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## **From the Editorial Committee**

We are giving you the next 23rd (4/2016) issue of the Scientific Journal of the Faculty of Management at the Rzeszow University of Technology entitled "Humanities and Social Sciences".

The aim of the Publisher is to raise the merits and the international position of the quarterly published by the Faculty of Management, that is why we are still developing the cooperation with foreign team of reviewers, as well as an international Scientific Council.

The Editors have also attempted to apply for international databases, currently the quarterly HSS is indexed in **Index Copernicus Journal Master List**, **The Central European Journal of Social Sciences and Humanities (CEJSH)** and **ERIH PLUS**.

The articles published in this publication are devoted to the broader issues of the humanities and social sciences. They are the result both of theoretical and empirical research. The covered subjects vary considerably, reflecting the interdisciplinary nature of the Journal. We do hope that the published papers will meet your kind interest and will be an inspiration to further research and fruitful discussions.

On behalf of the Editorial Board of "Humanities and Social Sciences" we would like to thank the Authors for sending the results of their research. We would like to express particular gratitude to the Reviewers for their valuable feedback that greatly contributed to increasing values of the scientific publications.

With compliments  
*Editorial Committee*



Piotr ADAMCZEWSKI<sup>1</sup>

## **KNOWLEDGE TRANSFER AND INNOVATION SUPPORTAS EXEMPLIFIED BY WIELKOPOLSKI ICT CLUSTER**

The global economy in the era of information society is characterised, among other, by changes within new organization models of business relationships. The development of information processing technologies is strongly correlated to new tools of the management process support. The operation of modern organizations within the global economy necessitates the adaptation of management methods and development strategies to new business conditions at the stage of digital transformation, which is gaining momentum at present. Solutions of the Information and Communication Technology (ICT) are the foundation of modern economic organizations in a knowledge economy. This is the case in particular in intelligent organizations, for which the advanced ICT infrastructure is the *sine qua non* condition for the effective knowledge management. This article presents the circumstances of the origin and operation of the IT sector cluster, as shown by the example of the Wielkopolski ICT Cluster, which is an outstanding project of this type in Poland. After the presentation of the core and features of the cluster, the achievements of WKT have been described in supporting innovation; moreover, the development directions have been identified in the context of internal and external determinants. The paper discusses the principal challenges in polish enterprise in form of clusters in the information society era. The second part of the article presents the results of Wielkopolski ICT Cluster.

**Keywords:** cluster, ICT, innovation, SME, information society.

### **1. INTRODUCTION**

Changes of the business environment force modern organizations of the information society era to initiate adaptation mechanisms. The global economy is characterised, among other, by changes in the new models of organising business connections between enterprises. Such changes may imply the establishment of relations above their borders with the construction of networks of organizations and processes, which combine all participants of delivery chains, down to an end receiver. The advanced Information and Communication Technology solutions play an especially important role in this respect, being a basic factor of business competitiveness in introducing all types of innovation and knowledge transfer.

The purpose of this article is to show the circumstances of the establishment and the operation of the IT cluster, as presented by the example of the Wielkopolski ICT Cluster, which is among the best solutions of this type in Poland in the area of supporting the transfer of knowledge and innovation.

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## 2. CLUSTER PURPOSE AND CHARACTERISTICS

The explanation of cluster origin may be found generally in two dimensions:

- searching for the benefits of scale – internal and external advantages of scale coming with the positive external effects;
- the reduction of transaction costs – geographic and cultural costs of transactions together with costs of searching for information and knowledge.

The literature includes numerous cluster definitions<sup>2</sup>. For the purpose of this analysis, it is assumed that a cluster is a group of enterprises in adjacent geographic locations together with related institutions that are involved in a specific activity, connected due to their similarities and complementary.

The conditions for a cluster establishment are as follows:

- high intensity of businesses in an area;
- a large number of enterprises that conduct the same or substitutive activity;
- the occurrence of links (formal or informal) between enterprises, e.g. within subcontracting, cooperation, and outsourcing;
- the occurrence of a certain level of specialization;
- access to a research and development zone;
- access to human resources, suitable for the needs of a cluster;
- access to capital resources, originating primarily from the regional banking system.

The characteristic feature of industrial clusters is that enterprises that are gathered in them compete against each other, but also cooperate in the areas where it is possible to produce the effects of synergy in their joint actions (e.g. shared research and development work). Competition does not exclude mutual and beneficial interactions with other enterprises, and may become the drive for their development. This phenomenon is described as the cooperation in management. Such a situation is possible when the concentration of resources and competences specific in the sector reaches a critical mass, where a cluster becomes an attractive centre that gathers further resources around it. An example of this effect is the Silicon Valley, US, where the development of the IT sector has attracted the best computer experts from all over the world, making IT businesses located in that area increase their advantage over competition.

In the network of cluster connections, in addition to enterprises, there are also institutions and organizations, such as scientific centres, research and development units, and private organizations. Such a situation unlocks a major innovation potential of this organizational and spatial form of industry. The mutual connections between individual entities are often informal and are partly based on the high turnover of personnel inside a cluster.

The synergy effect of an industrial cluster involves primarily:

- know-how diffusion and personnel turnover within a cluster;

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<sup>2</sup> R.Golej, *Innowacyjność przedsiębiorstwa a jego uczestnictwo w klastrze technologicznym*, [in:] *Prywatyzacja, efektywność i finansowanie przedsiębiorstw*, ed. J. Duraj, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2010, p. 34; M. Gorynia, B. Jankowska, *Klastry a konkurencyjność i internacjonalizacja przedsiębiorstw – wyniki badań empirycznych*, [in:] *GOW – wyzwanie dla Polski*, ed. J. Kotowicz-Jawor, PTE, Warszawa 2009, p. 56; K. Miszczak, *Polityka rozwoju oparta na klastrach w przestrzeni kreatywnych aglomeracji*, [in:] *Dylematy rozwoju lokalnego i regionalnego na początku XXI wieku*, eds. S. Korenik, A. Dybała, Wydawnictwo Uniwersytetu Ekonomicznego, Wrocław 2010, p. 77.

- the increased productivity in a cluster owing to focusing resources;
- openness to innovation and the capacity to absorb it;
- attracting new resources and enterprises.

The synergy effects are also closely related to social trust or even social capital. The well-developed social environment is conducive to the atmosphere of trust in interpersonal contacts, especially business ones. Such trust significantly mitigates risks, which is particularly important for small businesses with few capital resources and low potential to influence its counterparties.

The following features are the basic characteristics of a cluster:

- relationships – the activity of cluster participants has to be targeted on a shared objective, to be able to take an advantage of their interaction;
- geographic proximity – cluster members have to operate nearby, so that there are the positive effects of penetration and use of the same resources;
- interaction – the mere geographic proximity or being oriented on a common goal is not sufficient – the interaction between entities is necessary;
- the number of entities – interactions have to take place among the sufficiently high number of participants, a so-called critical mass;
- interdependence – the relationships are based both on competition and partnership,
- high growth – the participants of a cluster feature high growth;
- export-oriented – a large number of participants sell their products and services outside a region or country.

According to the standard of the European Commission, the list of cluster attributes is as follows<sup>3</sup>:

- members cooperate and compete against each other within a traditional or modern sector;
- there is a perceptible geographic focus in one or several regions;
- participants specialise in a specific sector and use shared technologies and skills;
- there is a cluster coordinator as an institutionalised characteristic.

Advantages derived by businesses from joining a cluster may be specified as follows<sup>4</sup>:

- access to specialised and advanced resources, such as key skills and venture capital – in general such access increases the competitive capital;
- access to specialised suppliers, services and infrastructure, which usually raises the competitive capital as well;
- access to demanding customers, whose needs anticipate the changes on the international market, which generally enhances the competition strategy;
- the proximity of market rivals, who fight for the sector leadership, which also improves the competition strategy in general;

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<sup>3</sup> J. Staszewska, *Wykorzystanie klasteringu dla sukcesu rynkowego przedsiębiorstwa*, [in:] *Przedsiębiorczość, rozwój, zarządzanie*, ed. R. Barcik, G. Biesok, M. Jakubiec, Wydawnictwo Naukowe Akademii Techniczno-Humanistycznej, Bielsko-Biała 2010, p. 98; *Trendy rozwojowe inteligentnych organizacji w globalnej gospodarce*, Wydawnictwo PARP, Warszawa 2009, p. 123.

<sup>4</sup> D. Wyrwa, *Wpływ klastrów na konkurencyjność i innowacyjność regionów*, [in:] *Przedsiębiorczość, innowacyjność, foresight. Aspekty ekonomiczne, społeczne i ekologiczne*, ed. L. Woźniak, Oficyna Wydawnicza Politechniki Rzeszowskiej, Rzeszów 2008, p. 59.

- the closeness of related innovative sectors and institutions that support or are related to them – this feature also raises the competitive capital.

### **3. CHARACTERISTICS OF WIELKOPOLSKI ICT CLUSTER (WIELKOPOLSKI KLASTER TELEINFORMATYCZNY (WKT))**

The Wielkopolski ICT Cluster is the shared initiative of the City of Poznań, the IT Institute of the Poznań University of Technology, the Poznań Supercomputer Network Centre, and IT businesses from the Poznań area. The cluster gained the form of an association in March 2008. The activity of the cluster is targeted at<sup>5</sup>:

- scientific and research centres – ICT partnership; assistance in the commercialization of scientific studies; support in writing and coordinating large EU projects;
- ICT enterprises – facilitating the selection of technology partners; contacts with key players in the sector; support in market analyses, marketing and promotion; representing businesses on the national and European forums;
- administration entities – the technical verification of ICT concepts; developing feasibility studies; consulting in the selection of technologies and specialist ICT knowledge;
- ICT users – the collaboration in testing pilot solutions; assistance in the selection of technologies and technology partners.

The cluster became incorporated only a few months after the start of the formal cooperation. An association has been selected as an organizational legal form. This formula has numerous advantages, facilitating the collaboration among businesses. The association determines its objectives by itself, together with activity programmes and organizational structures, and adopts its by-laws that govern its operations. However, the most important advantage of this form of organization from the perspective of businesses is that its members do not assume any material liabilities. This aspect is particularly important when most WKT entities are micro and small enterprises, which are unwilling to join any initiatives that require their financial involvement. The cluster is a non-profit organization, and all income generated by its activities is dedicated to the fulfilment of its statutory objectives.

The WKT mission can be described as the establishment of cooperation foundations of the academics, businesses, and local government authorities within ICT. Our vision is the dynamic growth of ICT enterprises from the Wielkopolska region, based on the knowledge of research and development centres. To this purpose, we support the construction and performance of ICT implementation projects and try to internationalise the innovative products and services developed in consortia.

Members of the Cluster, including the Poznań University of Technology, the Poznań University of Economics, and the Poznań Supercomputer Network Centre, offer a substantial competence and computing back-up. At present, there are 67 ICT businesses among the Cluster members (including four big and seventeen medium enterprises). A large part of the members have taken part in the eight large shared innovation projects implemented so far, including with the use of own resources and, mostly, EU funds.

The cluster organises minimum two large sectoral events per year. For example, the ICT Wielkopolska Science and Technology Conference was held together with the Mayor

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<sup>5</sup> [www.wklaster.pl](http://www.wklaster.pl).



of the City of Poznań, and it attracted considerable interest – see Table 1. Businesses from the cluster regularly attend foreign economic missions and fairs, e.g. CeBIT in Hanover. In October 2011, WKT organised a prestigious international fair, Future Internet Assembly, held in Poznań by the European Commission in connection with the Polish presidency of the European Union.

The growth of the cluster by gaining new members is a part of its development strategy and proves its openness. WKT is among some of the largest such organizations in Poland, and is ranked in the group of organizations with up to 5,000 employees. This is due to the cluster structure, which is dominated by micro- and small enterprises. The mentality of such entities is often one of the main factors that inhibits the growth of the cluster, because of the low trust level and the lack of a collaboration vision.

Enterprises that belong to WKT operate primarily in the IT and telecommunication sectors, delivering modern hardware and software solutions, also for the public administration, the banking and medical sectors.

The Poznań City Office was among the initiators of the cluster establishment. It supports its operations and development actively, both in terms of finance and through promotion. The cluster has been invited to the consultation on the development strategy of the city of Poznań, which results from the policy adopted by the City Office of supporting the innovative ICT sector. The fact that the initiative of establishing the cluster did not come from entrepreneurs directly, could pose certain hazards at first, due to the lack of interest among businesses if there were no potential external funding of shared activities, e.g. with EU funds.

#### **4. PRACTICAL ACTIVITIES OF WKT**

The important achievements of WKT from the perspective of several years of its activity have been presented in Table 1. The cluster offers its services in the following sectors:

- ICT in administration;
- new media;
- a medical section,
- telecommunication;
- business management;
- knowledge management;
- banking applications.

The project entitled Information and Computing Technologies Research Driven Cluster in Wielkopolska Province was aimed at initiating and strengthening the process of developing the organizational structures of WKT. The project was financed with the EU funds of the seventh framework programme. The mission of the project was to integrate ICT businesses and scientific centres from this sector to develop and implement innovative technologies and products in order to raise the economic competitiveness of the City of Poznań and the Wielkopolski Region. The detailed objectives of the project were as follows:

- to develop effective paths of preparing a group of new original technologies and final products, promoted as the ‘regional speciality’;
- to formulate the policy of reliable and effective cooperation among the partners in the cluster;

- to create the scope of cooperation between science and business and to determine the demand of ICT business for scientific and development work and new technologies;
- to develop a consulting support system for the businesses active in the cluster;
- to establish an effective mechanism of promoting innovation and products offered by the cluster to external partners.

