' willingness to actively search for creative solutions and sharing their knowledge. It became also more significant to apply efficient communication between the manager and his subordinates, which enables, among other things, to ensure greater work stability to the employees, effective negotiating the way of realizing their tasks, better diagnosis of the staff's needs (also in context of the culture differences) and the exchange of desired values, so as to enhance the distinction of the employer's offer and to make the employees stay for a longer time with the company. An effective method may be negotiation which enables to exchange the information and to discover the interests of the parties involved, in order to ensure an equivalent exchange of values. This tool may be used additionally to traditional methods of human resources management.

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HUMAN CAPITAL OF ENTERPRISES IN THE CONTEXT OF KNOWLEDGE BASED ECONOMY DEVELOPMENT – CASE STUDY

*Natalia Matusiak, Hanna Włodarkiewicz-Klimek
Faculty of Engineering Management, Poznan University of Technology*

1. Introduction

The aim of the hereby article is the analysis and assessment of changes which occurred in human capital of the examined enterprise and which are the result of adjusting an organisation to the conditions of the developing knowledge-based economy in Poland. The publication made an assumption according to which behaviours of human capital of enterprises are determined by changes in the organisation surroundings which are the result of the economy conception based on knowledge in accordance with the strategy for Europe. Such a problem approach requires identification of condition of the knowledge-based economy development in Poland, especially in the field referring directly to the human capital. The article will present the assessment of the human capital in Poland in a macro-economic perspective. In relation to the analysis of the surroundings there will be conducted a human capital examination. This will allow assessing the level of organisation adjustment to the conditions of knowledge-based economy and will provide the answer whether there exists dependency among changes of individual factors in the surroundings and changes in the organisation. The analysis of indicated relations will also allow answering the question to what extent human capital stimulates the development of enterprises in the perspective of knowledge economy.

2. Knowledge based economy

The development of contemporary world that occurred in the last century led to the occurrence of significant changes in the economy. With time people's attitude to the management of resources has changed. It led to a new type of economy called knowledge based economy. The World Bank defines the knowledge based economy as an economy, in which sustainable use

and production of knowledge are in the center of the process of economic development. Knowledge based economy is the one that uses knowledge as the engine of economic growth [World Bank, 2006].

In Europe, the concept of the knowledge economy is concentrated in the subsequent development strategies for the European Union. The first strategy was the Lisbon Strategy [Lisbon Strategy], in which were formulated four main pillars underpinning knowledge-based economy in Europe. These are shown in Figure 1.

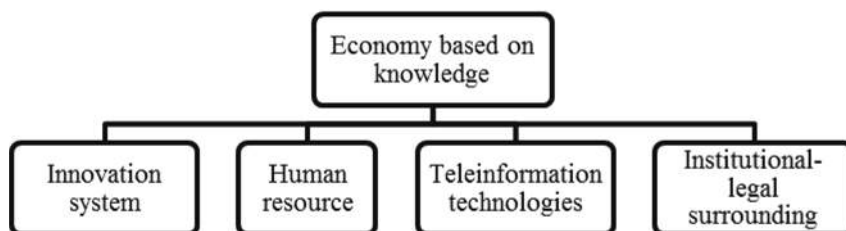


Fig. 1. The pillars of the knowledge based economy

Source: own study.

According to the aim of this publication further analysis will be focused on the area of human capital.

3. Human capital

Human capital can be defined in different ways depending on the context, cultural background and approach to the subject. The most important feature of human capital, linking all definitions formulated so far, is the fact that it is embodied in people. It is closely and inseparably associated with the man, his commitment, capabilities and potential of the work that is able to perform [more on this subject: Domański, 1993].

Human capital is understood as a store of knowledge, skills, health and vital energy contained in each individual and in the society as a whole, defining the ability to work, to adapt to changes in the environment and the possibility of creating new solutions [Domański, 1993]. The human capital in the dimension of the individual can be described as:

- a combination of factors such as: features brought by man: intelligence, energy, general positive attitude, integrity, commitment,
- the ability of the employee to learn: absorption of the mind, imagination, creativity, and common sense,
- employee motivation to share information and knowledge: team spirit and goal orientation [Fitz-enz, 2000 s. 9].

4. State of human capital in Poland

It is not easy to measure and determine the factor which is the human capital of the country, because it is not directly measurable value. It should therefore be made a description of a state by means of components which can be measured and assessed. In order to determine the status of human capital in the context of the development of knowledge based economy in Poland one should conduct the analysis of factors serving his assessment.

These factors can be grouped into the following sets of topics:

- the saturation of society with knowledge including such factors as: structure of an education, the level of expenditures on education at different levels of learning, the revenue associated with the increase in public education,
- labour market defined by: the rate of unemployment, structure of unemployment in age groups, structure of unemployment in sectors, the rate of the salary, the means of counteraction against unemployment,
- migration of a society expressed by such factors as: direction of a paid migration, structure of the emigrants' population (age, educating), reasons of emigration, actual/predicted time of the emigration,
- health care defined by: national expenditure on health per capita, private expenditure on health care, leisure, recreation, sport, etc., condition of the public health [Kałowska, Pawłowski, Włodarkiewicz-Klimek, 2013].

The analysis of indicators for the development of human capital in Poland was carried out according to the above-mentioned division.

4.1. The saturation of society with knowledge

The study shows that the number of people aged 15-65 years with higher education continues to grow. From 2008 to 2012 there was an increase in the number of people with higher education by more than a million. It is a very good result that indicates the increasing growth of interest in raising the level of knowledge and skills of citizens. Poland is characterized by an upward trend in terms of the percentage of higher education in the educational achievements of Poles. Moreover, Poland is coming to catch up with the results of the average EU21. In addition, state spending on education is constantly increasing. The fact that the state is investing more and more in the development of people and their education shows a growing awareness of the benefits of having a well-educated citizens.

4.2. The labour market

One of the most important indicators of the situation prevailing in the labor market is the level of unemployment in the country. The conducted research shows that in Poland in the years 2008-2012 there was a significant increase in the unemployment rate. In the scale there was an increase in the intensity of unemployment in all age groups. The largest increase was observed among

persons aged 15-24 years (0.9 percentage points), While the lowest among persons aged 45 years and older (about 0.4 percentage points). This situation is convergent with trends observed in Europe, however the trends of rising unemployment in Poland are lower than the European average.

One of the fundamental values characterizing the level of wages in force in the country is the value of the minimum monthly wage per employee. This value indicates the degree of economic development of the country and the financial situation of the inhabitants. Poland compared to other countries in the group of highly developed economies is characterized by a relatively low rate of the minimum monthly wage in force in the country. This value is more than five times lower than the highest minimum wage in Europe, which is listed in Luxembourg. It should be noted, however, that the value of the minimum wage in Poland since 2009, steadily increasing.

Another factor contributing to the situation on the labor market are state spending on active and passive measures counteracting unemployment. Since 2011, spending on both the active and passive forms of counteracting unemployment increased, which is a manifestation of the growing support from the state in supporting the fight against unemployment.

4.3. Migration of society

Migrations of the society have a large impact on the human capital in the country. Outflows of the society, notably, young and educated people, cause slowing down of its development.

Data collected in a *Statistical Yearbook of the Republic of Poland 2012* indicate the increase number of emigrants who apply for a permanent residence card in recent years. From 2010 to 2012 the number of emigrants increase to almost 4 000 people. The results of a researches, points out, that the biggest group who emigrates from country are people aged between 30- 44. The fact that more and more people are leaving the country in group age mentioned above have adversely impact on human capital's development. Those are people, who got an education and experience essential to do their work. The potential of these people isn't exploited in the country because they decided to work and live abroad.

Definitely the main reason why Polish people decided to go abroad is the willingness to get a job. About 72.9% of all departures is caused by economic emigration. This percentage increased significantly compared with 2002, when 44% of Poles emigrated looking a job abroad [Narodowy Spis Powszechny Ludności i Mieszkań, 2013].

4.4. Health care

Date of General Statistical Office in Poland, indicate that the level of public spending on health care in 2009-2011 maintains a similar value, and therefore is not decreasing which is good news. However, these expenditures in

Poland are disproportionate to the average expenditure in Europe. Expenses on the health care in 2010 in Poland according to purchasing power parities amounted to 1068 euro at average expenses in the European Union equal of 2171 euro [Kalkowska, Pawłowski, Włodarkiewicz-Klimek, 2013].

If you look at the spending allocated to individual residents on health, leisure time and recreation we could noticed the upward trend. In 2008-2011 spending on all of the above categories grew from year to year. This means that Poles have increasingly focused on their health care and well-being.

In recent years, the proportion of people who declared their health as very good increased while the number of people who earlier declared very poor health had decreased. It is very good news, because it means, that the medical condition of Poles is still improving. The medical condition and the frame of mind of citizens, through the connection with possibility and willingness of doing their work, are very important factors which determined state of the human capital.

4.5. HDI

HDI (Human Development Index) is a measure summing up of the evaluation of long-term progress in three vital dimension of the human development: the lifespan and the health, the access to knowledge and the sufficient standard of living [Human Development Report, 2013].

Table 1. The value of HDI for Polish in 2005-2012

	Year							
	2005	2006	2007	2008	2009	2010	2011	2012
HDI	0.798	0.802	0.806	0.811	0.813	0.817	0.819	0.821

Source: own study based on: Poland. HDI values and rank changes in the 2013 Human Development Report, Explanatory note on 2013 HDR composite indices, UNDP 2013.

According to the data published in the Human Development Report, indicates that over the years the rate of the society development in Poland index is continuously growing since 2005. In 2012 the index amounted to 0.821 which gave Poland 39th place among 187 countries. Such a value of this indicator situates Poland in the group of the highly developed countries. However the value of the indicator in 2012 is still lower than the average of the highly developed countries, which amounted to out 0.905.

5. Examining the human recourses of the organization

Assessment of condition and structure of human capital of an enterprise was the subject of research and was conducted based on research assumption of the publication. According to the assumption, behaviour of human capital

of enterprises is determined by changes in the surroundings of the organization which emerge from the development of the knowledge-based economy.

On this account, it was assumed that it is possible to indicate connections among changes which occur in condition and structure of human capital of a given country and the factors describing the condition of human capital in the organization. The relations have been described in Figure 2.

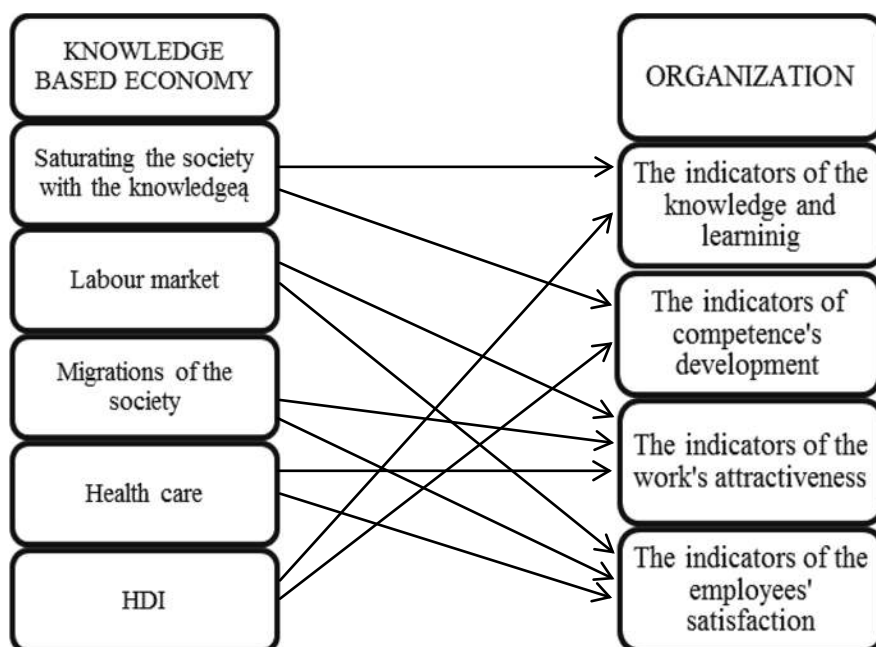


Fig. 2. Model of connections between indicators of the human resources

Source: own study.

Factors describing human capital in Poland in the context of knowledge-based economy were discussed in the previous chapter. Elements indicated in the organization which describe human capital constituted the foundation for carrying out research and comprised: development of knowledge and learning, development of competence, development of work attraction and employee's satisfaction of being employed together with the presented connections with macro-surroundings elements.

Research presented in the nearby publication were conducted in an enterprise producing batteries, with a registered office in Poznań. The research had a form of a case study and was carried out with the help of a questionnaire's interview. The established research tool was the questionnaire. The research questionnaire was divided into four parts according to the listed elements describing the human capital of an organization. The research results were presented below.

5.1. Indicators of knowledge development and learning of an organization

The field was characterized through factors, such as: working professional career model, acquiring new knowledge, forms of learning and level of salaries. The analysis showed the following behaviors of the organization:

- There is a professional career development model of a worker being formed. The foundations for building a model are knowledge and skills of an employee as well as identified traits of character and predisposition regarding professional career and the career course is planned based on this ground.
- Sources of new knowledge within the enterprise were determined as: education of the employed workers, using the help of specialists of various branches, cooperation with the research centre and other companies, participating in fairs and trade exhibitions and knowledge obtained from customers of the enterprise.
- The organization is distinguished by many various forms of learning and knowledge development. Among them we should list: learning on the ground of experience of other employees (master-student relation), coaching, mentoring, courses and trainings organized by the enterprise, participation in conferences, symposiums and research seminars, financing and co-financing external forms of education, stimulating and supporting innovativeness.
- The organization maintains salaries at a low level among all the expenses of the enterprise. The rate fluctuates around 4.3%.

5.2. Indicators of competence development

These include the: system performance evaluation, system competence development of employees and expenditures on staff development. Analysis of this area in the company developed as follows:

- in the company there are both job evaluation system based on competency profiles for each job, and competence development system of employees;
- as a competence management tools were listed projects and programs for the cooperation with education and training institutions and staff expectations research related to professional development. By studying the expectations of employees the company is trying to determine the predisposition of employees for their personal development;
- the organization mostly for a long period employs the same staff, and it is demonstrated by low level of staff fluctuation.

5.3. Competence development factors

There are distinguished: work evaluation system, workers' competence development system and expenses on development of employees. The analysis of the field in the enterprise was presented as follows:

- dismissal which took place in the organization in the past 12 months were solely caused on the side of the employer, e.g. reduction of tenures in the organization,
- level of fluctuations of staff was low in last year and fluctuates around 0.01% for managers and administration and 1% for other employees,
- level of absenteeism of staff also was low and it was 3.5% for managers and administration and 5% for other employees,
- personnel policies model implemented in the this organization has been identified as a mixed model, which is a combination of human capital model and the model of the sieve,
- the company aimed to ensure the adequate staff psycho-physical balance. These are: promoting individual organizational culture, identifying the individual needs of employees and satisfying them, funding for holiday trips for employees and their families.

5.4. Indicator of employee satisfaction with the job

Employee satisfaction with work was assessed by examining the system of incentives and forms of employment and remuneration of top-level managers. Analysis of this area in the company developed as follows:

- the organization has a formal system of motivation of employees. They used such forms of motivators as attractive rates of basic salary, bonuses, individual awards for best results and for innovation,
- top-level managers are employed on a open-ended contract, and their salary due from the contract of employment.

6. Assessment of the level of adaptation of human capital of the enterprise to the changes of condition and structure of human capital in Poland

Assessment of the level of adaptation of human capital of the enterprise to the changes of condition and structure of human capital in knowledge-based economy was based on examining relations and the analysis of behaviours accordance between the enterprise and macro-surroundings. The results of the evaluation are as follows:

- Constant growth of Polish society learning is discernible also in the enterprise. The enterprise takes advantage of many sources of acquiring new knowledge and then processes it to receive a better competitive position in the market.
- The results pertaining to competence development rates indicate connections with development of saturating the society with knowledge. The enterprise runs systems of competence development of employees and assessment based on competence profiles. The organization takes into consideration

the needs and expectations of its workers regarding the development of their professional career. The same regularity occurs in terms of a country which has increasingly higher conscience of the fact that educated and competent citizens are a valuable source as human capital of the nation.