Table 1. Calendar of essential events at WKT

<b>Date</b>	<b>Event</b>
June 2015 March 2014 July 2013 June 2013	ICT Inspirations Conference – opening to new sectors; Benchmarking Seminar of PARP-Deloitte; ENOLL Exhibition in Manchester Recruitment to the second edition of the coaching-consulting session dedicated to entrepreneurs from the SME sector in Wielkopolska
March 2013	Attending CeBIT 2013fair – the shared stand of the Cluster members and the Wielkopolski Region
April 2012	Poznań Entrepreneurs Days with WKT participation
March 2012	Attending CeBIT 2012fair – the shared stand of the Cluster members and the Wielkopolski Region
October 2011	International exhibition Future Internet Assembly
September 2011	Participation of WKT in the Wielkopolski Clustering Conference
June 2011	The establishment of the consortium of the Poznań Supercomputer-Network Centre and ITTI Sp. z o.o. within ICT security
March 2011	Attending CeBIT 2011 fair – the shared stand of the Cluster members and the Wielkopolski Region
November 2010	Enlarging the Cluster membership to 70 organizations, including 47 ordinary and 23 supporting members
October 2010	2nd ICT Wielkopolska Conference: ‘New Forms of ICT Business Collaboration with the Public Sector’
March 2010	Attending CeBIT 2010 fair – the shared stand of the Cluster members and the Wielkopolski Region and the City of Poznań in hall 9 Future Park
January 2010	1st ICT Wielkopolska Conference: ‘Science Stimulated Business. Developing Market Advantage owing to Innovative ICT Technologies’
January 2009	Start of the ‘ICT Wielkopolska’ project aimed at developing the organizational and programme foundations of WKT and the stocktaking of ICT potential in Wielkopolska
March 2008	The founding meeting of 46 members to establish WKT

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

The project tasks have been determined as follows:

- the effective coordination of the project in terms of organization and finance, resulting in the training of personnel who will manage the cluster office in the future;
- reaching a diagnosis of the research potential of the cluster – by establishing a database of present and planned innovation projects, determining the potential

directions and areas of cooperation between science and business, in the implementation of the shared research and development projects;

- developing a competence map of the cluster, by creating a regional portfolio of ICT businesses and conducting the SWOT analysis for the cluster;
- developing the commercialization paths for the new technologies created within the cluster, e.g. by making a diagnosis of technological needs among ICT businesses interested in new solutions and developing the policy of protecting intellectual property;
- the promotion of the cluster and the project outcome, e.g. by creating the cluster brand and the establishment of the cluster portal.

The main expected result of the project was to establish the effective integration platform for the Wielkopolski ICT Sector within the shared research projects and the use of their results and promotion of the Polish and European ICT solutions.

The objective of another project, “Wielkopolska Broadband Network”, is to provide the common, fast, and safe access to knowledge, electronic services, and information offered over the Internet, in particular in rural areas and in small towns, to the local communities, entrepreneurs, and public organizations in the Wielkopolskie Voivodeship.

The SWOT analysis<sup>6</sup> can be presented as follows based on the six-years’ history of WKT (according to the present studies of the management board and the author, as one of the WKT founders)<sup>7</sup>:

Strengths:

- intense concentration of ICT sector businesses on a relatively small area (better cooperation potential);
- major scientific back-up facilities available to the cluster;
- the availability of qualified personnel;
- a strong position of the cluster in the region (the only cluster with this business profile in Wielkopolska);
- shared marketing activity in TV, press, and on the Internet;
- the laboratory potential available to the cluster;
- the participation of the cluster in international fairs (the potential to present the cluster, and exchange market information);
- the personal involvement of active people interested in the cluster development (in particular, the coordinator);
- the membership fees paid to the association by its supporting members;
- the close cooperation with research and development centres.

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<sup>6</sup> S (Strengths), W (Weaknesses), O (Opportunities), T (Threats). The strengths and weaknesses include the internal conditions of the cluster, and opportunities and hazards concern external conditions, which are out of the cluster’s control, as well as internal determinants, which may present a development opportunity or its limitation in the future.

<sup>7</sup> *Benchmarking klastrów w Polsce*, PARP, Warszawa 2010, p. 62; S. Olko, *Zarządzanie procesami transferu technologii w klastrach regionalnych*, [in:] *Restrukturyzacja w obliczu nowych wyzwań gospodarczych: zarządzanie – strategia – analiza*, ed. R. Borowiecki, A. Jaki, Wydawnictwo Uniwersytetu Ekonomicznego, Kraków, p. 44.

## Weaknesses:

- no written strategy that defines the cluster objectives in the coming years;
- a low market activity of the cluster (no shared orders in the areas where they would be possible);
- poor communication and information exchange among cluster members;
- no awareness among all cluster members of the benefits that stem from cooperation;
- major differences between research interests among cluster participants, which prevent working on shared technologies;
- no comprehensive studies concerning the resources of the cluster;
- a small number of implemented projects;
- no competences in the technology transfer.

## Opportunities:

- the considerable development potential of the sector in which the cluster operates;
- the potential fulfilment of shared orders of services by cluster participants, e.g. banking services, telecommunication;
- the establishment of the technology transfer centre;
- commencing the international cooperation;
- the market expansion opportunities;
- promoting the brand;
- activities that lead to the specialization of enterprises that belong to the cluster (the division of activities within task forces);
- the support for the activity and development of the cluster among public authorities, in particular the Poznań City Office;
- the well-developed infrastructure.

## Threats:

- a change of the public finance direction and the discontinuation of supporting the cluster by public authorities;
- being dependent on public finance;
- limited access to funding from institutions of the business environment;
- 'brain drainage' and the outflow of talented young people to other regions;
- the failure of organising the effective process of technology transfer;
- the competition from other clusters with a similar business profile.

According to the analysis of the present activity of WKT, the following general conclusions may be drawn<sup>8</sup>:

- the following **positive** aspects of the WKT operation can be identified:
  - the cluster is among the young but very promising clusters in Poland. The achievements of last years make WKT a leader of Polish clusters;
  - the visible successes of the cluster are appreciated, such as shared projects and visits to international fairs of the sector;

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<sup>8</sup> P. Adamczewski, *Transfer wiedzy dla wielkopolskiego sektora MSP w perspektywie strategii i-2010*, [in]: *Transfer wiedzy i funduszu europejskich do sektorów gospodarki krajów UE*, ed. J. Stacharska-Targosz, J. Szostak, Wydawnictwo Wyższej Szkoły Bankowej w Poznaniu, Poznań 2010, p. 235; *Benchmarking*, op. cit., p. 122.

- some of the best practices applied by WKT include the close cooperation with the research and development sector and the public sector;
- the following drawbacks of the WKT operation can be identified:
  - the tangible benefits from the cooperation are not appreciated;
  - weak communication within the cluster;
  - no sources of funding for the cluster operation;
  - no written strategy of the cluster activity or development;
  - difficulties in the organization of technology transfer.

Therefore, it is becoming expedient in a longer term to consider the possibility of becoming independent of the external sources of funding, e.g. by gaining a financial institution as a cluster member. Another important element is to raise the awareness of the benefits that come from cooperation (also in the international dimension), the development of the shared system of ordering services and the creation of the information exchange network. However, for this purpose it would be necessary to reinforce the area of technology transfer and formulate a precise strategy of WKT operation and development based on the shared business processes.

## 5. CONCLUSIONS

The demand for ICT technologies that support business processes of the knowledge economy keeps growing significantly, and this trend will continue in the years to come. Therefore, the clustering phenomenon in the Polish economy has a good chance to prove its advantages in such processes, in particular within the support of innovation and knowledge transfer. Therefore, the following conclusions may be reached:

- the concept of clusters is an example of enriching the classical state-supported market regulation with the elements of cooperation;
- the concept of clusters does not eliminate, however, the existence of the mechanism of rivalry and selection that is characteristic for the market economy; a cluster may be described in general terms as the “cooperation island in the ocean of competition”;
- in modern market economics the market remains a rule, to which exceptions are made (compromising the rule); for example, in the form of clusters of collaborating organizations; however, such clusters are established in order to gain the competitive advantage over other organizations or clusters;
- the concept of a cluster supplements the missing element of the neoclassical economics and the development of an important thread of the new institutional economics – it introduces the element of trust to business partners into the analysis.

The progressing globalization of economy poses new challenges to enterprises. On the one hand, it requires higher efficiency, and on the other hand it discloses the potential of reinforcing own resources of knowledge and skills owing to the specialization and know-how that comes from the global intellectual system. The competitiveness and growth in economy are related directly to the growth of local innovation capacities as well as the availability of global resources. Clusters emerge as important forms of collaboration in knowledge transfer and innovation. The Wielkopolski ICT Cluster is an example of such a cooperation.

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**TRANSFER WIEDZY I WSPIERANIE INNOWACYJNOŚCI  
NA PRZYKŁADZIE WIELKOPOLSKIEGO KLASTRA  
TELEINFORMATYCZNEGO**

Globalna gospodarka w dobie społeczeństwa informacyjnego charakteryzuje się m.in. zmianami w zakresie nowych modeli organizacji powiązań biznesowych przedsiębiorstw. Rozwiązania ICT (*Information and Communication Technology*) stanowią podstawę nowoczesnych organizacji gospodarczych. W szczególności dotyczy to nowoczesnie funkcjonujących organizacji, dla których zaawansowana infrastruktura teleinformatyczna jest warunkiem *sine qua non* sprawnego działania z wykorzystaniem rozwiązań z zakresu zarządzania wiedzą. Zmieniające się dynamicznie uwarunkowania rynkowe wymuszają na organizacjach sięganie po nowe formy współdziałania, do których można zaliczyć organizację klastrów.

Wyjaśnianie powstawania klastrów można dopatrywać się generalnie w dwóch wymiarach: poszukiwanie korzyści skali (wewnętrzne i zewnętrzne korzyści skali wraz z pozytywnymi efektami zewnętrznymi) oraz redukowanie kosztów transakcji (geograficzne i kulturowe koszty transakcji wraz kosztami poszukiwania informacji i wiedzy). Fenomen klastrów w polskiej gospodarce ma duże szanse na wykazanie swoich zalet w ich funkcjonowaniu, a w szczególności w zakresie wspierania innowacyjności i transferu wiedzy. W artykule ukazano przesłanki powstania i funkcjonowania klastra branży informatycznej na przykładzie Wielkopolskiego Klastra Teleinformatycznego, który należy do wyróżniających się rozwiązań tego typu w kraju. Po omówieniu istoty i atrybutów klastra scharakteryzowano dokonania WKT w zakresie wspierania innowacyjności i wskazano kierunki rozwoju w ramach uwarunkowań wewnętrznych i zewnętrznych. Celem artykułu jest omówienie zmian działania przedsiębiorstw wchodzących w skład Wielkopolskiego Klastra teleinformatycznego (WKT) i wynikających stąd korzyści biznesowych. W drugiej części rozważań odniesiono się do praktycznych dokonań omawianego klastra.

**Słowa kluczowe:** ICT, innowacje, klaster, MSP, społeczeństwo informacyjne.

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## **„SILENT HUNGER” IN THE CONTEXT OF SOME CHEMICAL PRODUCTS OF INDUSTRY**

Currently more and more people are suffering from lifestyle diseases and various nutritional intolerances. Living in a constant haste and stress often causes them to pay little attention to rational nutrition, which results in shortages of necessary nutrients. Plants and, more specifically, cereals are the main source of food in the world. The purpose of this paper is to demonstrate that mineral fertilisers and food additives are necessary and have a positive impact on the quality of selected crops used as the basic raw material in the production of consumer goods. Chemical industry products such as mineral fertilisers and food additives, when used in the appropriate doses, in the correct situations and in the right time, constitute a prerequisite for correct agricultural production as they shape the appropriate standard of cereal raw materials, despite rather sparse and constantly exploited agricultural sites. Using the term “*silent hunger*”. Ziegler<sup>3</sup> prefers to call it “*invisible hunger*”, as it is not easy to detect at first sight by a lay person and a medical professional alike. The effects of qualitative malnutrition are not easily noticeable. People affected by it may have a normal body weight and still suffer from the effects of qualitative malnutrition, which can lead to serious health issues.

**Keywords:** qualitative hunger, mineral fertilizers, food additives, quality indicators of cereals, agricultural development.

### **1. THE ISSUE OF QUALITATIVE HUNGER**

Every human being’s right to food is specified in Article 11 of the International Covenant on Economic, Social and Cultural Rights<sup>4</sup>. The right to food is undoubtedly one of the most frequently and commonly violated human rights. Hunger may be even classified as the result of organised crime. According to the FAO<sup>5</sup> estimates, the number of people suffering from chronic and severe malnutrition in 2010 reached 925 million (for comparison, in 2009 it was 1023 million). Almost one billion people (of the world population of seven billion) suffers from chronic hunger<sup>6</sup>.

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<sup>3</sup> J. Ziegler, *Geopolityka głodu*, Inst. Wyd. Książka i Prasa, Warszawa 2013.

<sup>4</sup> ONZ, *Międzynarodowy Pakt Praw Gospodarczych*, 1966.

<sup>5</sup> FAO, *Report on Food insecurity in the world*, Rzym 2011.

<sup>6</sup> J. Ziegler, *Geopolityka...*, op. cit.

Food of either plant or animal origin (sometimes also mineral) is consumed in order to provide the body with energy and nutrients. The basic unit of energy understood in this sense is kilocalorie. Such a measurement system makes it possible to estimate the amount of energy needed by the human body to regenerate itself. An insufficient amount of energy and a low intake of calories lead to hunger and subsequently to death. The daily number of calories required by a person depends on age, sex, body weight, type of work performed and climate<sup>7</sup>. The World Health Organisation (WHO) has established that an adult person requires a minimum of 2200 calories per day to survive. Calorie intake below this threshold does not allow the human body to sufficiently regenerate itself. Malnutrition often leads to the development of so called hunger diseases. Furthermore, hunger dangerously compromises the immune system of the people afflicted by it<sup>8</sup>.

The areas affected by hunger are unevenly distributed across the globe<sup>9</sup>. Nearly three-quarters of starving people live in Asia, the Pacific Region and Africa. In comparison to the 1969-1971 period, the estimated percentage of the malnourished people in the world went down to 13% in the years 2005-2007, due to abundant crops<sup>10</sup>. Regardless of the fact that the majority of the starving people live in the developing countries, the industrialised countries are not entirely free of this problem. In May of 2012, UNICEF published a report on child malnutrition in Spain – 2.2 million Spanish children under ten are chronically malnourished. The political situation and crisis in the Eastern European and former Soviet Union countries is not very good either. As early as February 2011, FAO announced that 80 countries are threatened by food shortage. According to the statistics, one in seven inhabitants of our planet is affected by hunger<sup>11</sup>.

Aside from people suffering from the devastating effects of malnutrition and hunger, there is also a third category – people suffering from qualitative malnutrition. The FAO is also concerned with those people; however, they are treated as belonging to a separate group from the former two. The term quantitative malnutrition refers to an insufficient intake of calories, while qualitative malnutrition means micronutrients, vitamin and mineral salts deficiency. Due to acute and severe qualitative malnutrition millions of children under the age of ten die every year<sup>12</sup>.

The effects of qualitative malnutrition are not easily noticeable. People affected by it may have a normal body weight and still suffer from the effects of qualitative malnutrition. Vitamin and mineral salts deficiency can lead to serious health issues, such as significantly greater susceptibility to infectious diseases, loss of vision, anaemia, coma, reduced knowledge acquisition skills, intellectual development disorder, various forms of physical deformities, and finally death. The most common deficiencies involve the following three elements: vitamin A, iron and iodine<sup>13</sup>.

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<sup>7</sup> F. Delpuech, B. Maire, [w:] *Alimentation, environnement et sante. Pour un droit al. alimentation*, pod red. A. Blue i F. Piet, Editions Ellipses, Paryż.

<sup>8</sup> J. Ziegler, *Geopolityka...*, op. cit.

<sup>9</sup> FAO, *Rapport sur L'insecurite alimentaire dans le monde*, Rzym 2010.

<sup>10</sup> FAO, *Rapport...*, op. cit.; J. Ziegler, *Geopolityka...*, op. cit.

<sup>11</sup> Departament Rolnictwa USA, 2010, *Raport Wydziału Analiz Gospodarczych*; J. Ziegler, *Geopolityka...*, op. cit.

<sup>12</sup> Biesalski H.K., *Micronutriments, wound healing and prevention of pressure ulcers*, Nutrition 2010.

<sup>13</sup> Biesalski H.K., *Micronutriments...*, op. cit.; Kristof N.D., *Badanie New York Times*, 24 listopada 2010; J. Ziegler, *Geopolityka...*, op. cit.

The ONZ<sup>3</sup> describes qualitative malnutrition using the term “*silent hunger*”. Ziegler<sup>14</sup> prefers to call it “*invisible hunger*”, as it is not easy to detect at first sight by a lay person and a medical professional alike. This condition can even lead to death, the same way as calorie deficiency. However, demises caused by it are not taken into account for the FAO statistics purposes, as the statistics mainly concern calorie intake. Since 2004 the United Nations Children’s Fund (UNICEF) and the Micronutrient Initiative, a non-profit organisation dealing with the problem of micronutrients deficiency – have been conducting regular research studies, whose results are published in the reports entitled “*Vitamin and mineral deficiencies. The global situation*”<sup>15</sup>.

Anaemia caused by iron deficiency is one of the most common negative effects of qualitative malnutrition. The disease’s symptoms include a reduction in blood haemoglobin level, and a weakening of the immune system. This condition is especially dangerous for children under five, as iron deficiency in children leads to irreversible damage in the form of intellectual disorders. Every four minutes a person loses his/her eyesight in the world, and in most cases, the loss is connected with malnutrition. Vitamin A deficiency affects 40 million children in the world, and 13 million of them lose their eyesight. A long-term vitamin B deficiency, on the other hand, causes beriberi – a disease that devastates the human nervous system. Vitamin C deficiency causes scurvy, and, in the case of small children – rickets. Folic acid, for instance, is necessary during pregnancy. According to the World Health Organisation (WHO) estimates, every year 200,000 intellectually challenged children are born, which is due to the lack of this nutrient in the diet of their mothers during pregnancy. Iodine is an essential element needed for the proper functioning of the body. Nonetheless, a billion people suffer from its deficiency. It cannot be naturally acquired in the mountainous regions and inundation areas, in which soil is subject to water erosion, and in the southern hemisphere. If left unsupplemented, iodine deficiency leads to thyroid disease (goiter), stunted growth, and mental retardation (cretinism). Iodine deficiency in pregnant women, and by association the foetus, can also have serious and far-reaching consequences. According to The Economist [2011], zinc deficiency causes about 400,000 deaths a year. Its deficiency in small children causes severe diarrhoea, often resulting in death. Zinc deficiency also impairs the motor skills and mental abilities.

It is important to know that half the people suffering from micronutrient deficiency are usually afflicted by cumulative deficiencies of elements, i.e. they are simultaneously lacking several vitamins and minerals in their diet. Qualitative malnutrition is a direct or indirect cause of half of deaths among children under five in the world. The great majority of its victims live in South Asia and Sub-Saharan Africa. In a document of 2008, published by an organisation called *Action contre la Faim*, the following information can be found: “*The issue of qualitative malnutrition in children is not hard to solve*”. It only needs to be made a priority. Unfortunately many countries of the world are lacking in goodwill<sup>16</sup>. It is also important to bear in mind that qualitative malnutrition devastates not only the body but also the human psyche. Macro and micronutrient deficiency cause various diseases, which in turn lead to fear, humiliation, nervous breakdown and apprehension about the future. A family without secure access to adequate supplies of good food is a broken fami-

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<sup>14</sup> J. Ziegler, *Geopolityka...*, op. cit.

<sup>15</sup> Haen H., *Das Menschenrecht auf Nahrung*, Konferencja z dnia 28 stycznia 2011, Einbeck Northeim 2011; J. Ziegler, *Geopolityka...*, op. cit.

<sup>16</sup> *Action contre la Faim*, En finir avec la malnutrition, une question de priorite, Paryż 2008.

ly. As noted by Ziegler<sup>17</sup>, this fact is sadly illustrated by the situation in India, where thousands of farmers have committed suicide in recent years.

In the light of this chapter devoted to the issue of qualitative hunger, the need for new food sources rich in macro- and micronutrients and vitamins becomes more understandable.

## 2. SOME ASPECTS OF AGRICULTURE

Agriculture is an area of the economy that greatly utilises mineral and organic fertilisers. The quality and quantity of cereal yields is determined by many factors, including especially fertilisation. Mineral fertilisers, also referred to as artificial fertilisers, are substances extracted from the ground and subsequently processed, or manufactured chemically. Their aim is to enrich the soil with minerals necessary for plants to develop and improve the soil structure and alter its acidity.

The main physicochemical soil properties that influence the quality and quantity of cereal yields are the granulometric compositions and its variability in the soil profile, the hydrographic conditions, the pH value and the soil bacteria level (fertility). Over the last 20 years, the area allocated for crop cultivated for grain, including wheat, triticale and maize has increased; however, the area allocated to the cultivation of rye, barley, oat, buckwheat and millet, and also of leguminous plants for grain, potatoes, economic plants, fodder plants and vegetables, has decreased considerably<sup>18</sup>.

For many years cereals have played a vital role in the food economy of every country. Their seeds are characterised by their chemical composition and nutritional value valuable to both humans and animals. They have a positive ratio of carbohydrate and fat content to protein, along with a high starch content, a low fat content, and a high content of fibre and many minerals, vitamins and other biologically active compounds. Correct human nutrition consists of providing the body with all the nutrients necessary for its normal development. Crops resulting from vegetable production, following the meeting of specific qualitative criteria, can be used in the production of specific products. The modern manufacture of raw materials must meet a range of criteria. As indicated by numerous studies, the quality of raw materials is determined by the whole process of vegetation in the field. The appropriate quality depends on the growth conditions available in the production field, including the use of mineral fertilisers.

## 3. SELECTED PRODUCTS OF CHEMICAL INDUSTRY

### 3.1. Mineral fertilizers and selected crop-quality indicators

Fertilisation is a factor that has a particularly strong impact on the yield and quality of grain crops. It stands for the supply of minerals to vegetables which feed on them, to the

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<sup>17</sup> J. Ziegler, *Geopolityka...*, op. cit.

<sup>18</sup> Rozbicki J., *Kształtowanie wielkości i jakości plonu zbóż*, [w:] Rozbicki J. (ed.), *Produkcja i rynek zbóż*, Wydawnictwo Wieś Jutra, Warszawa 2002, 141-159; Podolska G., Krasowicz S., Sułek A., *Ocena ekonomiczna i jakościowa uprawy pszenicy ozimej przy różnym poziomie nawożenia azotem*. Pam. Puł., 2005, 139, 175-188; Stanko S., *Interwencja na rynku zbóż*, Wieś Jutra, 2005, 4, 4-6; Roczniki Statystyczne GUS 2010; Badora A., Kołodyńska D., Hubicki Z., Kozłowska-Strawska J., *New chemical substances in natural environment and mobility of some metals*. Przem. Chem., 2013, 92, 6, 72-79.

soil or as leaf sprays in the form of chemical agents (mineral fertilisers) or organic substances (natural and organic fertilisers). Fertilisation aims not only to achieve optimal cereal yields, but also to improve the specific qualitative characteristics of seeds. In Poland, mineral fertilisers (nitrogen, phosphorus, potassium, magnesium, calcium, mixed and micro fertilisers) are used, along with natural and organic fertilisers (manure, fermented and unfermented liquid manure, straw, compost, green manure and crop residue). Nevertheless, mineral fertilisation, especially with nitrogen, is of the greatest importance when it comes to crop yielding<sup>19</sup>.

It is claimed that for the proper vegetable growth and yielding, and the preservation of the “vegetable-soil” balance, smaller doses of mineral fertilisers should be used in better growing conditions (beneficial nutrient content in the soil, warm weather with moderate precipitation), with bigger doses otherwise. Both nitrogen excess and deficiency have an unfavourable impact on yields and their quality. Nitrogen deficiency causes the yellowing and drying of the oldest leaves, a decrease in stomatal conductance, and the retarded growth and development of vegetables<sup>20</sup>.

The utilisation of high doses of nitrogen facilitates rich cereal yields, but it does not always have a positive impact on their quality. Excessive nitrogen content in the soil is conducive to delayed sprouting and early entry into the developmental phases of cereals, and leads to a higher number of flowers per plant at the expense of seed/grain filling, particularly in buckwheat. By increasing nitrogen fertiliser doses (up to 30 kg N ha<sup>-1</sup>), we can observe a higher yield of buckwheat hulled grain and an increase in protein content, especially in defatted buckwheat hulled grain and pericarps. Higher nitrogen doses (60 kg N ha<sup>-1</sup>) are conducive to a decrease in both the crop yield of this plant and the content of valuable flavonoids (rutin, isoorientin, orientin, isoquercetin) in pericarps. Buckwheat grain yields in the dose of 30 kg N ha<sup>-1</sup> are considerably lower and this plant yields better when exposed to higher nitrogen doses (60 and 90 kg N ha<sup>-1</sup>) and lower nitrogen-phosphorus fertilisation, which is proved by the highest vegetative mass and full hulled grain mass. Higher nitrogen fertilisation causes an increase in MTN, raw protein content in grain and crop yield per hectare<sup>21</sup>.

High nitrogen doses, in the case of malting barley (up to 60 kg N ha<sup>-1</sup>), result in an increase in yields and protein content in seeds, soluble proteins, free amino nitrogen, the

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<sup>19</sup> Badora A., *Chemistry of organic compounds in soil and their significance for the environment*, Przem. Chem., 2011, 90, 19-36; Stanko S., *Interwencja na rynku zbóż*. Wieś Jutra, 2005, 4, 4-6; Stanko S., *Interwencja...*, op. cit., 4-6; Dietrych-Szóstak D., Podolska G., *Wpływ nawożenia azotem na plon oraz zawartość białka i flawonoidów w orzeszkach gryki*, Fragm. Agronom., maj 1, 2008, 101-109; Pecio A., Kubsik K., *Zróżnicowanie plonu i zawartości białka jęczmienia jarego w obrębie pola produkcyjnego*, Pam. Puławski, 2006, z. 142, pp. 348-362.