- Weak condition of job market does not influence the enterprise condition. Analysing connections between the two factors one may observe reverse tendency occurring in the organisation. Despite bad situation prevailing on the job market and constant growth of unemployment rate, the level of personnel fluctuation is maintained on a very low level. It proves strong position of the enterprise on a job market and its internal stability and good condition. Low level of personnel fluctuation also shows good and stable working conditions and employees' satisfaction of being employed. In turn, low level of absence indicates that an enterprise offers healthy and safe working positions.
- Rates of work attractiveness measured in the enterprise show that it is an attractive and friendly place to work for the employees. A reverse tendency occurs on the national level. Increasingly higher amount of people decide to emigrate on economic grounds. The reasons of such decision have its source in difficulty to find good working conditions in one's own country.
- The assessment adaptation on the level of health protection indicates that positive growth of health-oriented conscience in Poles together with little but positive actions of the country aid the improving society condition. More and more people subjectively assess their health condition as very good. Moreover, the number of people evaluating their health condition as bad or very bad has diminished. The indicated tendencies correspond with the situation which occurred in the examined enterprise. The general improvement of Poles health assessment may be combined with a very low condition of employees' absence in the enterprise. Among the factors which help to maintain the psycho-physical balance in employees are among others: co-funding holidays or regular excursions, 8-hour working time standardized for everyone, reduction of factors causing the so-called on-the-job illnesses; on this account workers are not forced to change their occupations.
- The confirmation for the above conclusions is the analysis of the HDI rate in correspondence with an organisation condition. HDI rate showed ceaselessly growing tendency in Poland in years 2005-2012. It means that there is a significant progress regarding social development in the country. Taking into consideration the previous analyses one may assume that the development of an organisation is connected to increasing the level of knowledge and learning, development of competence, maintaining the employment balance, human capital maintenance and psycho-physical condition is in accordance with the tendencies within the country.

7. Conclusion

The study allowed to evaluate degree of adaptation and development of human capital in the company to the condition of the economy development based on knowledge in Poland. A considerable degree of alignment at the level of saturation of society with knowledge, health and HDI was stated. It means that, happening changes in the listed areas associated with the human capital of the country are affecting the improvement in the state and the level of organizations suiting them inside indicators. Thanks to the development of the economy based on the knowledge in Poland positive changes took place in examined organization

In the case of the other two indicators, the labor market and migration of society, a reverse tendency was observed in the company comparing to the situation in the country. It follows therefore that, the bad situation appearing on the labour market, connected also with the growth of paid migrations of the society hasn't got direct impact on the situation in the company. This means that the company is able to maintain good health and internal stability even in the unfavorable environment.

Thanks to conducted examinations, a positive effect of the economy development was noticed and it was based on the knowledge in Poland to the HRD in the organization. The changes taking place in the world caused by the assumption that knowledge and human capital should be key resources in the competitive economy both state and individual competitive companies, led to draw attention to the potential of people forming organizations. If interest of the human capital development and knowledge will still grow up, it will cause a further dynamic development of the economy and it will transform into a modern and innovative economy knowledge.

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FACTORS INFLUENCING THE DEVELOPMENT OF FAMILY BUSINESSES

Agata Motyka, Marta Szczepilewska

"LBT" (People-Business-Technologies) Student Scientific Society

Lodz University of Technology

1. Introduction

The issue of family businesses is increasingly often raised in the market economy. Their activities in the economies of most countries have been observed for many years. Many people treat family businesses as any other companies of the SME sector. However, it is a mistake since the types of organizational structures or the models of organizational development that exist in this sector do not work in the case of activities related to running family businesses. The development of these companies is paralleled by the development of the family itself. It should be noted, however, that the dynamics of such a company is entirely different from that of a normal company. Many various factors that determine the phenomenon can be observed in this type of company. Businesses that are able to identify and exploit these factors are able to better and more quickly adapt to constantly changing market conditions. The ability to use these stimulants leads to the improvement in the quality of services and products provided, making them more competitive.

The aim of the paper is to present the most important stimulants of development of family businesses, as well as to show their significance in relation to the actual condition of enterprises. The theory used in the paper was supplemented with a practical aspect – the presentation of the results of research aimed at analyzing factors affecting the development of family businesses.

2. The concept and determinants influencing the development of family businesses

The term "family business"¹⁵ is a common concept in the literature in the field of management and economics, though there are still doubts related to unambiguity and precision of the concept [Surdej, Wach 2010, p. 11]. In the

¹⁵ For the purpose of this paper, the term "enterprise" will be used interchangeably with the terms "company" and "business".

eighties of the twentieth century, the issue of family businesses started to be perceived as a separate phenomenon. The studies carried out in the world and in our country have indicated the fundamental importance of small and medium-sized family businesses in a market economy; therefore they constitute a significant group among all the SME sector companies [Mariański 2012, p. 30].

Family businesses around the world addressing operational and strategic management issues need to cope with a large number of issues that arise from their family-related specificity. In addition, these companies should be managed so that they could rival their best competitors run by professional managers. Due to this fact, using their family-related features, these businesses can achieve a significant competitive advantage. The strength of family entities increases in a long-term perspective of continuing business activities carried on by future generations, which at the time of establishing the company gives the family business a distinct identity in the increasingly anonymous world of business [Cadbury 2000, pp. 1-3].

I. Lansberg has aptly described the specific features of family businesses. He states that family members in enterprises that are not family-owned are not able to shape the company in such a way as the family of owners can [Lansberg 2002, p. 44]. Due to such specific features of the family business in which families are involved in conducting business operations, certain differences between the family business and other companies can be observed. These differences merit further research in this field [Niedbała 2002, p. 44].

R. Anderson and D. Reeb define **family businesses** as enterprises in which the company founder or a family member is a manager or a director, a major individual or group stock holder. [Anderson, Reeb 2003, pp. 1301-1328]. This definition, however, is not precise enough, thus PriceWaterHouseCoopers has proposed one of the most commonly cited definitions in which a family business is "an enterprise where at least 51% of shares belong to the family or people related to each other; where family members constitute the majority in management and the owners engage in daily management activities" [PriceWaterHouseCoopers 2007, p. 9].

The existing definitions show that **the most commonly used criteria to distinguish family businesses** are [Surdej, Wach 2010, p. 16]:

- ownership,
- control,
- management.

It should be noted that ownership in a family business is strictly connected with exercising control, hence it should be seen as an exercise of corporate governance. Therefore, two dimensions are most often recognized: ownership (including control understood as corporate governance) and management [Ibidem, p. 16].

Based on the two criteria used, the basic division of family businesses is presented in Table 1.

Table 1. The classification based on the criteria of management and ownership

		Company management		
		Unit	Family	Professional managers
Ownership	Unit	Start-up family business	Company engaging family in work for its development	Family business with external management
	Family	Family business managed by one person	Classic family business	Company with an external management board
	Wider group	Public limited company with a dominant manager	Company with a family-based management board	Classic public limited company

Source: [Surdej, Wach, 2010, p. 17].

The specific qualities of family businesses are determined by ownership and family involvement in the management of the company [Anderson, Reeb 2003, pp. 1301-1328]. The family and business organization, which remain in a multidimensional interaction, affect the functioning of the family business, the effectiveness of business activities and the way the company uses its resources [Chua, Chrisman, Sharma 2003, p. 89].

Family businesses are those entities in which family capital remains entirely or to a large extent in family hands. It can be definitely concluded that more than one family member receives remuneration for work in this type of company. In this sort of business, management and financial control is exercised by one family.

Private life overlaps with professional life, which gives rise to certain conflict situations. M. Carney and E. Gedajlovic have come to the conclusion that the companies which have combined ownership and management have their **strengths**, as well as **limitations**. Therefore, in order to stimulate a rapid economic development of the region in a number of sectors, entities characterized by a separate, as well as combined, ownership and management structures, typical of family businesses, are needed [Sulkowski 2005, p. 226]. Table 2 presents advantages and disadvantages of family businesses.

Table 2. Advantages and disadvantages of family businesses

Criterion	Disadvantages	Advantages
Strategic orientation	More frequent orientation towards short-term profits rather than the development of long-term projects.	Clear mechanisms for creating and implementing strategies.
Human resources management	Risk of adverse selection and nepotism. Possibility of demotivating employees due to their unequal treatment.	Strong motivation of family members.
Organizational culture	Risk of amoral familism.	High motivation of the management. Greater mutual trust within the family. Paternalism.
Financial management	The tendency to inflate dividends.	Reduced costs of internal control of financial flows.
Cost control	The difficulty of maintaining control mechanisms with regards to expenses of family members.	Greater tendency to reduce spending.
Entrepreneurship	Innovation linked with the person of the founder.	High level of innovativeness.
Growth	Limitations of consolidation, the possibility of succession tensions.	Clear ownership structure. Reduction of the possibility of hostile takeovers.
Succession of the business entity	Risk of conflicts leading to disintegration.	The possibility of preparing a successor to take over as manager.

Source: [Sulkowski 2005, p. 227].

In the processes of growth of small and medium-sized enterprises (including family businesses), from the so-called start-up phase [Matejun 2011, p. 63] until further stages of the life cycle, there are various factors which are the cause or prerequisite of the organization entering a higher level of functioning. They have a positive (stimulating, constructive) impact on the course of development processes [Nogalski, Karpacz, Wójcik-Karpacz 2004, pp. 26-82], opposed to negative factors, difficulties or barriers to the development of the SME sector [Matejun 2003, pp. 236-240]. The literature emphasizes the existence of two key development stimulants that include: **internal factors** and **external factors**. Table 3 lists the most important internal and external stimulants of business growth.

Table 3. Selected factors influencing the development of family businesses

External factors	Internal factors
<ul style="list-style-type: none"> – legal conditions governing the founding and running of a business – economic growth rate of the country – demand and supply in the market – market competition – access to external financing – financial and tax system regulations – government policy towards SMEs – scope of financial and non-financial state aid – culture of entrepreneurship 	<ul style="list-style-type: none"> – ability for flexible operations – quality of the products and/or services offered – production capacity – ability to implement technological advances – knowledge of the market – competences and skills of employees – knowledge, experience and entrepreneurial spirit of the management – ability to manage company resources

Source: [Matejun 2008, p.155].

Taking into account the external dimension, it can be concluded that the condition and development prospects of small businesses are dependent on **macroeconomic** and **mesoeconomic** (specific to the industry or sector of the economy) conditions [Matejun 2008, p. 153].

Every small business operates in the system of the so-called **distal and proximal environment** [Czternasty 1994, p 31]. The distal environment includes regulators of a macroeconomic dimension, resulting from political, legal, economic and technological determinants, common for the entire economy. In turn, the proximal environment is primarily associated with direct relationships with other market operators and includes factors characterized by a more limited impact scope [Matejun 2008, pp. 153-154].

The primary condition for the long-term development of the SME sector, including family businesses, is the maintainance of a stable policy by the state, which guarantees a balanced economy. The economic performance and growth of these companies are affected by the rate of economic growth, stable currency, the customs policy and market demand [Śliwa 2000, p. 1].

The importance of **financial and tax system regulations** should also be noted as they have a huge impact on the accumulation of capital by companies of the SME sector, the capital needed to self-finance ongoing operations and development. **Financial and non-financial state aid** is another factor that plays an important role in the company's business development. In addition, the availability of banking services has a significant impact on market capabilities of small and medium-sized enterprises. The use of banking services is primarily determined by the financial predispositions of the local market as only large urban areas in Poland have a sufficient number of financial institutions that extend business credit to small and medium enterprises [Matejun 2008, p. 154].

The other group of development factors includes **internal stimulants**, which are relevant for companies belonging to the SME sector (including family

businesses). These include the **volume of the company's assets**. This factor significantly determines market capabilities of the company [Krajewski].

The ability to implement scientific and technical advances is another microeconomic factor, enabling efficient competition in the conditions of a free market system and allowing greater openness of the Polish economy to international markets.

Also important is the **efficiency of business management**. This factor is directly influenced by, among others, qualifications, knowledge and the entrepreneurial spirit of managers, as well as the skills and experience of the entrepreneurs themselves [Matejun 2008, p. 154].

Another factor that has a significant impact on the condition and the possibility of development of small and medium-sized enterprises is the **quality of products offered**, as well as the ability to recognize and meet the needs of buyers [Śliwa 2000, p. 1]. High quality of products and services offered is of exceptional importance in terms of membership in the European Union and unfettered access of Polish companies to the common market. The overall level of profitability of production and **cooperative relations** with other partners should be also taken into account. **Financial liquidity**, which due to problems associated with obtaining access to sources of external financing has often a decisive influence on the functioning of a small or medium-sized enterprise, is also a significant factor.

The development of small and medium-sized family businesses is significantly affected by a particular group of **family-related factors**. One of the key factors determining and differentiating the operations of a family business is the **level of trust** among family members who are involved in working in their own company. The level of trust between family members who are also employees of the company may result in an increase in the efficiency of the management of the given entity [Hadryś 2001, p. 53].

In family businesses, the **phenomenon of conflict** is another determinant affecting their growth. This phenomenon is evident in processes such as management, communication or a dialogue between generations and in the overlapping of family and corporate systems.

In the system of family businesses, the conflict phenomenon is of special nature as there are a lot of overlapping dimensions and roles that can raise a lot of doubts. These conflicts can arise from two interdependent systems in which home and work very often occupy the same space [Jakubowski 2012, p. 21].

Another factor influencing the development of the company is the **involvement of family members** in its economic activity. A greater commitment and sacrifice for the family business is expected of them than of employees from outside the family [Mariański 2012, p. 37].

A key factor determining the development of the company is **succession**, which is a long and complex process. This phenomenon is related to the transfer of power from generation to generation. The process begins with the first hopes associated with the next generation from the time the young person becomes part

of the company, through subsequent building of the position of manager to taking up the post of owner. Improper management of this process often results in the collapse of the family business [Lewandowska, Greser, Jakubowski, 2012, p. 126].

Summing up, factors influencing the development of small and medium-sized enterprises, including family businesses, are diverse and have a very wide scope. Their occurrence and strengthening should be a subject of analyses and decisions made by managers in development processes and strategies in the SME sector companies [Matejun 2008, pp. 154-156].

3. Factors affecting the development of family businesses in the opinion of the SME sector entrepreneurs

Taken into account the above-mentioned considerations, research in the form of a case study was conducted on development issues of family businesses in the SME sector. The essence of the study was to analyze the similarity of growth factors in the opinion of two businessmen. The study covered two small enterprises, whose size was determined based on the Commission Recommendation of 6 May 2003 which distinguishes the following groups of companies [Commission Recommendation of 6 May 2003, p. 4]:

- micro-enterprises employing up to 9 people, where annual turnover and/or annual balance sheet total does not exceed EUR 2 million,
- small businesses employing up to 49 people, where the annual turnover and/or annual balance sheet total does not exceed EUR 10 million,
- medium-sized enterprises employing up to 249 people, where annual turnover does not exceed EUR 50 million and/or annual balance sheet total does not exceed EUR 43 million.

The study was conducted in two family businesses – Multi-business Company "Stolpo" Romuald Miller and Z.P.H.U. (Manufacturing, Service and Trading Company) "Passa". The study in those two companies was conducted in two stages. The method of direct interview conducted with the owners of the selected companies was used as a research method. In the first stage of the interview with the entrepreneurs, the main factors stimulating the development of the company were chosen, forming the basis of an original interview questionnaire. For the purpose of the study, an additional group of stimulants was selected – "family-related factors". In the second stage, business owners completed forms to indicate the importance and significance of individual growth factors.

Furniture factory "Stolpo" started its operations in 1991. Romuald Miller (48 years old) is the founder and also the current owner. The company employs 40 staff, including the owner's son acting as a sales representative. It specializes in the production of upholstered furniture. Over the years, the company introduced further departments, which began to produce kitchen cabinets, closets, as well as various furniture according to plans developed jointly with

customers. In 2005 the company opened its showroom in Pabianice in the Lodz Voivodship and launched its own stationary retail sales.

Z.P.H.U. "Pass" is a private company which has been on the market for over 30 years. Its founder and current owner is Barbara Szymanska (64 years old). The company employs 3 persons, including the owner's son. The main area of business is the manufacture of rubber products of various types. In the eighties of the twentieth century, the company began manufacturing products for leading national production plants such as Polmozbyt, Kofama or Agroma. Due to the changes that have occurred in the economy, the company currently supplies silicone and rubber products for companies in the following industries: automotive, filtration, ventilation, printing, food and wood, as well as for many other clients in other sectors.

The questionnaire addressed to the entrepreneurs from the family businesses served to evaluate various development factors, including internal, external and family-related stimulants. The respondents pointed to factors that they considered important for the development of enterprises. Then they specified the importance of those factors in the development of their companies on a scale of 1 (the factor of little importance) to 5 (the most important factor). Another task carried out by the respondents was rating (on a scale of 1 to 5) each factor in relation to the current situation of their company. Then the evaluation score of the selected factor was multiplied by the designated weights and thus the importance of the given factor in the particular company was obtained.

The entrepreneurs surveyed pointed to the same significance of eight factors in the development of the company. Among internal factors, the entrepreneurs indicated: the **ability for flexible operations** and the **flow of information**.

Both companies indicated the ability to operate in a flexible manner as the most important factor in the development of enterprises. In relation to the actual state, this particular stimulant ranked the highest, which means that the strength of family businesses lies in their flexibility. It is due to their flexibility that family businesses can easily adapt to changing market conditions and are more long-lasting as they often risk more than other companies. The factor related to the flow of information within the company, however, ranked slightly lower. In the case of the flow of information in the company, the assigned weight factor is a bit lower. Nevertheless, without a dialogue among company employees, the company's development is not possible.

The study also indicates relevant external factors associated with **suppliers**, **customers** and, to a lesser extent, with the **competition**. The selection of appropriate business partners provides the company with many benefits and improves its performance. In addition, building long-term relationships with customers based on trust is one of the most important challenges of the surveyed enterprises.

Apart from the above-mentioned factors, another group of stimulants was used in the study – family-related factors. Both for Stolpo and Passa, the most important factors are: **trust**, **involvement of family members** and the **company**

successor. In the case of Passa, those factors rated higher than in Stolpo. However, the difference is small, which may indicate that these stimulants significantly affect the growth of the company. Emotional trust is one of the essential elements which are the source of a competitive advantage of a family business. Moreover, the succession process is a very important element in the functioning of family businesses, as the improper execution of this process could lead to the collapse of the company.

The significance of particular factors relevant from the perspective of development of the surveyed enterprises is presented in Figure 1.

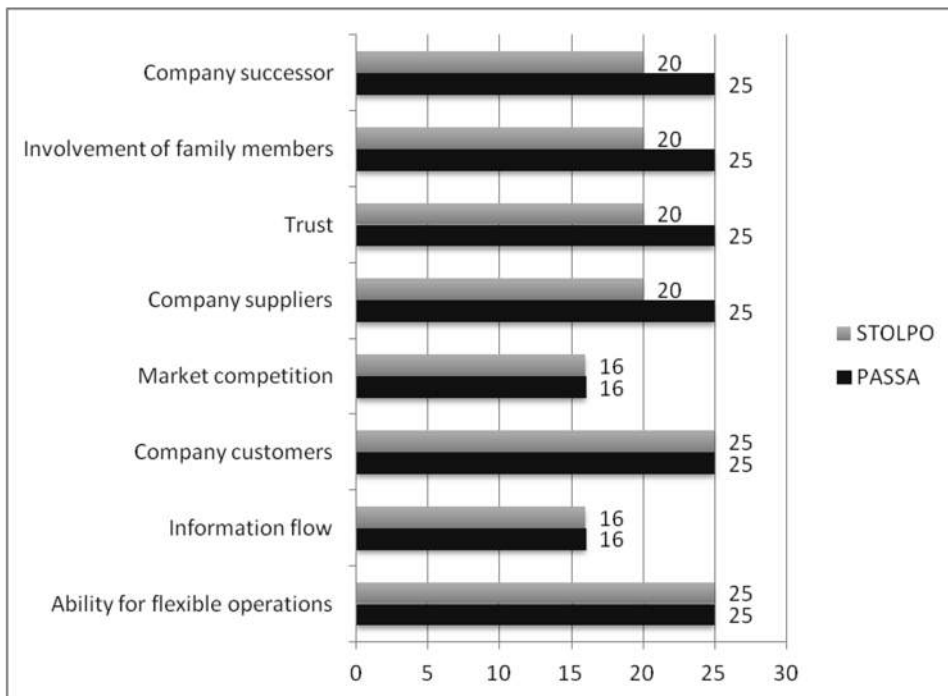


Fig. 1. The most important factors for the development of the company according to the surveyed entrepreneurs from the family business sector

Source: The authors' own compilation based on research results.

On the other hand, it is worth pointing the factors that are of little significance in the development of family businesses. In the case of Passa and Stolpo companies, the respondents have indicated several stimulants which in their opinion are not of such importance to the further development of their companies. These include: the **government policy towards SMEs**, **financial and tax system regulations**, as well as **access to external financing**. This may be caused by growing concerns of entrepreneurs regarding incurring financial obligations. The study also indicates that the government policy towards SMEs has no effect on their potential development at this time.

Figure 2 presents the least relevant factors affecting the development of the studied enterprises in the opinion of the respondents.

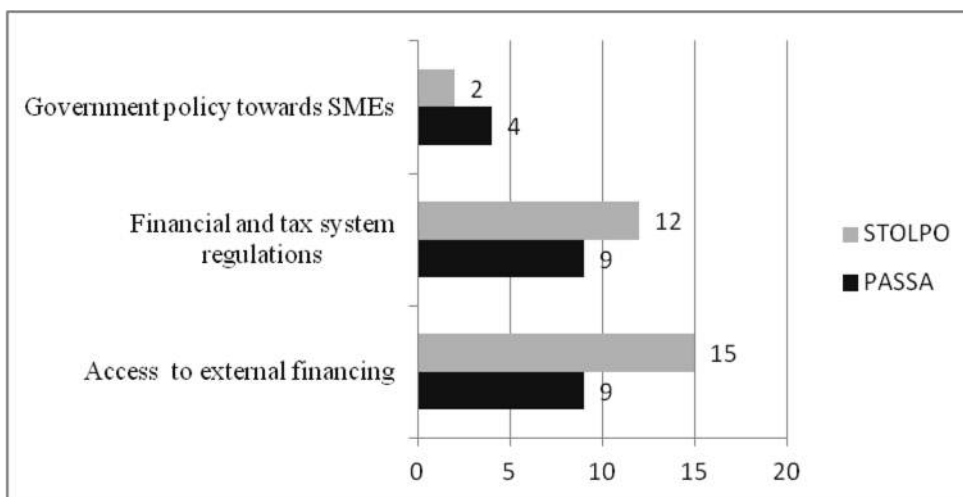


Fig. 2. Factors that have a negligible impact on the development of the company according to the surveyed entrepreneurs from the family business sector

Source: The authors' own compilation based on research results.

The financial and tax system is among the factors that have little relevance for smaller companies. Currently, it does not create sufficient incentives to accumulate funds for growth, investment and export promotion. These types of companies expect changes associated with the scale of tax and other fiscal burdens, which to a large extent generate operating costs of family businesses.

Conclusion

The studied family businesses have many specific characteristics that allow these entities to compete effectively with other companies. The most important of these include: high flexibility of operations, without which the company would not be able to adapt to market changes, a rapid flow of information within the enterprise, good knowledge of customers and strong market competition. Characteristic factors influencing current activities of family businesses are: trust, family involvement in the affairs of the company and the company successor. In the course of the study, one of the companies additionally indicated family tradition and respect for common values as fairly important. These factors determine the proper functioning of this type of company. Nevertheless, the factors that are less important also affect the development of the company to a certain extent. Family businesses that are on the market cannot forget about

these factors and ought to do actually everything for the factors to have a greater impact on their further development.

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THE CONCEPT OF INTERNATIONALIZATION MANAGEMENT

Katarzyna Blanke-Ławniczak

Faculty of Engineering Management, Poznan University of Technology

1. Introduction

This article is an attempt at defining the notion of internationalization management. A review of world literature on the subject has revealed inadequate related knowledge. The authors of the key theories revolving around internationalization tend to focus on the course of the process, at the same time belittling the importance of the knowledge, skills, mentality and decision-making on the part of management boards.

The conditions of managing companies in a globalized world force researchers into international business to look at corporate internationalization from the point of view of strategic management. This approach has determined this article's structure: the justification of the research issue has been presented as first, followed by a study of literature on the subject which defines internationalization. Subsequently, a preliminary attempt has been made to present the concept of internationalization management.

2. Justification of the research issue

The process of internationalization, intensified in the 21st century and defined as involvement in foreign activities, can be viewed from the point of view of the entire world, specific regions (e.g. economic groups) and countries (i.e. on a macro scale) or from the point of view of the participating companies (i.e. on a micro-economic scale). Literature on the subject also offers a mesoeconomic approach presenting and explaining the process of internationalization in the realm of industries and branches of the economy. The essence of internationalization as a phenomenon or a process has been therefore perceived on many levels and has remained an area researched by several disciplines of science. The most significant include economy, the science of management, sociology, psychology and cultural studies. A multidisciplinary

approach to the process of internationalization involves the following research questions: Can internationalization be managed? How can internationalization management be defined? What elements of the process are part of activities related to internationalization management?

Studies of Polish and international literature on the subject have revealed a serious deficit in defining the issue, hence the need for developing a preliminary concept of internationalization management: an important element of strategic management as practiced by companies in the 21st century.

3. The notion of internationalization: a review of literature on the subject

In this article, internationalization is perceived primarily with respect to companies. It indicates any form of the mother company's operations related to international expansion. Internationalization is referred to as: a process i.e. going through subsequent (higher or lower) stages of internationalization; a state i.e. for example the stage of the process, the degree of internationalization; an attitude i.e. the management's orientation in the management process; a dimension i.e. internationalization of markets, products, marketing, resources [Duliniec 2009, pp. 15-16; Gorynia 2007, p. 36; Welch, Luoastarien 1988, pp. 34-57; Chetty 1999, pp. 34-57; Rymarczyk 2004, p. 19]. Internationalization as a process determines its long-term nature. This is because the transition to subsequent, more advanced stages forces companies (entrepreneurs, managers) to devise long-term strategies of international expansion and tie up increasingly more resources. The process of internationalization should also be viewed in the context of decreasing involvement in foreign markets which is referred to as de-internationalization. Unlike a process, the state or the current stage of internationalization or the degree of a company's internationalization, presents a rather static perception of internationalization. The static approach consists in applying specific ratios which indicate the intensity of a company's internationalization [Przybylska 2006, pp. 41-57; Wiktor et. al. 2008, pp. 28-30; Rymarczyk 2004, pp. 24-28]. These ratios reflect characteristics like sales volume, assets, employment, investment, number of involved facilities or characteristics enjoyed abroad against the same categories at home; the number of countries of international activity; the time of the management's international operations and experiences as well as the cultural distance [Wiktor et. al. 2008, pp. 28-29].

The attitude i.e. the management's orientation sets the company on the path towards internationalization. Internationalization of operations starts once when its opportunities are realized [Duliniec 2009, p. 15]. Internationalization models used to study the phenomenon of accelerated internationalization ascribe significance to the nature of managerial features. A positive attitude to the process of internationalization which may stem from intricate features and the knowledge alike, leads to an acceleration of the process and determines

a company's success in international markets [Gorynia 2007, p. 3]. The multidimensional approach to internationalization stems from the fact that a company may intensify internationalization not only by entering specific stages of the process but also by diversifying forms of market operations, providing products and services or employing foreign experts [Chetty 1999, pp. 123-125]. This indicates that “on the level of a company we deal with internationalization when at least one product (service) in a company's product and market portfolio is related to a foreign market” [Gorynia 2007, p. 35]. The multidimensional nature of internationalization is presented in Figure 1. The multidimensional nature also implicates a review of the bi-polarity of internationalization by dividing this idiosyncrasy into external internationalization (a company's expansion in various possible forms in foreign markets) and internal internationalization. The latter stems from more internationalized corporate operations in the domestic market by means of imports, purchase of licenses, capital and non-capital cooperation or networking [Hanh 1993, pp. 44-56; Welch et. al., 2003, p. 396; Chetty 1999, p. 132; Welch et. al. 2008, p. 14]. The notion of internal internationalization triggers off the notion of “passive internationalization” which (on top of the above listed activities) includes an aspect of internationalization perceived as devising a competition strategy for domestic companies in the face of an inflow of foreign capital [Gorynia 2005, pp. 10-13; Bojar 2008, pp. 13-14].

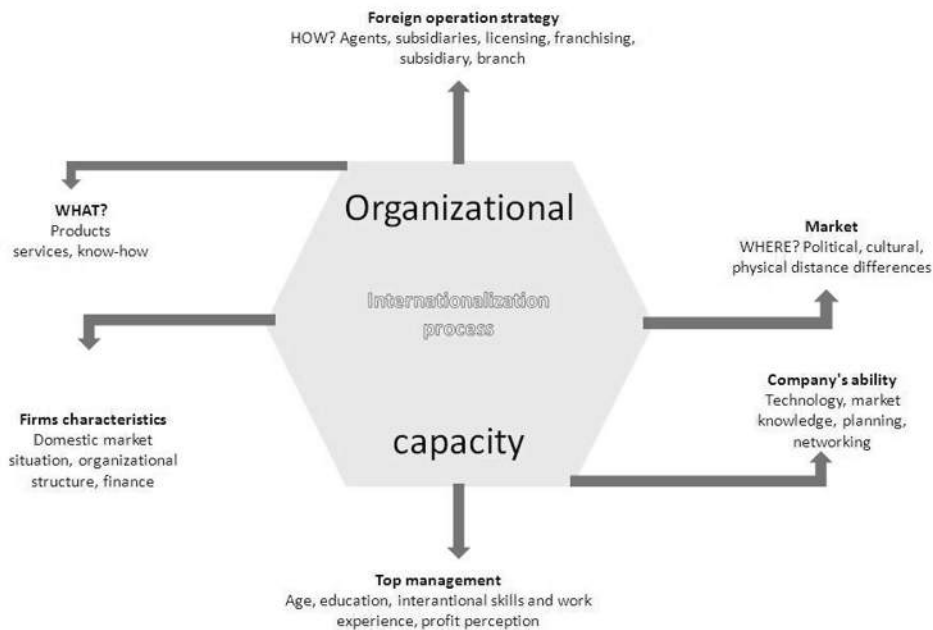


Fig. 1. The dimensions of internationalization

Source: author's development based on: S. Chetty (1999), *Dimensions of Internationalization of Manufacturing Firms in the Apparel Industry*, *European Journal of Marketing*, 33(1/2), T. Vissak, *The Internationalization of Foreign-owned Enterprises in Estonia: A Network Perspective*, *Dissertationes Rerum Oeconomicarum universitatis Tartuens, Tartu* 2003, p. 26.

4. Managing internationalization

Managing a company's internationalization is a part of the mother company's strategic management [Hanh 1993, pp. 73-78]. From the point of view of a company's operations in foreign markets or building relations with foreign partners without entering foreign markets, internationalization management consists of the following stages: creating (also planning), organizing and stimulating, perfecting and controlling. It is an indispensable part of international business as it requires decision-making in a higher risk environment; among other things, it necessitates specific competence in the realm of management and operations [Gorynia 2007, pp. 21-22]. An analysis of the existing literature on strategic management in the context of globalization or in international businesses leads to a conclusion that for the time being, the issue of defining the notion of managing internationalization has not been sufficiently considered. Hence an attempt to define in this article the notion and identify its stages.

Executive decisions made at all stages of internationalization management are based on the existing resources and knowledge (recognized lack of knowledge). It is the management's conscious decision targeted at challenges posed by internationalization in all its aspects [Wiktor et. al. 2008, p. 39]. The task involves identification of key barriers, motives, sources of competitive advantage and the general conditions in domestic and foreign markets. The effect is identification of areas, directions and strategies of internationalization based on their determinants and as a result of monitoring previously made decisions. At every stage of managing a company's internationalization by making strategic decisions in the realm of international business, multidirectional communication and building trust is of importance. Research suggests that regular, comprehensive and honest communication is key to the success of an internationalization project. The goal is to gain general approval and support for the project on the part of various echelons of the management, trade unions and employees. Unidirectional information campaigns launched by the management with the interested parties in mind do not suffice. Good communication opens up an opportunity for a dialogue of all groups affected by the changes. Management is key to devising the right communication strategy. It is important for all interested parties, especially the employees, to be provided with information directly by the managers rather than by means of other channels. Establishment of a communication council may prove helpful in the development and implementation of an effective communication strategy as well as sieving and processing information in compliance with the requirements of various stakeholders. An exchange of information and regular, two-way communication is an important element of building trust among the major stakeholders (employees, representatives of trade unions). They need to feel updated and involved since the very beginning if they are to effectively and skillfully introduce changes resulting from internationalization. A shared vision of internationalization based on mutual trust and the process' goals may be developed among various interested parties. This, in turn, will

ensure support for all necessary strategic decisions [EMCC 2003]. Figure 2 presents the stages of internationalization management.

At the creation stage: planning, organizing and stimulating the process of internationalization, ***identification and evaluation of the existing and anticipated market conditions*** seems to be a key executive task. This identification and evaluation takes place by collecting, processing and analysing information about the conditions in the domestic market as well as foreign markets. An information analysis helps businesses to identify the strengths and weaknesses of the competitors and therefore make it easier to select target activities [Rugman, Hodgetts 2000, pp. 215-219]. In the domestic market, these conditions may include limited exports to a specific market (the embargo put by the US on Cuban exports) and restricted flow of capital and people.



Fig. 2. Stages of corporate internationalization management

Source: author's development.

On the other hand, the conditions in foreign markets will be affected by the following parameters: the size of the market (the population and the purchasing power), the political system and the resulting legal system limiting, for example, specific advertising activities (e.g. the Arab countries – a woman in advertising), religion, culture, the market's geographic proximity. These conditions may be conducive to foreign expansion of our goods/services or they may put up serious barriers to internationalization. For a company planning internationalization at an early stage of the process i.e. before stepping outside the domestic market, it is crucial to identify the attractiveness of the considered markets, the potential competitors and the way of adjusting to the local conditioning. This results from

other barriers like tariffs, duties and import quotas as well as non-tariff barriers [Yip 2004, pp. 34-35], differences in financial systems including the banking system, the taxation system and the interest rate-related risk. Most frequently, the barriers to the process of internationalization are results of the host country's protective economic policy. The goal is to protect the local market from foreign competition including protection of local products from replacement thereof with imported products and protection of the domestic labour market. The influence of foreign expansion on the country's balance of payment is of equal importance [Rugman, Hodgetts 2000, p. 161].