<sup>20</sup> Badora A., *Bioaccumulation of Al, Mn, Zn and Cd in Pea Plants (Pisum sativum L.) Against a Background of Unconventional Binding Agents*. Polish Journal of Environmental Studies, 2002, vol. 11, no. 2, 109-116; Badora A., *Chemistry of organic compounds in soil and their significance for the environment*, 2011, Przem. Chem., 90, 19-36.

<sup>21</sup> Klockiewicz-Kamińska E., *Metoda oceny wartości białkowej i klasyfikacja jakościowa odmian jęczmienia*, Wydawn. COBORU, 2000, z. 80, 1-9; Noworolnik K., *Plonowanie wybranych zbóż jarych w zależności od pH gleby*, Bibiotheca Fragm. Agronom., 2006, t. 10, 59-67; Golia E.E., Dimirkou A.I., Mitsios K., *Influence of some soil parameters on heavy metals accumulation by vegetables grown in agricultural soils of different soil orders*, Bull Environ Contam Toxicol, 2000, 81, 80-84.

activity of b- and a-amylase and diastatic power, at the expense of lower grain plumpness and malt extractivity, which, in consequence, leads to worse grain quality for brewing purposes. In some research into spring barley, it was observed that the most beneficial yields of good fodder and consumption quality can be obtained when nitrogen fertilisation in the amount up to 60 kg N ha<sup>-1</sup> is carried out in the period from full tillering to the beginning of earing. Higher amounts of this constituent (up to 120 kg N ha<sup>-1</sup>) do not influence crop growth, but cause changes to the amino-acid makeup of protein (a lower content of exogenous amino acids, especially lysine, methionine and isoleucine), which leads to a reduced use value of the plant's seeds<sup>22</sup>.

For malting barley, nitrogen doses of 40 kg N ha<sup>-1</sup> should only be used before sowing, which will ensure the optimal nutrition of the plant with nitrogen, as assessed according to the brewing standard of protein content in grain (10.5-11.5%). Nitrogen fertilisation coupled with overhead irrigation has a positive impact on the yield and quality of both malting and forage barley. The seeds of overhead-irrigated and abundantly fertilised malting barley meet the requirements of suitability for brewing purposes, and the seeds of forage barley originating from overhead-irrigated fields, fertilised with high doses of NPK, exhibit good qualitative parameters. Thanks to complementary overhead irrigation, coupled with high doses of mineral fertiliser, it is possible to obtain high barley yield and increase soil productivity<sup>23</sup>.

Fertilising with other macroelements (P, K, Mg, Ca) is of lesser significance to crop quality than nitrogen fertilisation. However, the presence of these elements, and especially Mg in small quantities, is crucial for the correct growth, development and yield of plants, buckwheat in particular. The influence of potassium and phosphorus fertilisation on buckwheat yielding is insignificant, and excessive doses can even cause a decrease in yield. The elements in question must be supplied to the plant in small quantities, since potassium and phosphorus increase the content of monosaccharides in flower nectar, which causes increased foraging by pollinators, and can indirectly contribute to better seed setting. Organic and natural fertilisers have a lower impact on the quantity and quality of cereal yields than mineral fertilisers, as crops for consumer purposes are sown in the second year after the use of manure or other organic fertiliser in the field. This facilitates good supply of nutrients and prevents the emergence of many crop diseases<sup>24</sup>.

<sup>22</sup> Przybulewska K., Stolarska A., *Wpływ stężenia metali (Hg, Pb, Cu) w glebie na wzrost i rozwój siewek jęczmienia*, J. Elementom., 2004, no. 9 (3), pp. 469-475; Kot A., Zaręba S., *Produkty zbożowe źródłem żelaza i manganu*, Roczn. PZH, 2005, 56, nr 1, 91-96; Tyburcy A., *Znaczenie zbóż w żywieniu człowieka*, Przegląd Zbożowo Młynarski, 2007, s. 9-10.

<sup>23</sup> Norvell A.W., *Inorganic Reaction of Manganese in Soils*, [in:] Graham R.D., Hannam R.J., Uren E.C. (eds.), *Manganese in Soils and Plants*, Kluwer Academic Publishers, Dordrecht, 1988, 37-58; Comin J.J., Barloy J., Bourrie G., Trolard F., *Differential effects of monomeric and polymeric aluminium on root growth and on the biomass production of root and shoot of corn in solution culture*, Europ. J. Agronomy, 1999, 11, 115-122; Toma M., Hiradate S., Saigusa M., *Chemical species of Al in a gypsum treated Kitakami Andosol*, Soil Sci. Plant Nutr., 1999, 45, 279-285; Coultate T.P., *Food. The chemistry of the Components*, RSC Publis Ing, UK, 2002, pp. 432; Sobiech E., Smoczyńska K., Markiewicz K., *Badanie zawartości ni zbędnych składników mineralnych i metali szkodliwych w ziarnie, mące i otrębach pszenicy różnych odmian*, Bromat. Chem. Toksykol. 2003, 36, 23-28.

<sup>24</sup> McBride B.M., *Environmental chemistry of soil*, New York-Oxford, Oxford University Press, 1994, 490, s. 406; Badora A., *Bioaccumulation of Al, Mn, Zn and Cd in Pea Plants (Pisum*

The content of macro- and microelements in the soil influences the qualitative parameters of wheat grain. As regards macroelements, the most important is the appropriate supply of nitrogen. This facilitates an increased content of protein, gluten, sedimentation index and rheological properties of dough. Phosphorus and potassium, as well as microelements (copper, manganese and zinc) contribute to obtaining grains with beneficial qualitative properties. Microelements content in the soil and their availability for plants depend on an array of factors. In some regions of the country we can observe microelements appearing in excess, which has a negative impact on the development and yield of plants. Too high copper content in wheat grain decreases the baking value of flour, while a deficiency of this element leads to a hampered growth and development of the main shoot and inhibited development of the generative organs, which, in consequence, substantially decreases the yield. Manganese deficit impairs the metabolic functions of plants and decreases the sowing value of seeds. Supplementing winter and spring wheat with microelements has a positive impact on the qualitative properties of the grains such as gluten content and sedimentation index<sup>25</sup>.

Barley and buckwheat yield quality indicators sometimes depend more on the content of available forms of P, K, Ca and N, and especially Mg, than on other properties of the soil. Higher cereal and protein yields of spring barley and buckwheat are observed in soils with Mg content exceeding 60 mg kg<sup>-1</sup> of soil, P content exceeding 48 mg kg<sup>-1</sup> of soil and K content exceeding 130 mg kg<sup>-1</sup> of soil. A positive impact of an increased content of these elements on the specific yield structure elements and on over ground parts of crops was also recorded. On the other hand, an increased protein content was observed in grains originating from soils with lower content of minerals (Mg below 2 mg 100g<sup>-1</sup> of soil). The impact of Mg on buckwheat and barley yielding was greater under Mg deficiency conditions in plants and was conditioned by the specific requirements of every crop. Barley yields harvested from soils richer in nutrients are usually characterised by better brewing

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*sativum L.) Against a Background of Unconventional Binding Agents*, Polish Journal of Environmental Studies, 2002, vol. 11, no. 2, 109-116; Dietrych-Szóstak D., Podolska G., *Wpływ nawożenia azotem naplon oraz zawartość białka i flawonoidów w orzeszkach gryki*. *Fragm. Agronom.*, maj 1, 2008, 101-109; Pecio A., Kubsik K., *Zróżnicowanie plonu...*, op. cit.; Hasim M.A., Mukhopahyay S., Sahu J.N., Sengupta B., *Remediation technologies for heavy metal contaminated ground water*, *J. Environ. Managem.*, 2011, 92, 2355-2388.

- <sup>25</sup> Laurie H.S., Tancock P.N., McGrath P.S., Sandres R.J., *Influence of EDTA Complexation on Plant Uptake of Manganese(II)*. *Plant Sci.*, 1995, 109, 231-235; Bashan Y., *Inoculants of plant growth-promoting bacteria for use in agriculture*, *Biotechnol. Adv.*, 1998, 16, 729-770; Naidu R., Harter D.R., *Effect of different organic ligands on cadmium sorption by and extractability from soils*, *Soil Sci. Soc. Am. J.*, 1998, 62, 644-650; Shuman M.L., *Effect of organic waste amendments on zinc adsorption by two soils*, *Soil Sci.*, 1999, 164, 197-205; Evangelou P.V., Marsi M., Vandiviere M.M., *Stability of Ca<sup>2+</sup>, Cd<sup>2+</sup>, Cu<sup>2+</sup> [ilite humic] complexes and pH influence*, *Plant Soil*, 1999, 213, 63-74; Almas R.A., McBride B.M., Singh R.B., *Solubility and liability of cadmium and zinc in twos treated with organic matter*, *Soil Science*, 2000, 165, 205-259; Sumathi K.M.S., Mahimairaja S., Naidu R., *Use of low – cost biological wastes and vermiculite from removal of chromium from tannery effluent*, *Bioresource Technol.*, 2005, 96, 309-316; Chen A.H., Liu S.Ch., Chen Ch.Y., Chen Ch.Y., *Comparative adsorption of Cu(II), Zn(II), and Pb(II) ion in aqueous solution on the crosslinked chitosan with epichlorohydrin*, *J. Hazard. Mater.*, 2008, 154, 184-191; Kawka A., *Przetwory zbożowe – aspekty wzbogacania wartości odżywczej*. *Przegląd Zbożowo-Młynarski*, 2009, nr 10, s. 2-7.

quality indicators, whereas yields harvested from poorer soils (with fewer cultures) can be suitable for fodder or consumer purposes<sup>26</sup>.

### 3.2. Additives as permitted products of the chemical industry

From the technological and health-related perspective, food additives are important factors<sup>27</sup>. These additives include:

- substances that prevent spoilage (preservatives, acids, acidity regulators, antioxidants, chelating agents, stabilisers and gases),
- substances that shape the sensory properties of the product (food colouring, sweetening agents and flavour enhancers),
- substances that give products their texture (emulsifiers, anti-caking agents, modified starches, raising agents, stabilisers, thickeners, mass-increasing agents, humectants and gelling agents),
- processing aids (enzymes, pressurised gases, flour treatment agents, foaming agents, antifoam agents, solvents and glazing agents).

The main purpose of adding these substances during the production process and during the processing of vegetable raw materials and their products is, among other things, to streamline the course of these processes, increase product durability, and provide the product with desirable sensory, organoleptic and functional properties<sup>28</sup>. Additives can be used in food production only when:

- they do not pose a threat to the health of consumers at the proposed use level, based on available scientific evidence,
- there is a justified technological requirement which cannot be met in any other way that would be acceptable from the economic and technological point of view,
- the use of a given substance does not mislead consumers as regards the health-related value of foodstuffs.

Additives cannot be used to conceal defects in foodstuffs resulting, for instance, from poor quality, incorrect production processes and unhygienic production conditions, or to make the product similar to other (better or more nutritious) products. The conditions and

<sup>26</sup> Sobiech E., Smoczyńska K., Markiewicz K., *Badanie zawartości ni zbędnych składników mineralnych i metali szkodliwych w ziarnie, mące i otrębach pszenicy różnych odmian*. *Bromat. Chem. Toksykol.* 2003, 36, 23-28; Przybulewska K., Stolarska A., *Wpływ stężenia metali (Hg, Pb, Cu) w glebie na wzrost i rozwój siewek jęczmienia*. *J. Elementom.*, 2004, no. 9(3), pp. 469-475; Babuchowski A., *Żywność i zdrowie*. *Bezp. Hig. Żyw.* 2005, no. 10, pp. 20-22; Kot A., Zaręba S., *Produkty zbożowe źródłem żelaza i manganu*. *Roczn. PZH*, 2005, 56, no. 1, pp. 91-96; Dietrych-Szóstak D., Podolska G., *Wpływ nawożenia azotem...*, op. cit.; Pecio A., Kubsik K., *Zróżnicowanie plonu...*, op. cit.; Badora A., Kołodyńska D., Hubicki Z., Kozłowska-Strawska J., *New chemical substances...*, op. cit.; Badora A., Kozłowska-Strawska J., Domańska J., Filipek T., *Cereals – health or Disease*. *Problems of Sustainable Development*, 2014, vol. 9, no. 2, pp. 87-98.

<sup>27</sup> Traczyk T., *Potencjalne działanie alergizujące wybranych substancji dodatkowych występujących w żywności i pożywieniu*, *Żywność i Metabolizm*, 2002, v. XXIX, no. 3, pp. 196-201; Kawka A., *Przetwory zbożowe...*, op. cit.;

<sup>28</sup> Rozporządzenia Komisji (WE) nr 466/2001; Rozporządzenia Komisji (WE) nr 856/2005; Rozporządzenia Komisji (EG) nr 1881/2006; Rozporządzenia Komisji nr 1126/2007; *Rozporządzenie Ministra Zdrowia z dnia 18 września 2008 r. w sprawie dozwolonych substancji dodatkowych* (Dz. U. z dnia 3 października 2008 r., Nr 177, poz. 1094).



doses of additives in the food industry are specified by legal regulations, and in particular by the Directives on:

- sweeteners [Dyrektywa 94/35/WE].
- colours [Dyrektywa 94/36/WE],
- food additives other than colours and sweeteners<sup>29</sup>.

The aforementioned Directives specify the conditions regarding the use of additives and foodstuffs in which they can be used. In Poland the currently binding document is the Regulation of the Minister of Health of 18 September 2008 on permitted additives<sup>42)</sup>, which is based on EU regulations<sup>30</sup>. The list of permitted food additives has increased in Poland from 154 to 284.

#### 4. SUMMARY

A compromise between civilisation and ecology unites technological advancement and attempts at making our lives easier with health safety and care for the natural environment. Food of either plant or animal origin (sometimes also mineral) is consumed in order to provide the body with energy and nutrients. The basic unit of energy understood in this sense is kilocalorie. Such a measurement system makes it possible to estimate the amount of energy needed by the human body to regenerate itself. An insufficient amount of energy and a low intake of calories lead to hunger and subsequently to death.

It is important to know that half the people suffering from micronutrient deficiency are usually afflicted by cumulative deficiencies of elements, i.e. they are simultaneously lacking several vitamins and minerals in their diet. Qualitative malnutrition is a direct or indirect cause of half of deaths among children under five in the world. The search for new sources of plant protein enriching the diet is extremely important in the light of increasing animal protein deficits and the increasing number of consumers preferring vegetarian food. Plant proteins are important due to their diversity and accessibility of resources needed to obtain them.

On the other hand people living in the modern and busy world want to satisfy their nutritional requirements by spending as little time and money as possible. This is facilitated by modern agricultural science and processing, making food more available and durable, as well as easier to prepare and consume. However, producing such foodstuffs would not be possible without a wide selection of chemical substances, including plant protection products, mineral fertilisers and food additives, used in the food industry (preservatives, antioxidants, stabilisers and flavourings). On the other hand, the “march of chemistry” through fields and tables causes risks to both humans and the environment.

Therefore, rational nutrition means reaching a compromise between consumer convenience and health security, as well as food production intensification and natural environment protection. As highlighted by “longevity researchers” our eating habits are of crucial importance to our health and changes taking place in the human body. Poland’s presence in EU structures imposes an obligation on food producers to ensure that human health and consumers’ interests are protected through the implementation of food safety strategies.

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<sup>29</sup> Dyrektywa 95/2/WE.

<sup>30</sup> Rozporządzenia Komisji (WE) nr 466/2001; Rozporządzenia Komisji (WE) nr 856/2005; Rozporządzenia Komisji (EG) nr 1881/2006; Rozporządzenia Komisji nr 1126/2007.

Chemical industry products, when used in appropriate doses, in the correct situations and in the right time, constitute a prerequisite for the correct agricultural production as they shape the quality of cereal raw materials. They make it possible for producers to maintain appropriate standards and determine the health of society, in particular when production sites are not naturally rich in important nutrients necessary for the growth and development of cereal raw materials.

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### **„CICHY GŁÓD” W KONTEKŚCIE STOSOWANIA NIEKTÓRYCH PRODUKTÓW PRZEMYSŁU CHEMICZNEGO**

W obecnym czasie coraz więcej osób zapada na choroby cywilizacyjne cierpi na nietolerancje pokarmowe i żyjąc w ciągłym biegu i stresie zaniedbuje racjonalne odżywianie, przez co nie dostarcza organizmowi wszystkich potrzebnych składników pokarmowych. Głównym źródłem żywności na całym świecie są rośliny, a dokładniej, zboża. Zajmują one największą powierzchnię upraw. Dlatego celem niniejszej pracy było pokazanie, że nawozy mineralne i dodatki do żywności mogą mieć pozytywny wpływ na jakość surowców roślinnych. Chemiczne produkty jakimi są nawozy i dodatki do żywności, zastosowane w odpowiedniej dawce, w odpowiedniej sytuacji i w odpowiednim czasie, mogą przyczynić się do polepszenia jakości żywności. Ziegler<sup>31</sup> preferuje używać terminu „niewidzialny głód” zamiast „silent hunger”, zwłaszcza, że jest on trudny do wykrycia, nawet przez osobę o kwalifikacjach medycznych. Ludzie cierpiący na ten rodzaj głodu mogą wyglądać normalnie, jeśli chodzi o wagę i posturę ciała, ale skutki tego zjawiska to poważne choroby XXI wieku. Nowoczesne procesy gospodarowania i produkcji żywności

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<sup>31</sup> J. Ziegler, *Geopolityka...*, op. cit.

sprzyjają funkcjonalnej konsumpcji, jednak to nie było by możliwe bez racjonalnego używania nawozów, środków ochrony roślin i dodatków oraz konserwantów. Kompromis pomiędzy rozwojem cywilizacyjnym a ekologią wymaga technologii, aby ułatwić życie i poprawiać bezpieczeństwo żywności oraz środowiska. Żywność bowiem, zarówno roślinna, jak i zwierzęca ma służyć poprawie zdrowia i dobrobytu człowieka.

**Słowa kluczowe:** jakościowy głód, mineralne nawożenie, dodatki do żywności, wskaźniki jakości zbóż. Zrównoważony rozwój pola produkcyjnego.

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## **CLUSTER POLICY AS A DETERMINING FACTOR FOR DEVELOPMENT OF WORLD CLASS-CLUSTERS**

The article aims to characterize the significance of cluster policy (cluster-based policy) for the development of world-class clusters. It indicates that the clusters functioning in the European Union (EU) member states are of very diversified nature, which ensues, inter alia, from different conditions (endo – and exogenous) of their development. The evolution of the clustering concept contributed to a greater interest and engagement of governmental organizations of European, national and regional levels in the process of direct and indirect support of cluster development. This kind of support is attributed to cluster policy. This policy, in principle, owing to various actions and instruments undertaken in coordination and stimulating the growth of clusters is supposed to contribute to the maximization of cluster synergy effect, accelerate economic growth, improve the competitiveness of an economy and the development of a knowledge-based economy. A crucial element of this policy is stimulating interactions between business, R&D sector, business support institutions and local and national government agencies in the development process of entrepreneurial ecosystems. The impact of the cluster policy on the cluster development and formation of world-class clusters is presented at the example of German and French cluster policy which focuses on building the cluster management excellence.

Although they constitute an example of an organization of commercial nature, clusters necessitate active public support. Contemporary cluster policy particularly in EU countries is frequently of horizontal nature. It often consists in offering public support for the development of clusters of the greater competitive potential, which have the real chance of obtaining world-class cluster status. Owing to active R&D activity and international cooperation with key stakeholders, clusters of this type demonstrate the ability to develop strong cluster value chains. The achievement of the world-class cluster level requires cluster management excellence. Hence, the concepts of world-class clusters and cluster management excellence continuously create new strategic challenges for cluster management.

**Keywords:** cluster, cluster policy, management, development, competitiveness.

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## 1. INTRODUCTION

Due to the increase in the globalization of value chains and dynamic competition within global-level innovation, cluster managers and decision-makers face a strategic challenge of achieving world-class cluster level. It is a highly-complicated undertaking, as it requires high-quality cluster management, great competitiveness of cluster potential, a flexible and internationally developed cluster value chain. Naturally, not every current functioning cluster has a potential of building its strategic competitiveness at world-class cluster level. European clusters, particularly the ones from Central and Eastern Europe, frequently expect measurable public support congruent with their needs, to strengthen their strategic position and approach the world-class cluster level.

European Commission has undertaken numerous actions towards cluster development and the promotion of clustering concept for a dozen years now. Since 2014 in EU policy and financing programs there has been emphasized the value of including clusters into the process of stimulating new lines of business and renewing/modernizing the existing economic sectors. To improve the coordination of cluster policy and other policies between the member states and the national and EU level, and to strengthen the quality of cluster policies there have been established the following institutions: European ClusterPolicy Group, European Cluster Alliance, European Cluster Observatory and European Cluster Collaboration Platform. EU policy gives the member states autonomy as regards the form and the scope of the final cluster support at national and regional levels.

Various models of cluster policies function in EU member states. Despite this, a common problem still encompasses the efficient support for cluster development, diversified in terms of live cycle, industry, geographical scope, critical mass, breadth, depth, the level of activity, growth potential, coordination mechanism, etc. Frequently the governments concentrate on financial support of mainly transnational cluster cooperation, high-tech clusters and strong clusters. However, by this kind of decisions, cluster policy-makers create various threats for stable development of the remaining clusters; they can contribute to cluster exclusion. This poses other challenges, particularly for clusters of weaker chances for achieving the world-class cluster status.

The article aims to characterize the significance of cluster policy for the development of world-class clusters. The choice of this research problem ensues from the fact that clusters are still perceived as effective tools of economic and regional development, however more and more frequently the scope and form of support for clusters within cluster policies has been gradually reduced. The following research questions constitute the basis for the presented scientific considerations:

- how cluster policy should be understood?
- how cluster policy can increase the level of cluster development?
- what are the key attributes of world-class clusters?
- what is the prevalence of world-class clusters in the EU?
- how cluster policy affect the formation and development of world-class clusters?

The scientific considerations that are presented in the article are based on selected theoretical research results and desk research. They are conceptual and provide a starting point for further research on the impact of cluster policy on cluster competitiveness – perceived from different perspectives: market, sector, cluster management quality and strategic resources (tangible and intangible resources).



## 2. THE STRATEGIC DIMENSION OF CLUSTER POLICY

Nowadays, there exist numerous definitions of cluster policy. The most common cluster policy definitions are extremely broad in their scope. It causes that the reasons for government intervention within cluster development are very diversified and the scale of this intervention varies. In more general terms, cluster policy can be defined as<sup>4</sup>:

- specific governmental efforts to support clusters,
- national policy aiming at facilitating the emergence and development of clusters in specific related industries and geographical areas,
- a strategic tool to improve economic competitiveness, innovativeness and the knowledge-based economy through clusters development,
- an instrument to improve national and regional competitiveness,
- a wider set of specific government policy interventions aiming at strengthening existing clusters or facilitating the emergence of new ones,
- all efforts by governments, alone or in a collaborative effort with stakeholders, that are directed at clusters to develop their competitiveness,
- efforts that use clusters and are designed to improve their competitiveness,
- a vital element of building strong innovation systems.

Cluster policy exists in both developed and developing countries and varies depending on clusters needs, structure and types of public support, the characteristics of the location as well as the level and stage of cluster development. It may take different forms and follow different ambitions, ranging from framework policies setting general political objectives to specific cluster programs defining specific measures, allocating funding and organizational responsibilities, and setting specific rules for participation in the program. It needs to be adapted to a particular region and cluster context, since the support for an old automotive cluster is very different than that for a new media cluster, even in the same region<sup>5</sup>. Contemporary clusters can develop not only organically but also because of targeted efforts by policy-makers and practitioners, most notably through cluster projects<sup>6</sup>. If clusters are to be effectively fostered through public policy and private sector initiatives, there is a need for a systematic understanding of the factors that contribute to the creation and development of clusters, and the factors that will influence the success or failure of clusters and cluster policy<sup>7</sup>. Clusters can be characterized by a series of dimensions, including geographic scope, breadth, depth, proximity, and others, such as

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<sup>4</sup> European Commission, *The concept of clusters and cluster policies and their role for competitiveness and innovation: main statistical results and lessons learned*, Office for Official Publications of the European Communities, Luxembourg 2008, pp. 31-32; Ch. Ketels, *Clusters, cluster policy, and Swedish competitiveness in the Global Economy*, The Globalisation Council, Västerås 2009, p. 19; S. Barsoumian, A. Severin, T. van der Spek, *Eco-innovation and national cluster policies in Europe. A qualitative review*, Greenovate Europe EEIG, Brussels 2011, p. 94.

<sup>5</sup> OECD, *Cluster policies*, [www.oecd.org/innovation/policyplatform/48137710.pdf](http://www.oecd.org/innovation/policyplatform/48137710.pdf), (access: 1.11.2016).

<sup>6</sup> R. Njøs, S.-E. Jakobsen, *Cluster policy and regional development: scale, scope, and renewal*, "Regional Studies, Regional Science" 2016, vol. 3, no. 1, p. 146.

<sup>7</sup> D. Arthurs, E. Cassidy, Ch.H. Davis, D. Wolfe, *Indicators to support innovation cluster policy*, "International Journal of Technology Management" 2009, vol. 46, no. 3, p. 265.

activity base, social capital, critical mass, growth potential, competitive position, and innovative capacity<sup>8</sup>.

Stimulation of cluster development through public intervention congruent with their needs is even more reasonable and purposeful due to their perception as an economic driving force. The rationale for public intervention to foster clusters through various types of support measures such as infrastructure and knowledge-based investments as well as networking activities and training, is an increase in knowledge spill-overs (positive externalities) among key stakeholders within clusters<sup>9</sup>. Cluster policy usually aims at supporting firms' competitive advantage by spurring innovation and productivity through a spatial agglomeration of companies from the same or related industries<sup>10</sup>. Therefore, Ch. Ketels stresses that cluster policy<sup>11</sup>:

- is a field under dynamic development where the clarity of the conceptual discussion has not always kept pace with the efforts of practitioners,
- is motivated by traditional economic arguments on dealing with market failures,
- is focused on the long-term supply-side foundations for economic growth,
- can thus make a contribution to ensuring that the public spending now under way has a positive impact, in the short - as well as in the long-term,
- can provide a superior balance between impact and distortion, but this outcome depends on the specific nature of the instruments used,
- is a mix of activities that support platforms to plan and implement joint action with activities that support such joint actions directly,
- is not about identifying a small number of clusters that will drive economic growth in the future; only the market process can make such a selection. Instead, cluster policy mobilizes competitiveness that upgrades many clusters and enables effective competition between them,
- is a tool that inherently faces the danger of being abused as a shield for distortive industrial policy. To overcome this challenge, it requires strong governance and ultimately strong institutions, including a commitment to competition,
- provides a summary expression for a category of specific policies, just like innovation policy or monetary policy,
- however, offers a superior mix of benefits and costs.