The process is commenced (continued) for various reasons. When analyzing the aspect of internationalization from the point of view of sequential internationalization (the Uppsala Model), knowledge is an important decision-making factor [Johanson, Vahlne 1997, pp. 23-32]. It is managers who look for ways of developing their companies in international markets and suggest solutions. They have at their disposal two types of market knowledge: objective knowledge and experience knowledge which results solely from an individual's singular experience. Experience knowledge is about changes to the delivered quality of human work. Accumulated experience knowledge implicates changes in individuals' behavior and may be separated from it. However, in general market experience amassed by managers is related to specific markets and circumstances. Therefore, market experience can be used only in the decision-making process (suggesting solutions) in these particular markets [Pennrose 1966, p. 53]. By resorting to the knowledge at hand, the management plans, organizes and stimulates activities as part of implementing (developing) corporate internationalization. Owing to the knowledge accumulated at the initial stage of internationalization management, a company's competitive position may improve and its market share may grow together with the need for development by expanding cooperation with foreign companies and by forging strategic alliances and networking [Welch et. al. 2003, p. 396]. On top of managers' knowledge and experience, the reason for expansion abroad may also be a unique opportunity or a coincidence like e.g. the expansion of PKN ORLEN in the German market. Such an intense market impulse accelerates the process of internationalization or implicates a quick growth of a dimension or a stage of internationalization. As part of planning, organizing and stimulating internationalization management, it is important to properly identify the sources of competitive advantage of a company planning international expansion. In this situation, it is imperative to evaluate if the company is capable of quickly manufacturing and delivering products and services to foreign markets better than the foreign competitors and adjusting the supply's size and structure to the demand's size and structure. The company also needs to evaluate its competitive position in the industry and the attributes of the country in question which as a system may offer conditions for building up competitive strength [Grudzewski, Hejduk 2001, p. 54; Penc 2003, pp. 201-203; Porter 1990, pp. 77-81].

At stage two of managing a company's internationalization (the excellence stage), following decisions made at stage one, the strategy and form of internationalization ensues. The internationalisation and globalization strategies present the procedures applied by companies operating in an international environment when they establish and adapt their relations with this environment and the internal structure and processes emerge [Rymarczyk 2004, p. 74]. By perceiving the decision in favor of internationalization as a strategic corporate decision, the management chooses between imports, exports, forms of cooperation (purchasing licenses, joint ventures, franchising) or foreign direct investment (FDI). At this stage de-internationalization may also be commenced. When choosing the foreign destination (destinations), managers need to decide about the legal status of the business, type of activity, status of the enterprise involved in operations abroad, the proprietary, marketing and coordination strategies. The accuracy of the decisions and the employed measures greatly and directly affect a company's market success. To a large extent, the decision to internationalize business activity implicates the adopted strategy and may boost operating profit (market share) as well as set off heavy losses, including the company's bankruptcy. At this stage of starting activities, it is crucial to establish and reinforce a business network, especially for small and medium-sized companies. Cooperation may take place in many areas: know-how, production, distribution, marketing or sales [Forgren, Johanson 1992, pp. 1-15].

Control or evaluation of the management decisions with respect to internationalization and the related market activity consists primarily in conducting in-depth analyses verifying the impact of internationalization on corporate activity including the market share, the employment rate, the production output, the number and quality of the products, financial effectiveness and competitive advantage in the local, domestic and global markets as well as the industry. The evaluation and conclusions drawn at this stage lead to going through stage one again and making decisions. This approach results in perceiving internationalization management as a process taking place in subsequently repeated stages.

5. Summary

The concept (model) of internationalization management, suggested in this article, indicates three stages of activity and the related areas of managerial decisions. The model takes into account numerous aspects of internationalization, presenting it as a process, a state, an attitude and a dimension. This concept fills in the gap in the science of management as part of international business, in the realm of defining the notion of internationalization management. It emphasizes the importance of decision-making and multi-directional communication to effectively internationalize the company's operations. Bearing in mind the fact that the present concept is a preliminary one, it needs to be tested by means of

empirical research against actual management decisions made in companies internationalizing their operations.

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LOGISTICS MANAGEMENT PROBLEMS OF SMALL AND MEDIUM-SIZED ENTERPRISES

Krzysztof Zowada

Department of Business Logistics, University of Economics in Katowice

1. Introduction

The concept of logistics is often dismissed by smaller companies since entrepreneurs tend to perceive it as an area of interest for big market players only. This happens, however, without any substantive evaluation of the potential offered by that function. Therefore, it should not come as surprise that the logistics concepts have been primarily applied to large companies. Their logistics systems are more complex and generate relatively higher costs than the logistics systems of smaller enterprises [Lynagh, Poist 1984, p. 12], [Murphy, Daley, Knemeyer 1999, p. 18]. Nevertheless, it would be difficult to agree with the statement that most of small and medium-sized enterprises have not discovered logistics in any way – neither operationally nor strategically [Harrington 1995, p. 55].

The key logistics-related problems faced by smaller businesses seem to stem from inappropriate logistics practices which, in turn, are due to specific characteristics demonstrated by these companies, related to the scale of their operations and, more importantly, to their ownership. This paper aims to identify the main problems in logistics management of small and medium-sized enterprises, based on a review of literature as well as some empirical research.

2. Literature review

A review of international literature on the problems associated with logistics management in SMEs shows, first of all, a reactive role – more operational than strategic – taken on by logistics in small and medium-sized enterprises [Xavier, Martins 2011, p. 113]. This means that any possible measures to be taken are delayed until a response to a specific situation becomes inevitable. Then, only baby steps are made as long as the problem does not have to be addressed in a more detailed way. As a consequence, logistic strategies adopted by small

and medium-sized enterprises are frequently intuitive and opportunistic [Gélinas, Bigras 2004, p. 271]. Therefore, it should be pointed out that many entrepreneurs do not have any strategic vision of logistics. Another important point here is inherent inconsistency of many of the decisions taken. An example may be frequent pursuit of efficiency, while ignoring the category of total costs, which is connected with the failure to analyse, or even keep a track of, logistics costs. This leads to 'logistic short-sightedness' [Xavier, Martins 2011, p. 114], which involves the inability to understand the basic principles behind logistics management in an enterprise. An equally important issue which, at the same time, is connected with the total cost category is the focus on effectiveness of actions rather than on efficiency [Gélinas, Bigras 2004, p. 276]. Effectiveness may be desirable when a quick solution to a problem is needed, which is quite often a case in SMEs as such businesses tend to have more flexible structures. On the other hand, however, such behaviour pushes small businesses to achieve short-term gains, instead of looking for a more systemic approach, to ensure a success in the long run.

The presented problems of management over logistics processes in SMEs are seen by the author as subjective in their nature as they are largely affected by a specific role that an owner-manager of a small or medium-sized business plays in management processes. This refers, first of all, to highly personalised management, strongly impacted by an entrepreneur's personality, individual experience and abilities. For instance, according to A. Halley and A. Guilhaon, the business environment, as perceived subjectively by enterprise owners, is the departure point for SMEs when devising their logistic strategies [Halley, Guilhaon 1997, p. 489].

On the other hand, the author notices some specific but objective features of small and medium-sized enterprises, which result directly from the small scale of their operations. In this respect, attention should be drawn to a company's ability to gain so-called economies of scale, which are only achievable by big enterprises, even in non-core areas, as such economies result from the mass character of their operations, rather than their profiles. Small and medium-sized enterprises, however, can make economies of scale only and exclusively if they specialise in a given area – for example in case when an SME, as a service provider, renders logistics services. In other cases, such economies should not be expected in logistics processes as they are not a core business area [Kisperska-Moroń, Kłosa, Świerczek, Piniński 2010, p. 28]. Table 1 presents the sources of problems, identified in the literature review, and resulting problems in logistics management of SMEs.

Table 1. Sources of problems and problems in logistics management of SMEs

Sources of problems in logistics management of SMEs	<ul style="list-style-type: none"> – a lack of appropriate logistics knowledge and competences among SME owners, managers and employees, – an owner-manager's specific role in corporate management processes, – limited funds and, consequently, e.g. limited access to modern technologies, – inability to achieve economies of scale (except for core areas).
Problems in logistics management of SMEs	<ul style="list-style-type: none"> – reactive role of logistics – a lack of strategic vision of logistics (logistics is more operational than strategic), – focus on effectiveness rather than efficiency, – logistic short-sightedness – e.g. ignoring total costs, – no identification or analysis of logistic costs.

Source: [Xavier, Martins 2011, pp. 91-116]; [Gelinas, Bigras 2004, pp. 263-276]; [Campos-Garcia, Garcia-Vidales, Gonzalez-Gomez 2011, pp. 1245-1252]; [Ślusarczyk, Kot 2013, pp. 7-10]; [Kisperska-Moroń, Kłosa, Świerczek, Piniński 2010, p. 28].

The review of literature in SME logistics management has confirmed that the problems smaller companies encounter in this area appear to arise out of specific characteristics shown by these enterprises and related to the scale of their operations.

3. Methodology

In order to meet the research aim, apart from the literature review, some empirical research was conducted using the method of face-to-face interview in a group of small and medium-sized enterprises selected for that purpose. The research covered 23 companies from the SME sector, representing various industries, without any prevalence of one specific business profile (the types of companies surveyed are presented in Table 1). The interviews were carried out in the period from October to December, 2013. An interview questionnaire contained three questions – two open questions and one demographics question. The open questions allowed the respondents to express their opinions on the problems they saw in logistics management of their companies as well as the reasons behind those problems. In the demographics question they were asked to specify the size of their company in terms of employment.

Table 2. Structure of research sample

EMPLOYMENT		
MICRO	SMALL	MEDIUM-SIZED
30%	30%	40%
CORE ACTIVITIES		
PRODUCTION	SALES	SERVICES
52%	35%	13%

Source: author's own research.

The empirical research findings were used by the author to draw preliminary conclusions about the problems which arise in logistics management of small and medium-sized enterprises. As the surveyed sample was not representative in its character, the research was regarded as a pilot study, preceding the main quantitative study. The author assumed that no quantitative studies could be conducted without a prior qualitative examination of a given phenomenon. Therefore, the paper further presents the most interesting cases of researched companies¹⁶ and the target direction of research to be conducted in the future.

4. Case studies of selected companies

4.1. Case study – Alpha

Alpha is a Polish manufacturing company operating in the electric power industry. This small company assembles tailor-made electrical switchboards. Due to the small size of their operations, the company's financial resources are limited and, as a consequence, they have most of components required to process orders delivered by their suppliers at the specific time they are needed. The basic problem indicated by the company's owner is an inability to meet lead times agreed upon with their customers. The analysis shows that the problem results from the fact that there is no procedure in place to ensure that parts and components for final assembly are collected in due time. It happens that components ordered from a supplier and intended for a specific order are used for another project which is given more priority although it started later. As a result, the order which was supposed to be completed by a certain deadline needs to be postponed because specific components are missing and the company fails to meet the deadline.

¹⁶ The author uses fictional company names in order to keep the identity of companies surveyed anonymous.

4.2. Case study – Beta

Beta is a medium-sized manufacturer of a wide range of packaging and disposable paper tableware, which is quite well-known in Poland. Beta's customers include catering outlets, wholesalers, petrol stations and vending companies. Due to the type of the market they operate in most of orders they receive are customer-specific and based on customers' individual needs. A problem the company found difficult to handle was high transport costs related to collection of faulty product batches from customers and subsequent deliveries of good quality replacements. A complaint rate calculated by the company was 25%. On one hand, this led to a high percentage of customers terminating the cooperation and, on the other hand, to the generation of very high transport costs, relative to the value of goods supplied by the company. The solutions applied by the company included more investment into the stock of machines and the introduction of additional quality control points before dispatch of orders to customers.

4.3. Case study – Gamma

Gamma started as a small family business to expand into a medium-sized company producing premium quality clothing. The products on offer include: tailcoats, dinner jackets, tailor-made wedding suits and uniforms for employees from a number of industries. The Gamma brand is recognized on the Polish market, mainly because of the company's vast experience gained through many years of operation, continuous technology improvement and investment in its stock of machines. The company's main objective is to keep enhancing their offer, instead of focusing on growth.

Gamma has a few regular suppliers they have been working together with for years. All the company's warehouses are located close to its shop floor, which ensures low costs of transport at purchasing and manufacturing stages. Finished goods are sent out to shops using third party transport companies, which seems to be a source of numerous problems Gamma has to cope with. Recently they have seen a decline in customer service quality, an increased number of mistakes and errors, untimely deliveries and frequent product faults.

The analysis of the Gamma case shows that the most likely source of problems encountered by that company has been a too high turnover rate of carriers dealing with distribution of products (carriers have been looked for at a transport exchange market). The company's owners attach most importance to improving quality of their products through building strong relations with their suppliers and seem to have completely ignored the cooperation with transport companies. The rates offered to carriers were quite low which resulted in inappropriate quality of services provided by them and, consequently, affected the company's overall performance figures.

4.4. Case study – Delta

Delta is a medium-sized industrial automation company. The company provides its services, first of all, to big automotive manufacturers. When compared to other surveyed companies, Delta has a well-developed logistics system, which mostly serves its key accounts. The problem indicated during an interview was a lack of a well-defined process of air transport in case of any raw material shortages. As a result, all orders for which specific components have been out of stock are finally shipped by air, without taking into account any cheaper options. The person responsible for availability of production components focuses mainly on the supply of missing parts, without paying any attention to the size of generated costs. As a consequence, purchasing costs continue to grow, affecting the company's overall results.

4.5. Case study – Epsilon

Epsilon is a small publisher offering calendars, notebooks, business cards and greeting cards all over Poland. The basic determinant of the company's business activities is the seasonal character of their products. They generate most of their revenues in the last calendar quarter, which provides the financial basis for the publisher's operation in the first three quarters of the following year. Such a specific nature of the company's operations means that its output in the last quarter of the year increases several times, therefore the company's logistics processes need to be streamlined. The company's owner pointed out a problem which the company managed to solve recently i.e. an ineffective process of customer order placement and processing. The customer order placement procedure was neither well-defined nor structured, which led to frequent misunderstandings and longer lead times. The solutions applied by the company in order to overcome the problem included: introduction of a single standardized order form and an integrated order database which enabled employees of all departments to review up-to-date information.

5. Findings of empirical research

Logistics management problems are also faced by small and medium-sized enterprises. Sometimes even small changes to processes allow a company to reduce its operating costs or improve its customer service. Not all owners and managers, however, are aware of that. The examined case studies indicate that a frequent reason for that is a lack of awareness about the impact that logistics activities may have on the operation of the entire company.

The case studies show that many owners and managers of small and medium-sized businesses adopt a short-sighted approach. The absence of

appropriate quality control in Beta resulted, first of all, in a high complaint rate, which adversely affected the company's image in the eyes of its customers, as well as leading to the generation of unreasonably high costs of re-shipping. The owners of Gamma, when focusing solely on improving their product quality, completely ignored the logistics service offered to their customers. The accidental selection of low-price carriers was the reason behind a high number of damages, errors and mistakes and consequently their failure to meet agreed delivery dates. Eventually, despite high product quality maintained by the company, their sales figures went down as the general perception of the company by its customers was not satisfactory.

Another important issue is illustrated by the case study of Delta. It shows a complete misunderstanding of the impact of logistics costs on the company's overall operating costs. When looking at the decisions taken, it is clear that the manager's priority was to ensure the availability of components, failing to analyze, at the same time, other possible transport options which, as a result, led to the most expensive mode of transport being chosen. Furthermore, an equally vital issue was their inability to organise appropriate information flow. In Alpha the absence of a system which would allow them to identify specific components and link them to specific orders, resulted in numerous delays in completion of customer orders. The last of the described companies had a similar pain point. A priority for Epsilon was to win enough business. Only a secondary importance was attached to information flow when handing orders. As a consequence, unsurprisingly there were many misunderstandings and, as a result, lead times, which are an essential matter of concern in this industry, were elongated.

Figure 1 presents a summary of logistics-related areas in which the SMEs surveyed encountered problems.