Cluster policy is not a static moment, but rather a complex process formed of different stages. Based on various approaches to cluster policy life cycle (presented in the economic literature) - A. Konstantynova and J. Wilson identified seven cluster policy phases e.g.<sup>12</sup>:

<sup>8</sup> O. Mauroner, *Innovation clusters and public policy – the case of a research-driven cluster in Germany*, "American Journal of Industrial and Business Management" 2015, vol. 5, p. 739.

<sup>9</sup> P. Zhelev, *Cluster policy and smart specialization – the case of Bulgaria*, "Journal of US-China Public Administration" 2014, vol. 11, no. 9, p. 743.

<sup>10</sup> T. Lehmann, M. Benner, *Cluster policy in the light of institutional context – a comparative study of transition countries*, "Administrative Sciences" 2015, vol. 5, p. 189.

<sup>11</sup> Ch. Ketels, *Clusters, cluster policy, and Swedish competitiveness in the Global Economy*, The Globalization Council, Västerås 2009, pp. 21-31, 56-57.

<sup>12</sup> A. Konstantynova, J. Wilson, *Comparing cluster policies: an analytical framework*, Orkestra Working Paper Series in Territorial Competitiveness, Orkestra – Basque Institute of Competitiveness, San Sebastian 2014, pp. 18-21.

- discussion initiation - established forum or network for communication between all affected stakeholders, awareness of the cluster issue and its potential advantages / disadvantages for the region between main regional stakeholders, trust building,
- economic analysis - organized group for managing economy & clusters analyzes, in-depth cluster-based analysis for evaluation & understanding of current situation and perspectives of regional economy, the application of a variety of methods for cluster analysis, clear understanding of main principles and advantages of a cluster-based approach to analysis, choice of clusters is based on unique regional characteristics, sectoral orientation, consensus among the actors of public and private sector, selected clusters fit in with existing policy priorities,
- policy analysis - competence through existing policies, engagement in the review of existing industrial policy, participation of external stakeholders in the policy analyzes & development, understanding & defining key reasons/rationales for the choice of using cluster policy, commitment to the clustering by stakeholders,
- policy development - a clearly defined strategy, directed toward more than one cluster, highly considers the peculiarities of clusters, especially with their evolution stage and the region, focus on strengthening national and regional competitiveness, a good mix of other existing policies, which also address clustering & stimulate the development of business environment in general, engagement in cluster policy appears at different administrative levels, policy makers realize the advantages of the concept and are willing to adopt the change,
- policy implementation - using or combining already developed programs and institutions, understanding the reasoning for cluster policy, different procedural indicators for evaluation of cluster policy, multilevel cooperation, timeframe of the funding is formulated, clusters are primarily supported by public money with constant reduction over time, development of cluster management excellence,
- monitoring and evaluation - integral part of cluster policy, key stakeholders and policy makers have developed a balanced range of methodological approaches to be used for cluster activity analysis, control indicators are formulated, the results increase the awareness of the cluster situation and policy approach,
- policy modification - low efficiency of existing policy, lessons driven from the evaluation are considered and integrated in cluster policy, new assessments are explained and understandable, and correlate with stakeholders needs.

G. Duranton argues that good cluster policy involves solving a very difficult coordination problem and correcting a number of market failures. The cluster policy may have some payoff but its design and implementation is much more complicated than cluster proponents would like us to believe. It need to be designed and implemented in very uncertain environments without being captured by special interests<sup>13</sup>. Only the correct implementation of cluster policy at the regional level will improve the socio-economic development of the area for several reasons. Firstly, the state, as a result of self-organization is obliged to create conditions for constant self-organization at the territorial level of management. Secondly, by activating the process of globalization, the current cluster-based economic development should be characterized by an increasing

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<sup>13</sup> G. Duranton, *California Dreamin': the feeble case for cluster policies*, "Review of Economic Analysis" 2011, vol. 3, pp. 26, 40.

regionalization and glocalization (globalization + localization). Thirdly, in the practice of developed countries the trend of deepening sectoral specialization of the region is becoming increasingly important, resulting in an adequate effort to concentrate certain types of production in regions that have certain advantages. Fourthly, regional governments, using economic and legal instruments may affect cluster development programs, using regional budget funds. Fifthly, also regional government are closer to local business needs and business problems than the national government<sup>14</sup>.

A significant challenge at the stage of cluster policy creation is the provision of conditions favorable for the development of new clusters, e.g., within emerging industries, but also by stimulation of the development of contemporary clusters, to enable them to reach the world-class cluster level in the future. Naturally, the scope and form of support for clusters of low activity and competitiveness still constitute an unsolved problem.

Cluster policy is a key element of competitiveness policies at national and regional levels<sup>15</sup>. It appears not to be a single defined policy but very much a mix of different policies anchored in different government areas and at different policy levels<sup>16</sup>. It is a complex, multi instrument policy, as different interventions may interact, even conflict with each other. The cluster policy intervention is likely to have intended and unintended effects, and may even conflict with other local public policies influencing clusters<sup>17</sup>. Cluster policy is most often integrated or is a part of regional development policy, science and technology policy and/or industrial policy in EU member states. It varies across the member states, which is often caused by a bottom up approach tailored to fit the needs of industries<sup>18</sup>. Cluster-specific policy can be differentiated according to its governance structure and its activity profile. It may cover a broad range of different objectives and activities, for which support is offered<sup>19</sup>. Therefore, cluster policy may be divided into three different categories<sup>20</sup>:

- facilitating policies directed towards creating a favorable microeconomic business environment for growth and innovation that indirectly also stimulate the emergence and cluster dynamics (most horizontal category),
- traditional framework policies, such as industry and SMEs policies, research and innovation policies, and regional policy that often use the cluster approach to increase the efficiency of a specific instrument,

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<sup>14</sup> Y. Polozhentseva, M. Klevtsova, *Instruments of development of cluster policy: stages, models, international practice*, "Procedia Economics and Finance" 2015, vol. 27, p. 531.

<sup>15</sup> OECD, *Competitive regional clusters – national policy approaches*, OECD Reviews of Regional innovation, Paris 2007, p. 52.

<sup>16</sup> INNO AG, *Clusters and clustering policy: a guide for regional and local policy makers*, Committee of Regions, Brussels 2010, p. 76.

<sup>17</sup> E. Uyerra, R. Ramlogan, *The effects of cluster policy on innovation*, Nesta Working Paper 2012, no. 12/05, p. 17, [https://www.nesta.org.uk/sites/default/files/the\\_effects\\_of\\_cluster\\_policy\\_on\\_innovation.pdf](https://www.nesta.org.uk/sites/default/files/the_effects_of_cluster_policy_on_innovation.pdf).

<sup>18</sup> S. Barsoumian, A. Severin, T. van der Spek, *Eco-innovation and national cluster policies in Europe. A qualitative review*, Greenovate Europe EEIG, Brussels 2011, pp. 15-16.

<sup>19</sup> European Commission, *Innovation clusters in Europe: a statistical analysis and overview of current policy support*, [http://www.central2013.eu/fileadmin/user\\_upload/Downloads/Tools\\_Resources/Cluster.pdf](http://www.central2013.eu/fileadmin/user_upload/Downloads/Tools_Resources/Cluster.pdf) (access: 12.10.2016).

<sup>20</sup> European Commission, *The concept of clusters and cluster policies ...*, op. cit., pp. 31-32.

- development policies aiming at creating, mobilizing or strengthening a particular cluster category resulting in specific sectoral cluster initiatives.

Cluster policy is an important part of EU innovation policy. A significant role of the European Commission in supporting the development of strong clusters in Europe can be categorized as follows<sup>21</sup>:

- to complement regional and national cluster policies, by further removing barriers to trade, investment and migration within Europe,
- to motivate and strengthen regional and national cluster policies, by developing and promoting a strategic approach to cluster policy in Europe,
- to support the creation of regional and national clusters, by strengthening the knowledge base in Europe and enabling better exploitation of research for innovation, such as through the Framework Program for Research and Development, the new lead market initiative (to help reduce market and technology uncertainty in the process of new product development; which can be seen as an important driver for internationalization of research and development) and Cohesion policy programs,
- to stimulate the development of cross-border clusters and the emergence and reinforcement of strong clusters through trans-European cluster policies.

According to European Commission, modern cluster policies aim to put in place a favorable business ecosystem for innovation and entrepreneurship in which new winners can emerge and thus support the development of new industrial value chains (by building upon the innovation potential of SMEs) and emerging industries (new industrial sectors or existing industrial sectors and value chains that are evolving into new industries). This requires more than merely supporting networking activities and setting up cluster organizations that manage networking and provide support services to SMEs. Thus, modern cluster policies follow a systemic approach that combines different activities, policies, programs and instruments. Presently, good cluster policy requires strategic, consistent and concentrated efforts that are evidence-based and not constrained by vested interests<sup>22</sup>.

### **3. TOWARDS WORLD-CLASS CLUSTER: CONTEMPORARY CHALLENGE FOR CLUSTER MANAGEMENT**

Successful clusters have significantly increased their global reach through attracting resources (tangible and intangible), investments, serving global markets, and connecting with other clusters or networks that provide complementary activities in global value chains. Moreover, they integrate all the activities needed to deliver a particular value to

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<sup>21</sup> European Commission, *Innovation clusters in Europe ...*, op. cit.. (access: 12.10.2016).

<sup>22</sup> Smart specialization strategies are key elements of a new, more result-oriented Cohesion Policy focusing on growth through innovation, which is now being implemented. It helps regions at different stages of development to focus on their strengths, to position themselves in global value chains and to team up to build strategic partnerships across Europe with other regions that have complementary strength in similar priority areas. Clusters and cluster policies can facilitate this process and help to maximize the impact of the EUR 121 billion of European Structural and Investment Funds allocated to investment in research and innovation guided by smart specialization strategies. K. Izsak, Ch. Ketels, G. Meier zuKöcker, Th. Lämmer-Gamp, *Smart guide to cluster policy*, Brussels 2016, pp. 11, 20.

stakeholders (internal and external). They cross the traditional definitions of industries and of manufacturing versus services<sup>23</sup>. The latest *European Cluster Panorama 2016* research shows that 3 000 strong clusters across Europe account for more than 54 million jobs and 45% of all traded industries' wages (23% of the overall economy)<sup>24</sup>. Very strong clusters can develop into world-class clusters that constitute innovation and business hubs that are known world-wide<sup>25</sup>. Key attributes of world-class-cluster are as follows<sup>26</sup>:

- established cluster management organizations are operated by an experienced cluster management team,
- a wide spectrum of cluster management services is offered to cluster participants (cluster coordinator continuously develops new services in collaboration with cluster participants),
- all criteria of cluster management excellence are met,
- a cluster strategy is developed and implemented,
- a significant number of international cooperations or partnerships is established,
- high quality of relevant R&D and respective infrastructure,
- high potential of the development of new and innovative companies,
- national and international attractiveness of a cluster region,
- critical mass of cluster members including market and technology leaders.

World class-clusters should be open, flexible and attractive to the best talent and expertise available worldwide. For this reason, the efforts at regional, national and EU level should facilitate the establishment of closer and more efficient linkages between strong clusters as well as with leading research institutes within Europe and abroad<sup>27</sup>.

In the view of the European Commission, cluster management should be recognized as a new professional qualification that requires high quality standards and professionalism to efficiently provide the services needed by enterprises and institutions working together in clusters and to fully exploit the benefits ensuing from university-industry-government relations<sup>28</sup>. High quality cluster management is therefore considered essential to promote cluster excellence and is very characteristic of world-class clusters<sup>29</sup>. Both concepts, i.e. cluster management excellence and world-class cluster, should be integrated to measure

<sup>23</sup> European Commission, *Innovation clusters in Europe...*, op. cit. (access: 12.10.2016).

<sup>24</sup> The wages in strong clusters are close to 3% higher than in industries not located in such regional hotspots, and the wage gap towards both other traded industries and the overall economy is growing. The strong clusters have shown resilience through the crisis; their share in total traded industry employment and wages has from 2008 to 2014 increased slightly to 45% (jobs) and 51% (wages). Ch. Ketels, S. Protsiv, *European Cluster Panorama 2016*, Center for Strategy and Competitiveness, Stockholm School of Economics, Stockholm 2016, pp. 1, 12-15.

<sup>25</sup> Th. Christansen, Th. Lämmer-Gamp, G. Meier zuKöcker, *Let's make a perfect cluster policy and cluster programme. Smart recommendations for policy makers*, Innovation + Technik GmbH, Berlin, Copenhagen 2012, p. 15.

<sup>26</sup> Th. Christansen, Th. Lämmer-Gamp, G. Meier zuKöcker, *Let's make a perfect...*, op. cit., p. 27.

<sup>27</sup> European Commission, *Towards world-class clusters in the European Union*, Office for Official Publications of the European Communities, Luxembourg 2008, p. 9.