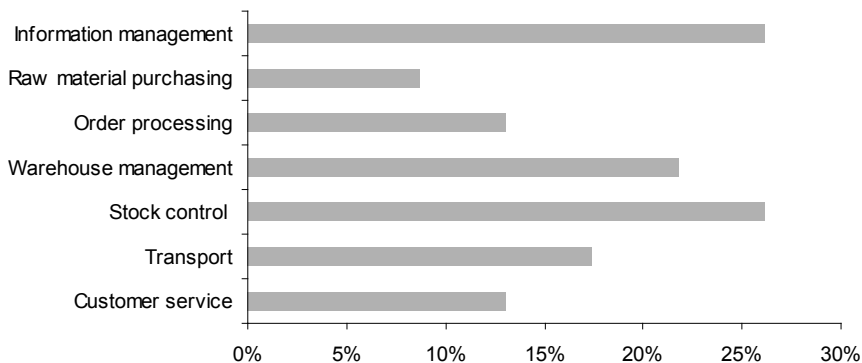


Fig. 1. Problem areas in logistics management of SMEs surveyed

Source: author's own research.

The cases outlined above provide just a quick overview of logistics problems that owners and managers of small and medium-sized businesses need to tackle. Due to the fact that the analyzed sample was not representative and because of the qualitative character of the research, the author was unable to draw conclusions in respect of the entire group of small and medium-sized enterprises. In addition, this was also not possible due to a highly heterogenic nature of this sector. Therefore, the author's aim was to carry out some initial research into the logistics management problems that SMEs need to cope with and to indicate the directions for further studies in this field.

6. Conclusion

Logistics management is a challenging task for a small or medium-sized enterprise [Zowada 2013, p. 229]. Logistics, if well incorporated into a company's management structure, may significantly affect material and information flows as well as contributing to their improvement and, consequently, growth potential [Staniewska 2010, p. 163]. Irrespective of the case, however, and the company's perception of the role of logistics in its operations, it should be kept in mind that core processes determine the nature of logistics processes, the same way as logistics processes affect core processes [Chaberek 2002, pp. 11-12]. Because of this mutual dependence, the impact of logistics processes on a company's performance needs to be analysed in more detail.

According to the author, the problems addressed in the paper, due to their up-to-date relevance, require further research, in particular in view of a proposed need to increase the competitiveness of SMEs. Attention should be drawn to the development of logistics capabilities of small and medium-sized businesses. The author believes that appropriate logistics capabilities, if well-adjusted to a specific company's needs, may help the company gain an advantage when solving their day-to-day logistics problems.

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Part III

**The role of selected concepts
in creating the competitiveness of
small and medium-sized enterprises**

LEAN MANAGEMENT CULTURE

Aneta Parkes

University of Social Sciences

1. Introduction

The purpose of this article is to characterise the phenomenon called lean management culture (LMC). By lean management culture I understand the organisational level of the culture, however this level is highly determined by national culture of the country on which territory the organisation functions. This problem is important because success in lean implementation in the organisation can highly depend on culture. "Since the late 1970s, companies and organisations all over the world have been trying to implement lean principles to improve their performance. However, relatively few organisations outside of Japan have been successful" [Kristjuhan 2010, p. 1]. In my opinion, the reason for this situation can be using some of the lean tools in a mechanical way to achieve short time effects and expecting its effectiveness for a longer period. "Lean projects can be used in a mechanistic tool-based way to get short-term results, or in an organic way to develop people and build a learning organization" [Likert, Hosesus 2008, p. 547]. In the second option, which I consider as lean management, the cultural change should become a parallel process.

At the beginning of the article the basic categories of culture and Lean Management will be defined. Then Lean as a culture will be presented. In the next part, the characteristic of lean management culture, according to E. Schein's levels of organisational culture, will be described.

2. Characteristics of the concept of culture and Lean management

The culture, in a broad sense, according to humanistic and social sciences, includes everything what is "the results of collective activity" [encyklopedia.pwn.pl]. Since the XIX century the term "culture" has been used to define the entirety of social spiritual and material achievements [encyklopedia.pwn.pl].

In reference to organisational level, we are using the term “organisational culture”. According to E. Schein organisational culture is “the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be thought to new members as the correct way to perceive, think, and feel in relation to those problems” [Likert, Hosesus 2008, pp. 5-6]. We can describe the organisational culture as:

- existing in the people’s minds and emotions,
- being shared,
- regulating group’s life and
- having processual character [Schein 1986],
- being able to be influenced if it has been diagnosed well [Kostera 2003, p. 31].

I am assuming that national and organisational culture interacts with each other. Organisations exist within company, industry, local and national cultures, so the plant in even one area of the country can differ from the plant in different area of the same country [Likert, Hosesus 2008, p. 18]. At the same time I am assuming that the influence of national culture is much stronger than the organisational one and that the national culture determines organisational cultures much stronger than in reverse. We can see this powerful influence of national culture while analysing the characteristics of the cultural levels according to E. Schein. He identifies three levels of organisational culture:

- artefacts,
- values and norms of behaviours,
- shared cultural basic assumptions, for example of the nature of the time and space. These assumptions can be highly determined by national culture, for example because they are based on the patterns of perception and reactions transmitted in the process of the primary socialisation.

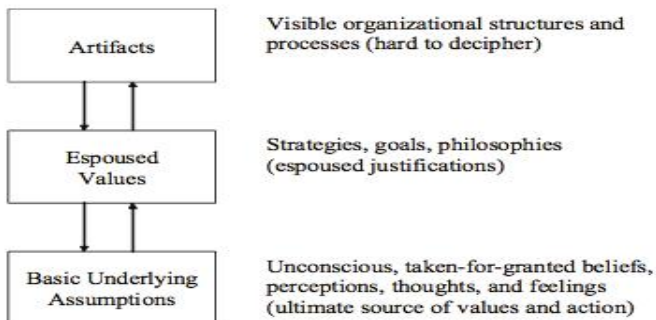


Fig. 1. E. Schein – levels of culture

Source: K. Kristjuhan, “Cultural and habitual features and the implementation of lean principles in companies: mapping out the research”, 2010, p. 2.

According to my research and professional experiences I can state, that what can be global in organisations around the world is the artefacts and norms. But when we come to the deeper level of values and basic assumptions, these will be determined by the values and assumption of national culture of the country on which territory chosen organisation acts. For example, if nation is highly individualistic, its organizations are going to be individualistic as well and implementing collectivistic culture in these organisations can be challenging because for its people individualism is the natural, shared and common attitude. Furthermore, if we assume that organisations are open systems, there is a cultural diffusion and transmission of values between the organisation and its environment. “We can observe with the time that organisational culture evolves towards values compatible with the context of the society’s culture” [Sułkowski 2002, p. 8]. It means that for example collectivistic culture will be evolving towards individualistic values with the time because of the influence of its environment. So, to sustain global desired values, organisations have to continuously maintain new attitudes.

Lean management (lean management system, Just-in-Time system) is based on total elimination of the waste. The system has been developed on the basis of the long –term process of quality improvement and meeting client’s expectations as fast and in as effective way as possible. The system is based on two ideas: jidoka and Just-in-Time. Jidoka or autonomation is automatisisation with a human touch [Ohno 1988] and requires stopping the process immediately when the problem occurs. The goal of this action is to avoid defects in the products. Just-in-time is the concept of production where every process is to produce only what next process requires and to keep continuous flow [toyota-global.com].

Lean management is called lean production system (lean manufacturing, lean enterprise, lean production) or Toyota production system, because Japanese Toyoda’s factories are considered to be it’s main place of origin. In these factories the system based on the rules: produce more using less time, resources, man power, machinery, materials and meet clients requirements, was developed and continuously improved [Dennis 2002, p. 13]. The names: lean production, lean manufacturing and lean management are used interchangeably [lean.org], especially in the production field. Lean management can be used to describe the actions of top management in organisation as well, so it can be considered as an overriding to other descriptions. Whereas lean production and lean manufacturing are to be unambiguous, because they are used in the production field. In the past lean management was the description only of a production, whereas now it is used in the services and administration (lean office) as well.

3. Lean management as a culture

Lean management, originally, is more than a system or concept of management. It is a kind of philosophy or a state of mind [Dennis 2002, p. 17].

Lean is mostly based on shaping new attitudes, habits, and ways of thinking. Lean management is described as a culture, for example a culture:

- which soul is intensity and team members are its heart [Dennis 2002, p. 135],
- and philosophy, which can be implemented, especially in the process orientated organisations [carrywater.com],
- which has such goals as: quality, effectiveness, flexibility, speed and profitability [falco.edu.pl], etc.

So for example the change connected with lean management introduction is a long-term and deep change of whole organisation's management system. At least it should be, if we want to be successful with its introduction. The important factor, which can influence the success or failure of lean management implementing, is the culture of organisation and the national culture of the country where the organisation functions. These cultures can be supportive or restrictive towards lean system [Jakonis 2011]. For example collectivistic national culture will shape naturally collectivistic attitudes in organizations. Because of that, teamwork – orientated lean management is going to be quicker and more effectively adopted. At least in a long – term orientation of lean management implementation, as it was stated in the introduction.

So, before implementing lean management, we should have an understanding what the lean management culture is, and how close is it to the culture of organisation in which system is going to be implemented. Thanks to that we can evaluate what work has to be done to implement lean. According to E. Schein, we should not start with the change of the culture, but with the organisation's issues and diagnosis if culture can help with resolving the issues, because the culture is the source of strength [Likert, Hosesus 2008, p. 501].

TPS, called later as LM, has been constituted in Japan, so according to the assumption that national culture determines organisational culture, Japanese culture as well as the Toyoda's organisations culture should be considered as a supportive towards lean concept. For example, lean is based on waste reduction and respect, and we can find in the Japanese culture such characteristics as frugality towards restricted resources, respect towards authorities or collectivism [compare: Hampden-Turner, Trompenaars 2006].

There are some other cultural influences in lean system, for example American: „the Toyota production system were initially born in USA (...). In short, the techniques and tools, upon which Toyota built its lean approach, originated as follows:

- Ford's production flow – from USA,
- Taylor's scientific production management – from USA,
- Deming's quality control (QC) – from USA,
- Supermarket inventory control – from USA,
- Ford's employee suggestion system – from USA (Toyoda, Shimokawa, Fujimoto and Orihashi, 2009) [Kristjuhan 2010, p. 4].

But, as said above, these techniques were copied to build something called an approach. So they have been used as useful tools or an inspiration. But what was created as TPS and called as lean, its heart and soul was originally Japanese. Even if we add to it the influence of other levels of the culture: „According to Likert and Hoseus (2008), also Toyota culture shared streaks of Japan’s Eastern belief-system of emphasizing harmony, membership in a collective, self-control and long-term thinking. However, in addition, they believed that Toyota culture had its own unique characteristics, influenced, among other things, by the farming community of Aichi prefecture where Toyota had been founded, the Toyoda family and the auto industry in general” [Kristjuhan 2010, p. 4]. According to Schein’s level, we can say that basic cultural assumptions for lean are mostly Japanese, whereas on the level of norms, values and artefacts we can find some western and local influences.

4. Characteristic of lean management culture

Following Schein’s levels of the organisational culture, we can find the level of artefacts, values and basic assumptions. Characteristics of LMC on each level are shown on the below figure.

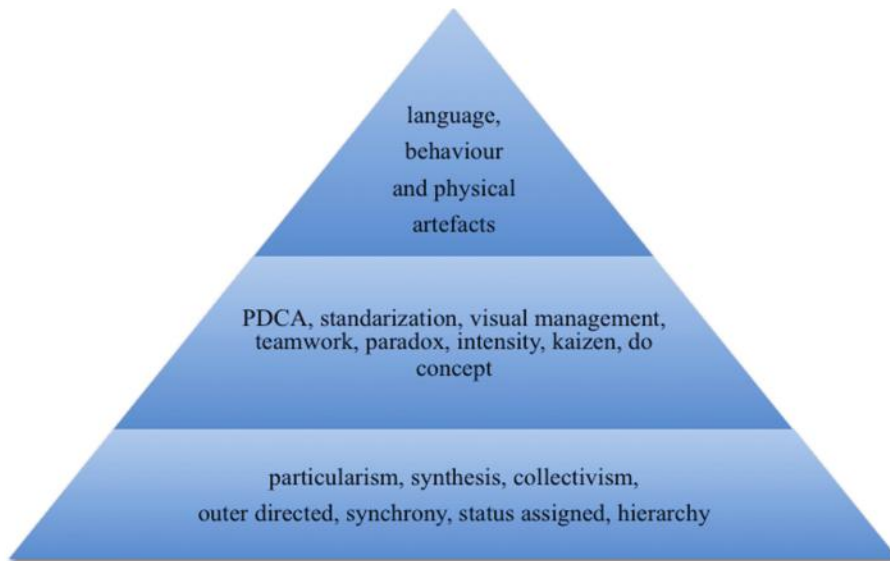


Fig. 2. Lean management culture – characteristics (chosen artefacts, norms and values, basic cultural assumptions)

Source: developed on the basis of own studies.

Assuming that organisational culture is highly determined by national culture of the country on which territory this organisation functions, we can

assume that Japanese culture is crucial for our analysis. At least it has massive influence on the level of underlying and unconscious basic assumptions. According to Ch. Hampden and A. Trompenaars research, Japan is characterised by such features as:

- **particularism** /flexibility/: which means the harmony of individual cases, acceptance for many different points of view, respect for loyalty, spiritual closeness and individual attitude towards people,
- **synthesis** /diffuse/: reconstruction which means building whole creations from the particular elements, building ties and flexible agreements, main importance of trust,
- **collectivism** /communitarianism, teamwork/: group oriented society, practising teamwork and integration rituals, joined responsibility, connection of employees to organisation,
- **outer directed** /external, pull/: making decisions on the grounds of external world's trends, outside steering,
- **synchrony** /synchronic time/: coordination of activities, simultaneous accomplishment of various tasks, long-term planning, connecting past, present and future and treating time as a friend,
- **status assigned** /ascription, hierarchy/: evaluation on the basis of assigned features like age or chosen group's membership, and increasing the employee's status in proportion to employee's experience and seniority in the organisation, based on social class division rigorously followed in the past,
- **hierarchy** /emotionally neutral/: importance of authority, power is a measure of success, hierarchy is supported by Confucianism, importance of family and paternalism [Hampden-Turner, Trompenaars 2006, Jakonis 2011].

The features: particularism, synthesis, collectivism, outer direction, synchrony, status assigned and hierarchy are described by the authors as features of national culture. They describe the basic ways of perception and behaviour, so they are unconsciously transmitted from older to younger generations. And, socialised, they are starting to be taken for granted. So, that is why, they are lying at the bottom level of organisational cultures as well. According to G. Hofstede, the national culture's features, which belong to sphere of values, manifest in everyday practices of team members, so on the level of organisational culture [Hofstede 2000]. "Diversity of national cultures strongly influences organisation's action and the shape of organisational culture, considered as a different mental programming of different organisation's employees" [Hofstede 2000, pp. 340-341]. So, in my opinion, we can consider these features described above, as a basic cultural assumptions, which can be identified in Japanese organisations. Writing Japanese, I mean originally for lean management concept. So they can be characterised as basic underlying assumptions – the deepest, subconscious level of the lean culture, containing taken for granted believes, perceptions and thoughts.

Moving to the middle level of organisational culture, which is the level of norms and values, we can use the characteristics shown in the P. Dennis work describing Toyota system. For the question: how does lean culture feel, he is stating: “as I reflect on my Toyota experience, here are some words that come to mind: disciplined, freewheeling, warm, indomitable” [Dennis 2002, p. 143]. P. Dennis describes organisational culture as a day-to-day experience of team members and current behaviour. These include:

- **plan – do – check – act**: as the core activity of management, with connection to warm heart principle which means being hard on the problem but easy on the people [Dennis 2002, pp. 136-139]. Lean culture can be also described as process orientated culture [Kristjuhan 2010, p. 3],
- **standardization**, which means using standards to make out-of-standard condition obvious [Dennis 2002, p. 140],
- **visual management**, which means using more pictures than words and public presentation to ensure shared understanding [Dennis 2002, p. 140],
- **teamwork**, to promote safety, employment security, uniforms, no executive offices, dining rooms, parking spaces and no office walls, and genchi genbutsu (go and see concept, which means that managers are in contact with shop-floor team members) [Dennis 2002, p. 141]. Teamwork is very important because the goal is to „working in empowered teams to pursue professional and personal growth, shared knowledge and understanding and to be given empowerment to solve problems.” [educational-business-articles.com]. As the other authors write: „Teamwork was defined as „valuing everyone’s contribution, promoting teamwork, and commitment to team decisions” (Camarillo, 2002, p. 98)” [Kristjuhan 2010, p. 2]. So we can see that lean culture is also described as the culture of responsibility [lean.org.pl].
- **Paradox**, which can be identified in such examples as: stopping production to avoid its stops, standards which are changing all the time, believe that one at the time production is more effective than batch production, not making anything which has not been ordered by customer or seeking perfection while knowing that it will never be achieved [Dennis 2002, p. 141],
- **intensity**, which compels **kaizen** and the understanding of the difference between value and muda [Dennis 2002, p. 142], where kaizen means continuous improvement. As other author writes: „the appropriate culture for lean production would be that of total quality management, characterized by commitment for continuous improvements and every employee’s involvement” [Kristjuhan 2010, p. 2]. Continuous improvement means, that “it’s everyone’s job to make improvements” [educational-business-articles.com]. And the lean culture can be described as a culture of problem – solving: „According to Shook (2010), „the Toyota people are called „problem-solving junkies” in Japan” [Kristjuhan 2010, p. 4].
- **The do concept**, or a path, which connects methods to a person’s whole being and can be approached with the spirit of humility, life-long learning

and respect for people [Dennis 2002, p. 142]. It can support the long – life connection of employee and organisation.