<sup>28</sup> European Commission, *Towards world-class clusters in the European Union: implementing the broad-based innovation strategy*, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0652:REV1:en:PDF> (access: 12.10.2016).

<sup>29</sup> Europa InterCluster, *White paper: the emerging of European world-class clusters*, Europa InterCluster, Brussels 2010, p. 17.

the success of a cluster (as a whole). However, while the idea of world-class clusters has a comprehensive view on a cluster, the assessment criteria of cluster management excellence focuses only on the cluster management process (Tab. 1).

Table 1. Assessment criteria of cluster development

<b>Key criteria of world-class clusters (comprehensive perspective on the cluster)</b>	<b>Key criteria of cluster management excellence (focus on cluster management)</b>
<p><b>Framework conditions:</b></p> <ul style="list-style-type: none"> <li>• quality of cluster sector relevant R&amp;D</li> <li>• quality of the education in relevant fields</li> <li>• dynamic of creating new and innovative companies in the region</li> <li>• attractiveness of the region for high potentials and world-class researchers as well as foreign investments</li> <li>• existence of innovation stimulating regulation and public sector demand</li> </ul> <p><b>Cluster members:</b></p> <ul style="list-style-type: none"> <li>• critical mass of market and technology leaders developing innovative high tech products and services</li> <li>• international visibility and reputation of the cluster and its members and other stakeholders</li> <li>• commitment and active involvement of key cluster members in the cluster work</li> <li>• involvement of competitors</li> <li>• involvement of cluster members in international co-operations and linkages to key actors outside the cluster</li> </ul> <p><b>Cluster organization (cluster management):</b></p> <ul style="list-style-type: none"> <li>• clusterstrategy and itsimplementation</li> <li>• professionalization of cluster management within a range of services to cluster members</li> <li>• sustainability of financing and appropriate staffing of the cluster organization</li> <li>• coherence between educational actors/R&amp;D institutions and cluster members</li> <li>• added value (clusters provide fertile eco-systems for companies to thrive, which drive innovation, regional development and competitiveness; the strong link between clusters on one side and research, development and innovation on the other side opens the opportunity to generate new products, services, technologies, as well as to explore new scientific paths; the added value of the cluster approach has led to a strong positive impact in terms of competitiveness and innovation capability of the cluster members)</li> </ul>	<p><b>Structure of the cluster:</b></p> <ul style="list-style-type: none"> <li>• committedclusterparticipation</li> <li>• composition of clustermembers</li> <li>• committedclustermembers</li> <li>• geographicalconcentration of clustermembers</li> </ul> <p><b>Cluster governance and cooperation:</b></p> <ul style="list-style-type: none"> <li>• maturity of cluster management</li> <li>• humanresources for cluster management</li> <li>• qualification of cluster management team</li> <li>• lifelong learning aspects of the cluster management team</li> <li>• stability and continuity of the cluster management team</li> <li>• stability of clusterparticipation</li> <li>• clarity of roles and responsibilities</li> <li>• contacts with clustermembers</li> <li>• degree of cooperation within the cluster</li> <li>• integration of the cluster in the innovation system</li> </ul> <p><b>Financingcluster management:</b></p> <ul style="list-style-type: none"> <li>• prospects of financial resources of the cluster management organization</li> <li>• financialresources from privatesector</li> </ul> <p><b>Strategy and services:</b></p> <ul style="list-style-type: none"> <li>• strategybuildingprocess</li> <li>• documentation of the clusterstrategy</li> <li>• implementationplans</li> <li>• financial controlling system</li> <li>• review of the clusterstrategy</li> <li>• performance monitoring</li> <li>• focus of the clusterstrategy</li> <li>• activities and services of the cluster management</li> <li>• performance of the cluster management</li> <li>• workinggroups, communication, web</li> </ul> <p><b>Achievements and recognition:</b></p> <ul style="list-style-type: none"> <li>• recognition of cluster in media</li> <li>• successstories and bestpractices</li> <li>• customer and cluster members' satisfaction assessment</li> </ul>

Source: Th. Christansen, Th. Lämmer-Gamp, G. Meier zuKöcker, *Let's make a perfect ...*, op. cit., p. 17; Europa InterCluster, *White paper: the emerging ...*, op. cit., p. 23.

Current research suggests, that the ability of clusters to deliver high quality cluster management and economic performance is often labeled as cluster excellence. The key pillars of excellence in cluster management include a regular review of both cluster objectives and the objectives of the cluster organization, 'trying out' various types of actions and learning from the results of those actions, as well as constant monitoring and regular evaluation, adaptive performance measurement systems and active engagement of cluster stakeholders at all stages of the management<sup>30</sup>. Nowadays, cluster management excellence is considered as a main prerequisite for a cluster organization to achieve the highest impacts within a given technological, industrial, regional, social and legislative framework for the cluster members, the industrial sector and the regional and national economy. Moreover, common standards for excellent cluster management also enable better mutual understanding necessary for transnational cooperation between cluster organizations and hence are important to promote successful cooperation between politics, business and science and international cluster cooperation for the benefit of the participating SMEs<sup>31</sup>.

According to M. Bialic-Davendra clusters are no longer perceived as isolated organizations but as entrepreneurial eco-systems with ambitions to become world-class clusters, internationally visible and with intensive involvement of their stakeholders in international co-operations and linkages across borders. The development of various forms of inter-cluster cooperation such as trans-national, cross-border and/or interregional cooperation among clusters and companies collaborating within their structures has been popularized for example in policy documents in Europe in recent years including Visegrad Group countries (also known as the "Visegrad Four" or simply "V4")<sup>32</sup>. In turn, Z. Przygodzki argues that V4 countries should clearly: firstly, engage themselves into the construction of a systemic, long-term support for economic networks including clusters; and secondly, shift the support from the current focus on organization and stimulating cooperation to investments in support of innovation and competitiveness of clusters in order to strengthen the potential of innovative businesses<sup>33</sup>.

The success, for example, of the Silicon Valley as a world-class cluster is the best-known proof that strong clusters are among the most relevant microeconomic factors that influence the levels of prosperity of a region<sup>34</sup>. Silicon Valley has a regional network based industrial system, comprising small firms that collaborate and promote collective learning (organizational learning). Relationship between firms and their customers, suppliers and competitors flourished in regional agglomerations where repeated interaction builds shared identities and mutual trust (high social capital). The firms are

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<sup>30</sup> J.H. Schretlen, K. Dervojeda, W. Jansen, B. Schaffmeister, *Uncovering excellence in cluster management*, PWC, Amsterdam 2011, p. 3.

<sup>31</sup> S. Hantsch, H. Kergel, T. Lämmer-Gamp, G. Meier zuKöcker, M. Neger, *Cluster management excellence in Germany*, European Secretariat for Cluster Analysis, Berlin 2013, p. 3.

<sup>32</sup> M. Bialic-Davendra, *An investigation of a new concept of world-class clusters in Europe: a case study of the Visegrad Group of countries*, "Journal of Competitiveness" 2011, no. 2, pp. 54-55.

<sup>33</sup> Z. Przygodzki, *State of play and sectoral differentiation of clusters in Visegrad Group Countries and in Germany in the context of increasing competitiveness*, "Comparative Economic Research" 2012, vol. 15, no. 1, p. 78.

<sup>34</sup> M. Trandafir, M. Panaitescu, *Clusters and financial resources management in the context of the EU strategy for the Danube region*, "Journal of Danubian Studies and Research" 2015, vol. 5, no. 1, p. 81.



quick to react to changing business needs yet they are able to tap on mutual resources and successful business ideas. The region's dense social networks and open labor markets encouraged experimentation and entrepreneurship<sup>35</sup>.

The development of Aviation Valley (158 cluster members) is an excellent example of Polish world-class cluster. It is a good case, how cluster critical mass, related industries, location and linkages between business, R+D sector, local government have impact on the development of a strong regional economy. Significant funding for the cluster initiative has been provided by Pratt & Whitney, a world leader in the design, manufacture and service of aircraft engines, space propulsion systems and industrial gas turbines. The reasons for setting up the Aviation Valley were first of all to improve the existing manufacturing base, develop a low-cost supply chain built on the SME base in the region and to create favorable conditions for the aerospace business. The promotion of cooperation, research, technology development and innovation has also been a focus of the cluster, as it regards advanced technologies that allow firms to participate in the biggest international aircraft programs and ensure competitiveness in the long term<sup>36</sup>. The strategic objective of the Aviation Valley is to transform southeastern Poland into one of Europe's leading aerospace regions, which would be able to provide a diverse cross section of products and services for the most demanding clients<sup>37</sup>.

#### **4. THE IMPACT OF CLUSTER POLICY ON THE EMERGENCE OF WORLD-CLASS CLUSTERS: GERMAN AND FRENCH EXPERIENCES**

The determination of the impact of cluster policy on the formation of world-class clusters requires adoption of certain assumptions, due to the limited scope of this article. Whereas within the cluster policy the identification of the instruments of influence on the formation and development of clusters in a given country is possible, the interpretation of the term "world-class clusters" needs clarification.

According to the earlier position of the EU presented the geographical coverage and the potential of the cluster are not so essential as the high quality of the cluster management for the successful world-class clusters. Therefore, in order to create more world-class clusters across the EU by strengthening cluster excellence, in 2009 the European Commission launched the European Cluster Excellence Initiative (ECEI)<sup>38</sup>.

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<sup>35</sup> A.T. Kuah, *Cluster theory and practices: advantages for the small business locating in a vibrant cluster*, "Journal of Research in Marketing and Entrepreneurship", vol. 4, no. 3, p. 218.

<sup>36</sup> K. Izsak, Ch. Ketels, G. Meier zuKöcker, Th. Lämmer-Gamp, *Smart guide...*, op. cit., p. 15.

<sup>37</sup> <http://www.dolinalotnicza.pl/en/about-us/> (access: 1.12.2016).

<sup>38</sup> The European Cluster Excellence Initiative, initiated by the European Commission DG Enterprise and Industry, developed methodologies and tools to support cluster organisations to improve their capacities and capabilities in the management of clusters and networks. Being members of the European Cluster Excellence Initiative 13 project partners from nine European countries - all well experienced in the field of cluster management and support - created a uniform set of cluster management quality indicators and developed a quality labeling system for professional cluster management with the aim to get this methodology and proof of quality accepted all over Europe. The European Secretariat for Cluster Analysis (ESCA) offers services in two areas: ESCA promotes cluster management excellence through benchmarking and quality labelling of clusters and cluster management organizations. ESCA has been mandated by the European Cluster Excellence Initiative (ECEI) to organise the assessment process. ESCA supports cluster policy

Excellent management is considered the main precondition for a cluster organization to attain the highest impact within a given technological, industrial, regional, and legislative framework for the cluster participants, the industrial sector in general, or the development of regions. What is more, common standards for excellent cluster management also enable better mutual understanding which is necessary for transnational cooperation between cluster organizations and, as a result, are important to promote successful international cluster cooperation for the benefit of the participating SMEs<sup>39</sup>. For this reason, the European Cluster Excellence Initiative developed an assessment scheme for distinguishing cluster organizations which demonstrate highly sophisticated cluster management and are committed to further improve their organizational structures and routines for the benefit of an even higher performance. These clusters organizations receive The "Cluster Management Excellence Label GOLD - Proven for Cluster Excellence" which acknowledges their status as world-class clusters.

Until now, within the European Union as many as 80 cluster organizations from 16 countries have received the Gold Label, as presented in Table 2. It should be noted that accession to the evaluation process is voluntary for each cluster, as well as associated with a significant financial expense. Hence, one should be aware that this number of 80 world-class clusters does not include some clusters which also meet the criteria, but for various reasons have not applied for the Gold Label. Nevertheless, it can be assumed that the summary presented in Table 2 reflects the impact of cluster policy for the development of clusters in a given country, including at the level of world-class cluster.

Due to the limited scope of this study, there will be analyzed two countries which have the largest number of world-class cluster, ie. France and Germany. In each of these countries 19 clusters have been awarded the Gold Label. Below are characterized the main principles of cluster policy, together with a description of the main support programmes for clusters.

Germany is the main precursor for cluster policy and cluster initiatives in Europe. Cluster policy in Germany started in 1995 by introducing BioRegioWettbewerb-programme. It was followed with several support programmes both from the national and federal state level<sup>40</sup>. Presently, the Cluster policy at national level is implemented by two main programmes: the Leading-Edge Cluster Competition and "go-cluster: Exzellent-ernetzt!"

German cluster policy is closely linked to the High-Tech Strategy which is developed by the German Federal Government. Its main objective is the recognition that the research and innovation are the main tool of worldwide competition, and they are the key to growth and progress. A crucial factor contributing to the success of the High-Tech Strategy is the

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makers and programme owners with advice on cluster programme development. ESCA was established by one of the partners, VDI/VDE Innovation + Technik GmbH, to offer practical advice to cluster management organizations. Today, ESCA is a network of cluster experts from more than 30 countries. <http://www.cluster-analysis.org/> (access: 1.12.2016).

<sup>39</sup> S. Hantsch, H. Kergel, M. Nerger, T. Lämmer-Gamp, G. Meier zuKöcker, *Cluster management excellence in Germany...*, op. cit., p. 3.

<sup>40</sup> D. Dohse, *Taking regions seriously: recent innovations in German Technology Policy*, [in:] *Innovation clusters and interregional competition*, J. Bröcker, D. Dohse, R. Soltwedel (eds.), Springer, Heidelberg 2003, pp. 372-394.