The last level of organisational culture is the conscious and visible level of artefacts. It is the easiest level to observe and identify. We can divide artefact into:

- **language artefacts**, as we can say that “language reflects culture” [Likert, Hosesus 2008, p. 520], for example we are still using Japanese terms in lean terminology to describe main lean concepts like: jidoka, kaizen, genchi genbutsu, etc.,
- **behaviour artefacts**, for example organisational rituals, etc.,
- **physical artefacts**, for example employee’s uniforms, techniques, methods and tools of visual control like colours or lights, or system of visual identification like company logo, etc.

5. Conclusion

J.K Likert and M. Hosesus present similar characteristic of lean = Toyota culture. Figure 3 is showing some of its chosen examples.

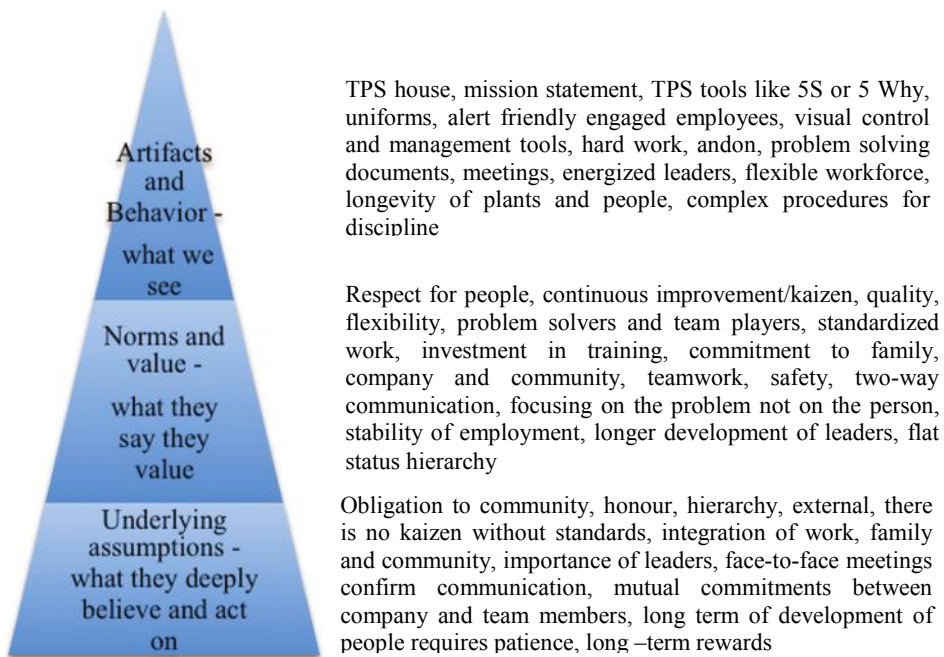


Fig. 3. Summary/Organizational Supporting Processes Cultural Analysis – examples

Source: Likert J.K., Hosesus M., *The Center for Quality People and Organizations* (2008), *Toyota Culture. The Heart and Soul of the Toyota Way*, Mc Graw Hill, New York, pp. 73, 222, 337, 457

As we can see above, it is similar to the elements characterised in the article. And it confirms the main assumption about the influence of national culture. The features stated by the authors, mostly on the bottom level, corresponds with the characteristic of national culture made by Ch. Humpden-Turner and A. Trompenaars. It confirms the possibility of using these characteristics as elements of the level of basic assumptions of organisational culture as well. So, if the national culture characteristics correspond with the – mainly-basic level of organisational culture, it confirms the high influence of national culture towards organisational one. So we can state, that lean management culture has been determined by mostly eastern – Japanese national culture, even having other cultural influences.

Summarizing the characteristics of lean management culture, we can find such features as:

- on the level of basic assumptions: particularism, synthesis, collectivism, outer direction, synchrony, status assigned and synchrony,
- on the level of values: PDCA process, standardization, visual management, teamwork, paradox, intensity, kaizen, do concept,
- on the level of artefacts: Japanese terminology, rituals, uniforms, visual control management tools, etc.

“Lean culture enables lean implementation. Lean culture is one of the four components of a successful lean implementation. (...) the components are: Lean Planning, Lean Concepts, Lean Tools and Lean Culture” [reliableplant.com]. So working on the culture should be the part of lean implementation process.

Variety of national cultures creates variety of organisations and not all of them can be compatible with the lean culture. Toyota has based their culture (lean culture) on core values, which are deeply shared. Toyota managed to build lean culture almost globally, so it is possible to implement it around the world [Likert, Hosesus 2008, p. 547]. But it requires doing the work at the very basic level of assumptions and it is a long-term and challenging process. Some national cultures can be more or less naturally supportive towards it. Even Toyota does not insist on exactly the same lean culture around the world, because of the external factors indicated above [Liker, Hosesus 2008, p. 19]. So, it is better to treat it as an inspiration than trying to copy it. Especially in western companies change of a culture is not a key to implement lean management. The key is to nurture cultural changes with a long period of time and make culture support two kinds of processes. The process of lean methods taking waste out of the product value streams, which methods play a main role in providing occasions for people to learn new roles and skills [Likert, Hosesus 2008, p. 509].

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THE IMPACT OF THE IMPLEMENTATION OF THE ROP PROJECT "OPTIMIZATION OF CUSTOMER SERVICE AND COMPANY MANAGEMENT POWERED BY INFORMATION TECHNOLOGIES AND ON-LINE SERVICES" ON THE COMPETITIVENESS OF MANUFACTURING ENTERPRISE "X"

*Patrycja Gabara, Aleksandra Kaczuba, Karolina Kowalczyk
"LBT" (People-Business-Technologies) Student Scientific Society
Lodz University of Technology*

1. Introduction

After Poland's accession to the European Union, Polish companies gained the opportunity to take advantage of additional resources offered by the EU funds. Poland began to participate in the implementation of the cohesion policy, whose main task is the balanced development of all the Member States of the European Union. **To achieve this goal**, actions are taken that lead to reducing disparities between the levels of development of individual regions. Thanks to the activities carried out within the framework of the cohesion policy, our country has a chance to catch up in terms of development and achieve parallelism with other regions and countries of the Community. As a consequence of this kind of actions taking place at the national level, companies were given a chance to step up the process of building and/or strengthening their market position, and thus indirectly an opportunity to catch up to their Western competitors.

2. The impact of the EU funds on business innovation and competitiveness

The strategic objective of the National Cohesion Strategy is *"to create conditions for the improvement of competitiveness of Poland's economy, which should be based on knowledge and entrepreneurship, provide more jobs and ensure a higher level of social, economic and spatial cohesion."* [www.funduszeuropejskie.gov.pl]. While assessing how effectively Poland has used the chance provided by the EU funds to catch up in terms of development,

high efficiency and effectiveness of actions taken should be indicated. The co-financed initiatives implemented to date show that actions taken under the cohesion policy with financial support from the Structural Funds and the Cohesion Fund were and still are well targeted. This thesis is confirmed by the situation of enterprise "X" of the Lodz Voivodship examined in the paper.

Prior to presenting the characteristics of the company and the initiative implemented, their background and environment are worth characterizing, thus depicting the situation of the Lodz Voivodship in terms of macroeconomic context and the state of implementation of Community programs.

The enterprise whose example this paper is focused on is located in the Lodz Voivodship, hence the description of the region seems valid. In the creation of the Voivodship Development Strategy 2020+, the Management Board of the Lodz Voivodship adopted as the key assumption "the sustainable and balanced development of the voivodship based on the optimal and efficient use of the region's internal development potential in compliance with its external determinants." [Strategia Rozwoju Województwa Łódzkiego 2020]. One of the most important elements of the development is the advanced economy based on knowledge and innovation, which is considered necessary for stopping (and ultimately even reversing) the unfavorable macroeconomic and demographic trends in the region. In 2009, the Lodz Voivodship belonged to the group of 68 EU regions with the lowest level of economic development with GDP per capita below 75% of the EU average. According to the EU directives, this level entitles a region to the use of funds under the Cohesion Policy, which covers 23.3% of the population living in the European Union. In the years 2000-2009, the Lodz Voivodship recorded a GDP growth increased by 12 percentage points relative to the average growth for the EU, which undoubtedly provides a positive image, especially compared to other depressed (and/or developmentally backward) regions of the EU, of which as many as 53 reported an increase in GDP per capita lower by more than 10 percentage points than the average growth for the EU. The result obtained by the Lodz Voivodship ranks the region among the European leaders and means that it belongs to the fastest growing regions of the EU.

One of the most important determinants of the above-presented positive result of the Lodz Voivodship is the ability to implement innovative solutions that should be understood as the organization's capacity for continuous search, use and dissemination of innovation, while respecting the principles of sustainable development. For the purpose of the paper, the concept of innovation is understood as the results of a certain action aimed to improve and develop the existing functionality or to create a new broadly defined one in the given unit (e.g.: manufacturing technology or technologies relating to the sphere of service provision and customer service). As a result, innovation should be seen from the perspective of the functioning of the entire organization and can be equated with an organizational change. Innovative activities are, therefore, based on the implementation of new solutions into the economic system in order to increase the company's operational efficiency and competitiveness in the market. Effective and efficient management of innovative activities is one of the necessary elements to

achieve a competitive advantage in the market [Zych 2012]. Therefore, it can be concluded that the broadly defined competitiveness of an enterprise is its ability to realize its objectives in the market in an efficient and profitable manner, objectives which result from the consequences arising from the impact of a significant number of internal, as well as external, mechanisms and factors influencing the unit [Nowicki 2012].

3. Characteristics of the enterprise

The characterized enterprise "X"¹⁷ has existed since 2003 and is based in Tomaszow Mazowiecki. The enterprise is one of the leaders in the industry of self-adhesive labels (see Figure 1), providing its services to companies operating, among others, in the following markets: cosmetic, pharmaceutical, food, logistics services and warehousing. The studied enterprise is among the few in the printing industry which have an extensive, modern and innovative machinery park - production lines using two independent and complementary technologies of printing self-adhesive labels¹⁸, also enabling packaging of thermally conductive tapes. The machinery park, along with highly qualified and experienced staff, enables the enterprise to offer high quality products that are able to meet the expectations of even the most demanding customers.

3.1. The EU project in the framework of the Regional Operational Program for the Lodz Voivodship implemented by the enterprise

The market of self-adhesive labels is growing very rapidly (see Figure 1) and is characterized by high competitiveness, susceptibility to new trends and fashion, as well as the constant growth of pro-quality customer expectations. This means that only a modern, well-managed company has a chance to adapt to the market and meet the demands posed. Therefore, the company in question, aware of its strengths, as well as weaknesses, decided to take advantage of the chance to develop through the use of the EU funds and the implementation of projects under the Regional Programs of the National Cohesion Strategy, designed to improve competitiveness, innovation and product diversity of companies. Applying for funding, the enterprise acted prudently and then

¹⁷ At the express request of the company, its name, as well as any other detailed and specific information that can be used to identify the described business entity had to be considered as classified in the paper. At the same time, the authors of the paper declare that the information cited is derived from the content of the interview conducted on 22.03.2014 with a representative of the company who also released some data related to the implementation of the studied innovative project entitled "Optimization of Customer Service and Company Management Powered by Information Technologies and On-line Services".

¹⁸ These self-adhesive label printing technologies include a technology for flexographic printing (*brief cursory technology characterization understandable for the layman*) and "inkjetuv" – an innovative technology of digital printing (*brief cursory technology characterization understandable for the layman*).

managed efficiently the executed projects. As a result, the company was awarded several times in competitions held in the framework of the Regional Operational Program for the Lodz Voivodship.

One of the initiatives for the implementation of which the enterprise received an award was the introduction of an innovative integrated information system for modern business-customer communication. This project is described, characterized and evaluated in the paper. The need for the implementation of the investment project entitled "Optimization of Customer Service and Company Management Powered by Information Technologies and On-line Services" found its justification in:

- the observation that, due to defects in the communication system existing in the enterprise¹⁹, a decrease in efficiency of production management and the company's potential was recorded;
- and the desire to improve quality and productivity of the company's activities by introducing a new, integrated information system.

Table 1. The increase in consumption of adhesive substrates in Eastern Europe in 2011-2012

PAPER ROLLS	Consumption		Change	
	x mln m ²		in mln m ²	in %
	2011	2012		
Eastern Europe	709	787	78	11.0%
Southern Europe	924	905	-19	-2.1%
Central Europe	1,598	1,575	-23	-1.4%
UK&Ireland	579	588	9	1.6%
Northern Europe	183	179	-4	-2.2%
TOTAL	3,993	4,034	41	1.0%

NON-PAPER ROLLS	Consumption		Change	
	x mln m ²		in mln m ²	in %
	2011	2012		
Eastern Europe	219	253	34	15.5%
Southern Europe	246	254	8	3.3%
Central Europe	578	579	1	0.2%
UK&Ireland	234	238	4	1.7%
Northern Europe	21	52	1	2.0%
TOTAL	1,328	1,376	48	3.5%

Source: <http://www.finat.com/~media/Files/Statistics/Labelstock%20report/FYB13-%20Labelstock.ashx> (29.04.2014).

¹⁹ The company had no integrated information system implemented and communication between customers - sales people - employees of various departments was carried out in the traditional way (e-mail, phone). As a result, inconsistencies and errors occurred while handling orders and the duration of the whole process was extended, which over time, along with increased customers' needs and competition, naturally resulted in a gradually growing problem threatening the company's position.

3.2. The implementation process and effects of the project of "Optimization of Customer Service and Company Management Powered by Information Technologies and On-line Services"

Prior to the introduction of the said innovation in the framework of the project, whose aim was to optimize the customer service process by introducing the modern system of MRPII/ERP class called "Graffiti.ERP", each link of the production process was connected via telephone or e-mail communication. The situation was similar in terms of customer-company communication, designed in such a manner that sales people acted as intermediaries between customers, the purchasing and production departments, as well as the warehouse. Each sales person handled a group of 60-70 individual, regular customers who made their orders by phone, on the basis of available product offer – catalogues featuring various kinds of self-adhesive labels broken into the type of adhesive label dimension, the sort of glue used, the technology of printing, colors, etc. After receiving the order, the sales person checked the availability of materials, estimated the value of the order and the time of its completion, which naturally necessitated numerous contacts with different departments of the company and the customer, as well as manual input of order records along with the valuation pre-approved by the customer. The system was, therefore, burdensome, time-consuming and encumbered with gaps threatening the possibility of introducing erroneous data and hence the bad execution of the order. The formula of the old system also resulted in the situation when various stages of the production process were controlled personally by individual employees, separately for manufacturing, warehouse, logistics or accounting. Thus, the enterprise lacked the possibility of fast and efficient exchange of knowledge as every employee knew only their part of the task along with the state (status) of its execution and could inform about the introduction of sudden changes, and/or completion of the task (or occurrence of a problem) by the other co-workers in person or in a conventional manner by e-mail or phone. This means that in the case of any problems, there was a significant increase in the risk of organizational chaos and hindrance of the possibility of rapid response.

The integrated information system implemented to support the whole production process radically improved the quality, efficiency and performance of the company's activities, as well as provided the possibility of buyer-seller contact and introduced the means to automatically verify the status of orders. The system allows the coordination of work at all levels of service:

1. Valuation and bidding (on-line).
2. Sales (based on on-line orders).
3. Production scheduling.
4. Warehouse management.
5. Logistics.
6. Transport management.
7. Accounting.
8. Complaints and debt recovery.

Using the new system, the customer is able to place an order on-line, additionally making use of extremely convenient auxiliary tools, such as a specially-designed calculator and check-list, to verify the estimated cost of the order and check whether all the relevant parameters for the order have been defined. After placing an initial order, the customer automatically obtains information about the availability of the punch and raw materials, as well as the estimated time and cost of order execution. At this stage, the customer makes a final decision to accept the offer, also on-line, placing a final order which is incorporated into the queue of orders submitted on a current basis for execution in the production department. The purchaser receives electronic confirmation and, if in arrears with payments for previously made orders, the customer will be reminded to first settle the amount due. All the time, the system allows to track on-line the progress of execution of the order and after the end of production it automatically generates an invoice and an order of release of the goods from the warehouse and their delivery to the recipient. In the framework of the project implementation, the following purchases were made:

Table 2. The improvements purchased in the framework of the project implementation

Type of improvement	Benefits from the improvements implemented
Radio terminal with accessories - online scanner (wireless terminal)	<ul style="list-style-type: none"> – obtaining important additional information regarding the stock, the stage of order completion or the number of outstanding delivery note positions; – the possibility of module extension to encompass functions that were impossible to introduce at the beginning of the implementation; – monitoring of individual stages of the process; – activating the module on different on-line devices, regardless of brand, model or type, using WiFi and a web browser.
17 stations license for Graffiti.ERP Fioletowy Platinum 6 stations license for Graffiti.ERP Terminal	<ul style="list-style-type: none"> – flexibility and the option to tailor solutions to the needs of the applicant; – recommendation and experience in label printing and paper punchcutting; – software monitoring all processes in the company, hence no additional channels of information flow needed; – acceleration of the receipt of raw materials and shipment of goods in cooperation with terminals (more than a dozen shipments per month, diverse size range and volume of shipments per month).

Source: The authors' own compilation based on the information acquired from a company employee.

For the purpose of the project implementation, an external contractor, who had had experience in the implementation and settlement of such investments in the framework of the ROP for the Lodz Voivodship, was hired to continuously monitor progress in its implementation (supervision of the work of subcontractors, supervision of purchases).

4. Conclusion

As a result of the implementation of the project in the framework of the Regional Operational Program in manufacturing enterprise "X", the applicant will be able to meet the demands posed, keep its current high position in the market, as well as have a positive impact on the economic development in their region. The project has brought about many positive improvements in the company. The applicant has introduced e-services for its customers, improved communication between its sales people and buyers. Moreover, the quality of services provided has been significantly raised and the efficiency of the production line management has increased, while the company has maintained its attractive prices. The owner has introduced realistic logistic models and as a result of cost reduction, the revenue has increased: the market potential has grown approximately tenfold and the production capacity by about 30%.

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THE ROLE OF SOCIAL COOPERATIVES IN OCCUPATIONAL ACTIVATION OF PEOPLE WITH DISABILITIES

Artur Janiszewski

*"LBT" (People-Business-Technologies) Student Scientific Society
Lodz University of Technology*

1. Introduction

In recent years, the interests of economists have been directed towards the development of the so-called **new social economy**, whose aim is the creation of a wide range of social benefits. It is associated with compliance with the fundamental principles of the priority of labor over capital, adherence to democratic decision-making, as well as strengthening of credibility, quality and sustainability of business activities conducted [Leś 2008, p. 39]. In the framework of this concept, also referred to as a **social economy**, the importance of entities combining the realization of economic and social objectives is emphasized. **Social cooperatives**, whose primary purpose is to help socially excluded people, are one of the categories of such organizations. People with disabilities, who often have problems with independent and rewarding labor market activity, form an important group within this population. Thus, they often benefit from assistance of various institutions to support their occupational activity, which also fits in with the objectives of the social economy. Taking this into account, the **aim of the paper** is to present the essence and characteristics of social cooperatives and show the directions of actions undertaken by these organizations in order to activate people with disabilities.

2. The essence of social economy

A **social economy** is assumed to combine the realization of social and economic objectives of the activity pursued, including business activities. Its assumptions are based on social capital and its orientation towards the use for social integration, acting primarily against social exclusion [Grzybowska, Ruszewski 2010, p. 9]. J. Pearce [2003, p. 209] defines it as "a general term

for all economic entities with a social purpose, not oriented towards the creation and distribution of capital, with a democratic and rational structure, based on joint management".

Thus the **structural and operational approach** dominates in the process of defining a social economy, emphasizing the importance of characteristics of entities it is composed of. It is stressed that social economy organizations are both economic and social entities, active in all sectors, that stand out in terms of objectives and a particular form of entrepreneurship [Kuta-Palach 2013, pp. 46-47]. The European Research Network (EMES) complements this approach by listing the criteria (features) that social enterprises should be characterized by. These include [Ekonomia społeczna 2013]:

1) **Economic criteria** such as:

- a continuous and regular activity, based on economic instruments,
- independence and autonomy of the organization in relation to other public institutions,
- an economic risk associated with activities conducted,
- staff paid for their work.

2) **Social criteria** such as:

- an explicit aim to benefit community,
- a bottom-up, civic character of the initiative launched,
- a specific, preferably democratic system of governance,
- a participatory nature,
- a limited profit distribution.

The proposal contained in the document of the British government of 2002 also lists characteristics of a social enterprise. It states that: "a social enterprise is a business with a primarily social objective whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" [Defourny 2005, p. 24]. By identifying the above-presented characteristics, social enterprises can be divided in many ways, among others, into sectors which include:

- **sector of social inclusion and labor market activities** that aggregates companies focused on supporting people who are at risk of social exclusion (e.g.: ex-prisoners, the disabled) in creating or finding jobs,
- **sector of social services** that includes companies engaged in educational services, social care or even health care,
- **sector of technical services** that encompasses companies involved in such tasks as maintaining green areas or waste disposal.

The above-presented considerations lead to the formulation of the institutional approach, dominant in the European Union, according to which social enterprises include such categories as associations, foundations, mutual insurance societies and cooperatives (including social cooperatives) [Pacut 2012, pp. 74-76]. This approach, however, is not fully accepted as, for example [T. Kafel 2011, p. 57] distinguishes between entities seen as social enterprises

according to the traditional and the new social economy. The first category includes: associations, foundations, economic self-government bodies, cooperatives and mutual insurance companies. The latter encompasses: social cooperatives, vocational development centers, as well as clubs and social integration centers.

These divisions are very flexible, which means that a social economy can combine many features, for instance, social and technical, as well as implement measures to help the unemployed and the disabled, as exemplified by social cooperatives.

3. The concept and characteristics of social cooperatives

Social cooperatives are a specific and relatively new form of organization in the Polish law whose primary purpose is to help people facing social exclusion. The founders of the social cooperative may be a group of individuals numbering from 5 to 50 participants, of which at least half must have the status of [Oldak 2011, pp. 71-73]:

- an unemployed person (one needs to be unemployed throughout the entire period of the registration of the cooperative) ,
- a disabled person (it is important, however, that these people are not incapacitated),
- an alcohol addict after completion of a psychotherapy program in an addiction treatment center,
- a person addicted to drugs or other intoxicants after completion of a therapy program in a health care center,
- a mentally ill person, as defined in mental health regulations,
- a person released from prison, having difficulty integrating with the society, as defined in social welfare regulations,
- a refugee participating in an individual integration program, as defined in social welfare regulations.

Social cooperatives can be also set up by two legal entities, this paper, however, focuses on natural persons, in particular persons with disabilities. The next step in the registration process is the submission of certain documents to the relevant institutions, which could take up to six months, and then reporting the entity to the National Cooperative Council, which is associated with an additional fee (approx. 360 PLN).

The idea of social cooperatives derives from a similar legal and organizational form of a **cooperative**. It is defined as "a voluntary and self-governing association of an unlimited number of members (natural or legal), of variable personal composition and share fund. This entity runs business activities driven by the needs of its members, such as the need to offer work. Economic activity and profits are just a way of meeting these needs" [Sudoł 2006, p. 99]. This definition is an interpretation of the provisions of the Act of 1982 [on Cooperative Societies], which then developed into Law on Social Cooperatives.

The differences between these two types of entities include: a limited number of cooperative members and the fact that cooperatives can be established by any individuals and in the case of social cooperatives, there are the limitations listed above. Similarities, however, include the need for the establishment of the Statute of the founding members of the cooperative, as well as the fact that both social cooperatives and classic cooperatives may, though they are not obliged to do so, be for-profit organizations and are designed to activate their members, particularly people with disabilities.

From the point of view of the classification of organizational systems [Adamik, Matejun 2012, pp. 52-59], social cooperatives can be characterized based on the following features:

- from the point of view of the genotypic features, these are entities that have characteristics of business organizations (i.e. conducting business activities and for-profit), as well as social organizations, as they are strongly focused on meeting the needs of their members and the close community,
- from the point of view of the relationship between people and the organization, social cooperatives belong primarily to the group of normative organizations, participation in which is associated with the process of self-realization and meeting the needs of a higher order,
- from the point of view of size, these are mostly small-sized entities,
- from the point of view of the form of ownership, these are private sector organizations as they are owned by domestic natural or legal persons.

They can also operate in different industries and sectors, which indicates their considerable diversity in terms of activity. Activities of cooperatives as organizations pursuing important social tasks can be financed from a variety of sources, such as:

- grants,
- loans,
- services or consulting in financial, accounting, economic, legal and marketing fields,
- reimbursement of the costs of verification, including audit of the economic and financial status of the entity.

These financial resources may come from the state budget or local government budgets, as well as from foreign sources, such as the European Social Fund. An example of the activity in terms of funding the establishment of cooperatives may be the activity of two associations from Lodz – "Opus" and "Ja-Ty-My", which created a joint program "OWES – support for social cooperatives, ES development models", whose aim was to set up 10 social cooperatives of which 6 were to be established by natural, and 4 by legal persons. Financial support for the newly created entities amounted to 20,000 PLN per person and up to 100,000 for the entire co-operative, but only for those who met the conditions set out in the project.

In addition, the associations organized training during and after the establishment of the cooperative, which included helping to create a business

plan, as well as consulting in the field of financial law. After its founding, the social cooperative also benefited from the support of an individual consultant, who helped in particular administrative matters, as well as economic and financial issues, for a period of 12 months.

The funds received by the cooperative could be spent for a particular objective included in the previously prepared business plan. The lack of possibility of adjustment in terms of the expenditure objectives was a threat to the cooperative members and it was particularly troublesome due to a long period of registration of the entity. The prerequisite for the funding was to maintain the activity of cooperatives for a period of at least one year. The barrier to the functioning of these entities, however, are the high cost of verification (ranging from 3,000 to 15,000 PLN). Although the costs may in fact be funded, the verification process is carried out once every three years, that is, when the cooperative should be able to function independently on the market.

Social cooperative movement is growing rapidly in recent years **all over Europe** [Michalik 2011, pp. 30-31]. For example, in the UK in 2003, public benefit corporations emerged. The primary purpose of these organizations, in addition to implementation of the idea of social cooperatives, is also introducing a new quality in the performance of public services by entities which employ socially excluded people. Belgium, in which social enterprises are coordinated by the National Cooperative Council, is yet another example. These entities operate on the basis of cooperative principles set out by the International Cooperatives Alliance. In order to clarify the rules for the conduct of such entities, the term "social purpose company" was introduced into the legal system in 2004, replacing the above mentioned social enterprises.

The growing importance of social entrepreneurship in Poland and other European Union countries must be therefore emphasized. The main purpose of such entities is not obtaining profit but the realization of a particular mission, for example, activation of people facing social exclusion, including people with disabilities.

4. Activities of social cooperatives in the process of activation of disabled people

A disabled person is a person whose physical fitness or psychological and mental abilities permanently or temporarily hinder, restrict or prevent daily life, education, work and performance of social roles. Disabled people in Poland are divided into the three following groups:

1. **People with severe disabilities.** This group includes people with impaired body functions, unable to work or able to work only in sheltered environments, requiring, in order to perform social roles, permanent or long-term care and assistance of others due to the inability to live independently.

2. **People with moderate disability**, that is people with impaired body functions, unable to work or able to work only in sheltered environments, requiring temporary or partial assistance of others in order to perform social roles.
3. **People with mild disabilities**, characterized by impaired body functions, causing a significantly reduced ability to work, compared to the ability of a person with similar professional qualifications with full mental and physical capacities. They may also have limitations in performing social roles, these limitations, however, may be compensated with the help of orthopedic equipment, aids or technical measures.

People with disabilities can be also divided according to disease classification. The easiest way is to use the division based on symbols referring to causes of disability. The system distinguishes the following groups [Symbols of disability causes]:

- 01-U – mental retardation,
- 02-P – mental illnesses,
- 03-L – disorders of voice, speech and hearing,
- 04-O – ocular diseases,
- 05-R – locomotor impairment,
- 06-E – epilepsy,
- 07-S – respiratory and circulatory diseases,
- 08-T – gastrointestinal diseases,
- 09-M – diseases of the genitourinary system,
- 10-N – neurological diseases,
- 11-I – others, including: endocrine, metabolic disease and enzymatic disorders, infectious diseases and zoonoses, disfigurement, disease of the hematopoietic system,
- 12-C – pervasive developmental disorders.

Disabled people, due to their dysfunctions, often have problems with labor market activity, particularly with finding permanent employment. One of the reasons for this state of affairs is the reluctance of employers to hire such people, despite the possibility of obtaining different types of grants offered by the state. In this situation, the so-called **activation of the disabled**, including helping people with disabilities find work or simply encouraging active participation in social activities, becomes increasingly important. This can be realized by [Pauli, Poczowski 2007, p. 63]:

- employers creating or adapting workplaces for people with disabilities,
- training to improve professional and interpersonal skills of this category of employees,
- creating by people with disabilities organizations that make use of their skills (e.g.: social cooperatives).

The problem of these people may be, however, the lack of sufficient knowledge about opportunities and benefits of participation in social cooperatives, which may cause the persons to remain inactive on the labor market [Frączak 2006, p. 8]. According to the Office of the Government Plenipotentiary for Disabled People, in Poland there are approximately 4.7 million people with disabilities and in 2013 the activity rate among these people was only 27.3%. A slightly higher percentage of this activity can be observed in social cooperatives since there are currently approximately 1,080 such entities operating and about 38.4% of persons with disabilities among their founders [Rynek pracy].

Thanks to the setting up and running of social cooperatives, **people with disabilities can be occupationally activated** in various fields and forms, such as:

- self-employment understood as participation in a social cooperative as a founding member,
- adapting their working time and scope of work to their physical and mental abilities,
- increasing their self-esteem,
- improving the qualifications and skills enhancing competitiveness on the labor market,
- developing social and interpersonal skills, as well as group and teamwork abilities,
- the possibility of obtaining a steady income improving the quality of life,
- establishing relations, including business contacts.

In order to increase the role of social cooperatives in the activation of the disabled, not only financial resources are needed but also training to improve professional skills. Campaigns to improve the image of these people in the labor market, as well as assistance on the part of the state and public institutions, are also important [Gąciarz, Ostrowska, Pańków 2008, pp. 5-6]. At the local level, activities carried out by municipalities (gmina) and counties (powiat), as well as institutions such as the State Fund for Rehabilitation of Persons with Disabilities, play an important role. In this case, insufficient funds often form a barrier to initiatives undertaken [Długi 2011, p. 71].

5. Conclusion

Problems of people with disabilities are becoming increasingly apparent not only in the Poland but also in other European Union countries and around the world. Part of the solution to their problems is the development of institutions associated with a social economy, existing to combine social and economic objectives. Social cooperatives, designed to help people facing social exclusion, are its component.

Obtained financial resources and training have facilitated the establishment of such cooperatives. However, it would be helpful to simplify the rules, abolish or (at least initially) reduce the amount of fees and the number of documents that often make it impossible to start this particular business activity.

The very foundation of social cooperatives will not solve all the problems of people with disabilities as their activation requires intensive information campaigns about the possible forms of assistance and an increase in public funds for the support of institutions that help these people. Also, a change in the way employers perceive people with disabilities is essential to reduce unemployment among this group.

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LOGIT FUNCTION IN MARCOLOGISTICS, DETERMINANTS OF THE FUNCTIONAL

Ewa Kowalska-Napora

Faculty of Logistics, Opole University of Technology

Faculty of Logistics, WSB School of Banking in Chorzow

*I am dedicating this article to thoughtful people who love Poland,
who will do something for it eventually because I want
to save my little girl.*

1. Introduction – personally

I have decided to write this article for several reasons but the most important of them all was my daughter, for the only thing I can do is save my own child as I cannot save myself anymore.

It is difficult to define a single, principal aim of the article, but since it is necessary – you can find the principal aim and partial aims in this work.

The principal aim has been chosen by the author to be the presentation of negative value in a network through an interpretation of the notions and solutions within the sphere of marcologistics. Why precisely this aim and this scope of analysis?

It is no problem at all to find the questions concerning efficiency and added value in literature on the subject among numerous papers on economy. These questions are interpreted objectively or subjectively, through soft and hard elements of management; in a series of discussion and polemics it is not too difficult to deliberate on goods, profits or the improvement of companies' financial condition. At nearly every conference you can hear about the analysis of the economic growth tendencies, of course at some of them you can hear about the non-existent crisis which is being created artificially by the governments' microeconomic incapacity. Too high labour costs, pariatism, „social responsibility” which ruins an individual are taboo subjects, just as bad fiscal politics, the imposition of Social Security Institution (ZUS) costs upon the entrepreneur and the individual, property takeover in a plunderer style – right, you cannot talk about that. Because all deliberation within the scope of creating value has to be appeased and done in such a way that you do not expose yourself to any danger.

I have heard a lot of nonsense in my life but the words of one lecturer at one of the conferences would probably make it near the top of the list: “Poles have to earn little in order to make Poland attractive for western investors”. Is this the way in which value for Poland, for entrepreneurs or employees, is created? To make matters worse, there was an applause after this lecturer’s speech; is it possible that precisely this situation caused me to choose this scope of analysis as conditional reasoning? Or maybe is it that I simply do not treat the science of economy as empty talk but as something created to help people, not to negate their existence. Through negation and pointing out evil and the evil thinking, I want there to be good and I want *“Poles to live in dignity – always, not only after death”*.

Partial aim?

2. Functional and management precession

The innovative strategies of using opportunities are based on several essential processes and simple rules regulating them [Oblój 2007, pp. 151-166]:

- the first of these are executive rules (how-to-rules) which specify how the main processes are arranged in an organisation and what are the main decisive criteria;
 - the second are boundary rules, distinguishing the opportunities worth using from those the company should give up;
 - the third category are priority rules which set the hierarchy of importance of strategic aims;
 - the fourth set of rules concerns decision-making in time and it is aimed at synchronising the decisions and actions taken with given opportunities occurring in the environment;
 - the fifth set of rules concerns the criteria of resigning from action.
- In this regard we can talk about¹ [Kozuch 2011, p. 261]:
- technical-economic configuration – which is created by: R&D, purchase, production and sales;
 - social configuration, involving the types of relation between the members and the organisation, the dominant type of relation between the members and the qualities of the HR management in the organisation.

At the second approach, business architecture is a new view on shaping the business activity structures. The contract structures of a business activity are related to the following advantages² [Kozuch 2011, p. 262]:

- subordination limited to specific economic issues;
- full strategic freedom of choosing the subjects of cooperation;
- competition effect;
- possibility of economic effects optimisation;
- efficient influence provided the contract was phrased properly.

The theory of perspective distinguishes two phases of decisive processes: the edition phase and the evaluation phase. The edition phase consists of various operations determining the phrasing of the problem by the decision-maker. The evaluation phase encompasses two elements: value assessment and chance assessment. Value assessment is not defined on the end levels of wealth but rather on the changes in the decision-maker's resources [Tyszka 2010, p. 222], (Fig. 1).



Fig. 1. Dear grandpa, you need me so that you can love me, not so that I do not have a chance for normality

Source: own interpretation.

In the prospect theory, functional is a given constant, an axiom, an indicator of our action. On this basis the choice criteria are determined. In the ontological sphere it will be love, freedom, self-determination, in the fractal sphere it will be income, measurement deviations analysis in a small time increment [Kowalska-Napora 2012a, p. 128]:

$$Sdet(x,y) = arg(x,y)[*] \quad (1)$$

In typing the solution according to criteria x,y , functional S determines the solution typing argument according to these variables [see: Tkaczyk, Głazewska 2010, pp. 33-69].

The result of the logistic regression function is the assessment of probability of a given occurrence p in the Bernoulli distribution, where: 1 – danger, negation; 0 – a positive situation. At the beginning, an essential question needs to be answered: whether to decide or not necessarily? (Fig. 2).



Fig. 2. Decision process in a situation with no chance for a positive outcome
Source: <http://www.google.pl/imgres...>

A solution for functional S would be functions $x(t)$ for which the functional is stationary, meaning the Lyapunov exponent in growth trajectory typing does not have a known continuum in the search for the deviations' extremum.

In the most cases the existance of a measurement function, which is a measure in a logical sense, does not give you a full reference to the measured value and numbers are pseudopointers not informing about anything [Stachowski 2000, p. 98-99], (Fig. 3).



Fig. 3. Field extrapolation through a functional, mom, don't worry, I'll provide
for the whole country
Source: own elaboration.

At any moment, assuming that time can be a determinant of statics, value $x(t)$ takes on a given constant; when you compare two systems at any time, the values at a given moment in given frames of reference are different. A functional which is constant and equal to 0 determines the increase level of x_1 and x_2 in the time function. Shifting points x accompanied by a minimal change of S determines reaching the extreme. While comparing the value changes of $x(t)$ you can assess the influence of S , the incremental value t on the estimated quantities. In relational systems the above allows to define the changes in the profit/investments sphere for respective systems.

In value management, there are measurable, unmeasurable and relatively measurable elements but the total value depends on those which contain elements created in a strategic dimension [Kowalska-Napora 2010b, pp. 104-117]. Financial accelerators are one thing, however the fundamental measure in assessing the possibility of creating value in economic phenomena are relations, and profit is a part of added value in practical conditions [see: Balcerowicz 2012].

3. Logit in marcologistics interpretation

Poles were forbidden to speak, and especially in their mother tongue (fig. 4).



Fig. 4. I am selfish, I want to play with all children and I want them to have the strength for it

Source: own interpretation.

...right, not only Syria, China, India, for we have different hair and skin but we are the same – both girls and boys. They are dying because...? But in Poland, too..., there is no common denominator, why (?) I was very lucky to be born in Europe and to be “a Slav, and I have frickles after Pippi Longstocking”. Nobody will circumcize me or take my childhood away... and there won't be any pain inside me... I think... because I live in Villa Villekulla²⁰?

I have a great idea, Pippi: let's be honest and respect other people's efforts and let's not say that “Poles have to earn little in order to make Poland attractive for foreign investors”.

Pippi Longstocking would say: “I am rolling up the tablecloth and throwing it away, and Mr. Nilsson will find a new Villa ‘Not-so-funny’ for me, because I don't want to give birth to children for the Social Insurance Institution and function on the verge of bankruptcy as a company”.

„So let's not roll up the tablecloth with the dirty dishes but let's wash them”, Mr. Nilsson would say and he would add, „let us live in Villa Commonsense” (Fig.5).

Horse Alfonso was sitting with his head hanging low, for his advices did not work well for Pippi Longstocking if she wanted to roll up a tablecloth with dirty dishes.



Fig. 5. Freedom degrees and development options

Source: own interpretation.

In the category of strategy and simple rules, K. Oblój is typing the following presumptions [Oblój 2007, p. 165]:

²⁰ Villa Villekulla – the house of Pippi Longstocking from the novels by Astrid Lindgren – was translated into Polish as „Willa Śmiesznotka” which could be translated back as „Villa Hilarity”. The original Swedish name is believed to be a mix of „villervalla” (mess) and „kulle” (low hill).

1. The essence of building competitive advantage is the ability of using short-lived opportunities.
2. Effective competing on contemporary markets requires innovative strategies.
3. A strategic plan should:
 - create value (constant advantage),
 - be coherent and repeatable,
 - be difficult to imitate.

As S.P. Robbins puts it, a line segment is the shortest path between two points. In a similar way, rationality outlines the shortest way from the place you are at to the place you want to be at [Robbins 2005, p. 16]. The decision sphere is shaped n-dimensionally in the same infinite number of dimensions. Within the area of an acknowledged and limited but infinity-approaching sphere, there are several or an infinite number of objective functions. Their number, the degree of their relations and suppression, as well as the characteristics of their descriptive parameters depend on the frame of reference and the parameters themselves [Kowalska-Napora 2010a, pp. 35-47, 2008, pp. 78-80, 2006, pp. 248-254, 2011, pp. 170-184, 2012a, pp. 115-133, 2012b].

It is an important task in the process of strategy building on multiple structural levels to determine the objective functions or their set [Krawiec 2001, p. 13, Collins, Porras 2003, p. 140, Kowalska-Napora, Budzik 2010, p. 27, Pfeffer 2011, p. 48].

The constraints of conventional mathematics, drawn from its certain inconsistency with the human way of thinking, allowed for the development of many-valued and informal logic [Kacprzyk 2004, pp. 20-21]. Stating that given logical rules are in some way inscribed in our mind seems to be only a simple generalisation arising from its intuitive obviousness; the functionalism adopted in cognitive psychology assumes that the mind is a “device” performing operations on symbolic structures [Mackiewicz 2000, p. 39], (Fig. 6).



Fig. 6. Fiction is good fun
Source: own elaboration.

At that moment Horse Alfonso waggled his tail and barked back: „give birth to more children so you will die sooner and your children won't have to provide for you"? And Pinocchio confirmed he was right, as a sign he was a wooden man again and as a child he would prefer Messrs. Nilssons instead of the good-hearted Geppetto. There was a loud standing ovation, Pinocchio has a point, we want to have long noses, too... instead of being a Zombie, it is better to be made of wood... right, better of gold – and a dispute sparked off in which everybody was shouting the rest.

Alice of Wonderland was standing there worried what would happen to her, if she would turn into gold or wood or become dead alive, or maybe she would go back to the world of flowers just so she would not hear them, because Pippi had long gone away and she could not offer her help or comfort.

And this is how the story about Villa Villekulla and the lack of respect for yourself ends. Absurdity or an absurd story? Oh Lord, I am sad.

4. Conclusion

What are the chances for development of Polish entrepreneurship in the years 2014-2020? None if the Social Security Institution and pariatism still exist, if there are still taxes for everything and in everything, the “individual's pseudoresponsibility” to provide for “everyone and everything” – the Polish nation does not have a chance even for vegetation.

If I hear extreme lack of respect for my own nation and plaudits for this lack at a conference in the world of scientists, I dare say that Pippi Longstocking only has a chance to live in Villa Bankruptcy. Is there a crisis? Yes, although not the one people are talking about but the one which is the subject of this article. What are the chances for economic growth of the member states and for entrepreneurship growth within the EU?

In the modern world where we are responsible for so many things, where we have so many attractive choice options and where at the same time we have to face up to so many expectations without getting distracted, achieving balance may seem like a dream impossible to come true [Whithworth and others 2010, p. 31].

Every change occurring around us causes an avalanche of events. We are facing another challenge, now that good has won, and this freedom changes the meaning of the article and the sense of value classification. If I started writing it now, Alice of Wonderland is in Wonderland and the Queen of Ice will not create Horse Alfonso. Let us hope. I will not kill my own child for a flower of illusion.

So Mrs. Tymoszenko will rise from the wheelchair and Alice will give her a flower from an orange tree... it only depends on us...

What was the aim of the article?... To save Alice.

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Students' Scientific Society "People-Business-Technologies"

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We kindly invite you to cooperate!

Contact:

Students' Scientific Society
"People-Business-Technologies"
Department of Management,
Lodz University of Technology

Piotrkowska 266, 90-924 Lodz

Phone: +48 42 631 37 62

fax : +48 42 636 28 24

www.lbt.p.lodz.pl

www.facebook.com/KNLBT

e-mail: lbt@info.p.lodz.pl



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SUMMARY IN POLISH

Marek Matejun

Małe i średnie przedsiębiorstwa od wielu lat zajmują istotne miejsce w strategii rozwoju społeczno-gospodarczego Unii Europejskiej. Wynika to z faktu realizacji przez te podmioty wielu ważnych funkcji związanych m.in. ze znacznym udziałem w tworzeniu dochodu narodowego i nowych miejsc pracy, wprowadzaniu innowacji i wielu innych efektów wpływających pozytywnie na poziom konkurencyjności gospodarki europejskiej. W celu zapewnienia korzystnych warunków rozwojowych dla firm sektora MSP na szczeblu centralnym Unii Europejskiej oraz na poziomie poszczególnych krajów i regionów są opracowywane liczne programy pomocowe konkretyzowane w postaci określonych instrumentów wsparcia dostępnych dla najmniejszych podmiotów gospodarczych.

Wiele takich działań miało miejsce w **latach 2007-2013**, kiedy to koncentrowano się na tworzeniu sprzyjających warunków dla wzrostu konkurencyjności gospodarki opartej na wiedzy i przedsiębiorczości, zapewniającej wzrost zatrudnienia oraz poziomu spójności społecznej, gospodarczej i przestrzennej. Środki finansowe przeznaczone na te cele pochodziły z trzech głównych funduszy unijnych: Europejskiego Funduszu Rozwoju Regionalnego (EFRR), Europejskiego Funduszu Społecznego (EFS) oraz Funduszu Spójności. Dodatkowo angażowano środki publiczne, a przedsiębiorcy mieli możliwość m.in. aplikowania o dofinansowanie projektów inwestycyjnych w ramach wielu programów tematycznych. Okres ten przyczynił się do realizacji szeregu inicjatyw rozwojowych, wzmocnienia potencjału wielu małych i średnich przedsiębiorstw oraz instytucji otoczenia małego biznesu. Z drugiej strony w ramach podsumowań zwraca się często uwagę na niedostateczne przygotowanie wielu firm sektora MSP do absorpcji wsparcia unijnego oraz krytykuje się niejednokrotnie kierunki wykorzystania środków publicznych.

Obecnie Unia Europejska wchodzi w nowy okres programowania **obejmujący lata 2014-2020**, który wiąże się z realizacją założeń strategii Europa 2020. Perspektywa ta wiązać się będzie z możliwością udziału przedsiębiorców w wielu projektach oraz wykorzystania szeregu instrumentów wsparcia, zarówno o charakterze finansowym, jak również pozafinansowym. Podobnie jak w latach poprzednich wymagane będzie tu jednak podjęcie

określonych przedsięwzięć i nabycie specyficznych umiejętności przydatnych w działaniach zmierzających do absorpcji unijnego wsparcia. Jednocześnie wykorzystanie potencjału otoczenia w perspektywie 2014-2020 będzie wiązało się ze zmianami warunków funkcjonowania i rozwoju wielu europejskich, małych i średnich przedsiębiorstw.

Tej właśnie problematyce poświęcono niniejszą monografię. **Jej celem** jest prezentacja, analiza i ocena wybranych zagadnień, które, zdaniem autorów, będą miały istotne znaczenie dla procesów rozwojowych małych i średnich przedsiębiorstw w perspektywie 2014-2020. Na książkę składa się czternaście rozdziałów, które zostały podzielone na trzy wyodrębnione tematycznie części.

Pierwszą część poświęcono zewnętrznym warunkom rozwoju małych i średnich przedsiębiorstw w najnowszej perspektywie strategicznej Unii Europejskiej. Rozważania rozpoczęto od prezentacji kryteriów definicyjnych, roli społeczno-gospodarczej oraz historii przebiegu procesów rozwojowych firm sektora MSP w Polsce. W kolejnym opracowaniu zwrócono uwagę na znaczenie współpracy z instytucjami otoczenia biznesu, oferującymi różnorodne formy i instrumenty wsparcia dla najmniejszych podmiotów gospodarczych. Przykładowe rozwiązania z tego zakresu przedstawiono w kolejnych trzech rozdziałach. Zaprezentowano w nich wybrane źródła finansowania oraz programy pomocowe dla firm sektora MSP w ramach perspektywy 2014-2020, a także zasady i możliwości wykorzystania współpracy z inkubatorami przedsiębiorczości w procesach rozwojowych małych i średnich przedsiębiorstw.

W drugiej części monografii zwrócono uwagę na wyzwania i zmiany w systemach zarządzania, które w znacznym stopniu determinować będą funkcjonowanie firm sektora MSP w najbliższych latach. Podkreślono tu rolę kapitału ludzkiego, który wobec ograniczeń zasobowych najmniejszych podmiotów gospodarczych będzie stanowić jeden z kluczowych czynników budowania przewagi konkurencyjnej tej kategorii przedsiębiorstw, szczególnie w warunkach gospodarki opartej na wiedzy. W kolejnym rozdziale zidentyfikowano i poddano ocenie najważniejsze stymulatory biznesu rodzinnego, a następnie zwrócono uwagę na wzrost znaczenia zarządzania międzynarodowego oraz logistycznego dla małych i średnich przedsiębiorstw.

Ostatnią, **trzecią, część** monografii poświęcono wybranym uwarunkowaniom budowania konkurencyjności firm sektora MSP. Zwrócono w niej uwagę na znaczenie kultury organizacyjnej jako istotnego czynnika implementacji koncepcji lean management. Następnie zaprezentowano korzyści wynikające z realizacji projektu finansowanego dzięki środkom europejskim z Regionalnego Programu Operacyjnego województwa łódzkiego, który został wdrożony w wybranym przedsiębiorstwie z branży poligraficznej. Przedstawiono także charakterystykę i rolę stosunkowo nowej formy organizacyjno-prawnej, jaką stanowią spółdzielnie socjalne, w realizacji zadań społecznych na rzecz aktywizacji zawodowej osób niepełnosprawnych. W ostatnim opracowaniu zaproponowano natomiast niekonwencjonalne i bardziej swobodne rozważania

na temat efektywności działania współczesnych przedsiębiorstw, budowania ich wartości oraz wykorzystywania okazji w rozwoju aktywności innowacyjnej.

Monografię kierujemy przede wszystkim do menedżerów i właścicieli małych i średnich przedsiębiorstw, a także studentów i słuchaczy studiów podyplomowych kierunków biznesowych. Wyrażamy jednocześnie nadzieję, iż pozycja ta znajdzie również uznanie w środowisku naukowym, wzbogacając debatę na temat nadchodzących wyzwań w zarządzaniu rozwojem małych i średnich przedsiębiorstw oraz inspirując do dyskusji i prowadzenia dalszych prac badawczych w tym zakresie.