Leading-Edge Cluster Competition<sup>41</sup> run by the Federal Ministry of Education and Research (BMBF) since 2008. In this scope the Federal Ministry of Education and Research plays a major role in implementing the High-Tech Strategy by investing already more than 360 million euros into this competition. The Leading-Edge Cluster Competition is Germany's first nationwide cluster funding programme, open to all technologies and to be made conditional in a long-term strategy. The winners of the "Spitzencluster-Wettbewerb - Mehr Innovation. Mehr Wachstum" (Leading-Edge Clusters Competition – More Innovation. More Growth) succeeded in bringing together the most important partners within the innovation and value-added chain in their respective fields of technology and regions. The funding provided support in implementing their cluster and innovation strategy, by helping them to establish themselves in international leading groups in the long term. In a total of three competition rounds (2008, 2009, 2011), an independent jury selected 15 Leading-Edge Clusters from more than 80 competitors. These clusters receive funding of up to 40 million euros each over a period of five years.

Table 2. Number of "Cluster Management Excellence Label GOLD" by country

Country	Validgoldlabel (December2016)	Expiredgoldlabel
Austria	6	-
Belgium	1	-
Czech Republic	1	-
Denmark	8	-
France	15	4
Germany	12	7
Greece	2	-
Hungary	1	-
Italy	2	-
Mexico	1	-
Norway	5	-
Portugal	5	1
Slovakia	1	-
Spain	5	1
Sweden	1	-
United Kingdom	1	-
<b>Total</b>	<b>67</b>	<b>13</b>

Source: Authors' own processing based on: <http://www.cluster-analysis.org/gold-label-new> (access: 1.12.2016).

One of the clusters that received financial resources and which meet the criteria of the world class cluster, is The BioRegionRhein-Neckar Cluster (BioRN)<sup>42</sup>. The cluster spans

<sup>41</sup> Federal Ministry of Education and Research (BMBF), *Germany's Leading-Edge Clusters*, WE DO communication GmbH GWA, Berlin 2015, p. 6.

<sup>42</sup> <http://biorn.org/biorn-cluster/> (access: 1.12.2016); H. Okamuro, J. Nishimura, *Local management of national cluster policies: comparative case studies of Japanese, German and French biotechnology clusters*, "Administrative Sciences" 2015, vol. 5, p. 225.

the three federal states of Baden-Württemberg, Rheinland-Pfalz, and Hessen. Despite having such a cross-state range, the cluster organization defines itself as a biotechnology cluster with specialized companies located within a radius of 30 km. Traditionally, this cluster area was a core for the chemical industry and life science research in Germany, centered at the University of Heidelberg. Approximately 200 firms (including 77 biotechnology start-ups) and three multinational pharmaceutical companies (Roche in Mannheim, Merck in Darmstadt, and Abbott in Ludwigshafen) are located in the BioRN Cluster. Excellent universities and six top-level public research institutes are also located there, including the University of Heidelberg (with the university hospital), the German Cancer Research Center (DKFZ), the European Molecular Biology Laboratory (EMBL), and the Max-Planck Institute of Medical Research. Several cluster firms are spin-offs from these research institutes, especially the DKFZ. The BioRegion Rhein-Neckar Cluster was supported by a BioRegion subsidy from 1996 to 2000. To execute this project, the BioRegion Rhein-Neckar-Dreieck e.V. (BioRN Association) was founded in 1996. In 2008, the BioRN Association set up BioRN Cluster Management GmbH (BioRN) to prepare to apply for the national Spitzencluster-Wettbewerb in the first round, and, among the five winners of the competition, it was the only biotechnology cluster. In summary, this cluster policy financially supported 36 research consortia with 24 cluster firms. BioRN is a semi-public limited liability company (similar to BioM) supervised by various regional associations (including the BioRN Association) with more than 80 members, the Chamber of Industry and Commerce Rhein-Neckar, and Technology Park Heidelberg. Moreover, the support from national is very important, however the BioRN's activities are funded mainly by the Federal State of Baden-Württemberg. BioRN is a member of the consortium InnoLife, which has won the call for the Knowledge and Innovation Community (KIC) Healthy Living and Active Ageing (EIT Health) of the European Institute for Innovation and Technology (EIT). With a grant volume of up to 700 million euros and a total project volume of more than 2 billion euros, this is one of the largest publicly funded initiatives in the health sector worldwide.

The cluster of molecular biotechnology and biomedicine in Heidelberg is complemented by research in related sectors at other institutions of the region. Fachhochschule Mannheim (Mannheim University of Applied Technology) focuses on cell culture and screening technologies. University of Mannheim is strong in bioinformatics and applied mathematics and as one of Germany's leading universities in business administration it is providing students with entrepreneurial skills. The University of Kaiserslautern is renowned for its microbiology and mycology department. There is also a Centre for Green Gene Technology for transgenic crop plants in Neustadt/Weinstrasse. Most of the biotech start-ups naturally prefer to stay close to the academic centres. Confronted with high rent and living costs in Heidelberg, however, some companies have discovered that short distances and an excellent motorway system allow them to retain their links with research institutes, even when they are located at lower costs elsewhere in the region<sup>43</sup>.

The most recent tool for the German cluster policy is the "go-cluster" programme<sup>44</sup> which started in 2012. It is the cluster political excellence activity of The Federal Ministry

<sup>43</sup> <http://www.nature.com/naturejobs/science/articles/10.1038/nj0046>(access: 1.12.2016).

<sup>44</sup> <http://www.clusterplattform.de/CLUSTER/Navigation/EN/NationalLevel/go-cluster/go-cluster.html> (access: 1.12.2016).

for Economic Affairs and Energy. The initiative provides support for innovative services and raises the international visibility of innovation clusters. Members of the "go-cluster" programme can obtain funding for novel solutions. Clusters included into the "go-cluster" programme represent innovation of different industries and technological sectors in Germany. Currently around 100 members make use of the various offers of the program. A "go-cluster" membership offers the following multiple advantages to innovation clusters, their actors and cluster-supporting partners:

- a quality and efficiency certificate for cluster management organizations applying uniform assessment criteria that comply with European quality standards,
- assumptions of the costs of the Bronze or Silver Label of the European Cluster Excellence Initiative,
- the right to use the registered word mark/logo "go-cluster: Exzellentvernetzt!" as a quality label,
- participation and higher visibility in government economic initiatives,
- increased national and international visibility to decision-makers representing government, business and administration,
- public presentations of cluster activities and selected success stories on innovation projects (events, newsletters, websites and clusters' success stories "ClusterERFOLGE"),
- networking activities with the most efficient innovation clusters from Germany and Europe,
- participation in seminars on topical matters of clusters and management,
- individual counselling of cluster managements, among others on the issues of strategy development,
- entitlement to apply for funds.

Each German innovation cluster can apply for admission to this programme. The admission requires fulfillment of a set of quality criteria. After a successful application and admission, the participation in the benchmarking processes of the European Cluster Excellence Initiative is mandatory for all members. The cluster management organizations commit themselves to meet the quality criteria of the Silver Label of ECEI within two years in order to record a development and an increase in quality. Within the scope of the "go-cluster" programme The Federal Ministry for Economic Affairs and Energy cover the costs of the benchmarking and certification process and the approval of the Silver Label. Thus, the "go-cluster" programme supports cluster organizations in Germany, with the awareness that the achievement of the status of the world-class Cluster is a long-term process and initially requires excellence at the lower levels (Bronze and Silver Label).

In addition, a support programme already implemented (since 2001) is the "Unternehmen Region - Die BMBF-Innovationsinitiative für die Neuländer" (Entrepreneurial Regions - The BMBF Innovation Initiative for the New German Federal States)<sup>45</sup>. It is a measure that focuses on establishing and developing particular technology, science and business skills in former East German regions. The initiative aims to lay the foundations for the development of regional business clusters.

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<sup>45</sup> Federal Ministry of Education and Research (BMBF), *Unternehmen region*, Berlin 2015, [https://www.bmbf.de/pub/Unternehmen\\_Region\\_2\\_2015.pdf](https://www.bmbf.de/pub/Unternehmen_Region_2_2015.pdf) (access: 1.12.2016).

The Local Productive Systems (LPS) in France issued in 1998 is the first national cluster policy<sup>46</sup>. The new industrial policy of France was proclaimed in 2004 in response to the increasing competitiveness on a global scale. One of its main objectives was to support the development of the so-called “pôles de compétitivité” (competitiveness clusters). A “pôle de compétitivité” (PdC) is a partnership, based around a specific theme and a specific region which brings together large and small companies, research bodies and educational entities, all working together in a specific region to develop synergies and cooperative efforts around a shared theme. The important role played also by the relations with regional and primarily the national authorities, such as the government. What is more, there are involved various partners in this policy, including the French National Research Agency (Agence Nationale de la Recherche - ANR), Public Investment Bank (Bpifrance), the Environment and Energy Conservation Agency (ADEME), the Deposit and Consignment Fund (Caisse des Dépôts et Consignations - CDC) and Business France.

A competitiveness cluster aims to support innovation. It promotes the development of innovative collaborative research and development (R&D) projects. It also supports the development and growth of its member companies thanks in particular to the marketing of new products, services or processes resulting from the results of the research projects. The objective is to enable the companies involved to take a leading position in their markets in France and abroad<sup>47</sup>.

The title of the PdC is granted as a result of the evaluation process, and the decision is taken by the interministerial committee CIADT (Comité interministériel d'aménagement et au développement du territoire), headed by the Prime Minister. The technical back office is assured by DATAR (Délégation à l'aménagement du territoire et l'animation régionale)<sup>48</sup>. The first PdC's were created in the period September 2004 - July 2005. Currently there are 71 PdC supported. Their functioning is determined by the terms described in the contract which governs the relations between the cluster and the national as well as regional authorities. The main evaluation criteria favour clusters with<sup>49</sup>:

- a development strategy consistent with the economic development plan of the region where the cluster operates,
- international visibility, both industrially and / or technologically,
- the partnership between actors and a structured and operational mode of governance,
- the ability to create synergies in research and development, thus bringing high added value.

<sup>46</sup> Ph. Martin, Th. Mayer, F. Mayneris, *Public support to clusters: a firm level study of French “Local Productive Systems”*, “Regional Science and Urban Economics” 2011, vol. 41, no. 2, pp. 108-123.

<sup>47</sup> N. Jacquet, D. Darmon, *Les pôles de compétitivité: le modèle français*, la Documentation Française, Etudes, Paris 2005, p. 27.

<sup>48</sup> P. Dambron, *Les clusters en France. Pourquoi les pôles de compétitivité?*, L'Harmattan, Paris 2008, p. 150.

<sup>49</sup> Ibidem, p. 124.

There are three stages in the development of cluster policy (la politique des pôles) in France<sup>50</sup>:

- a) stage 1: 2005 - 2008. It covers the period of the development of the principles of the functioning of the PdC and starting them. The assessment of the cluster development for the years 2006-2008 shows that:
  - 39 clusters achieved the objectives of the competitiveness poles,
  - 19 clusters partially met the objectives of the competitiveness clusters policy and need to work to improve certain dimensions of their action,
  - 13 clusters could benefit from a deep reconfiguration,
- b) stage 2: 2009-2012, called "Pôle 2.0". With continuation to support R&D as the basis of the dynamics of the clusters, the second phase comprised the three main areas:
  - strengthening the coordination and strategic steering of the clusters, in particular with the implementation of more demanding "performance contracts",
  - development of structuring projects, in particular innovation platforms,
  - increased support for the development of the innovation's ecosystem and growth of the cluster businesses, in particular through greater use of private funding,
- c) stage 3: 2013-2018. The aim is to increase the effectiveness of public action by establishing a closer partnership between national and regional levels. The following measures have been undertaken:
  - competitive clusters must become "factories for the future products" that transform the collaborative efforts of R&D into innovative products, processes and services put on the market,
  - future investments will be mobilized to support the industrialization of the cluster projects,
  - the offer of collective and individual services proposed by the clusters to their members must be complementary to those implemented by other actors in the region,
  - the competitiveness clusters will ensure better involvement of cluster actors,
  - the clusters will also contribute to the strengthening of relations between SMEs and major groups, paying particular attention to purchasing,
  - for the next 6 years, the objectives of each cluster will be specified in an individualized performance contract. It will detail the technological and innovation challenges and the associated target markets that the cluster wishes to target.

The cluster policy in France is focused on supporting R&D projects, which is executed:

- through calls for projects launched under the Invest for the Future Programme including the financial assistance for the best nation-wide collaborative public-private R&D projects,

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<sup>50</sup> French Government, *Les Pôles de Compétitivité*, <http://competitivite.gouv.fr/politique-des-poles/la-nouvelle-phase-de-la-politique-des-poles-de-competitivite-949> (access: 1.12.2016).

- by granting loans to member SMEs or ETIs for the industrialization and marketing of the results of a collaborative R&D project. This loan for the industrialization of cluster projects (PIPC) is financed by the Invest for the Future Programme.

In execution of the “pôles de compétitivité” policy, between 2005 and 2013, more than 1300 collaborative R&D projects received public financing of €2.37 billion, including more than €1.45 billion granted by the French State through the dedicated fund (FUI). These projects, amounting to nearly €6 billion in R&D expenditure, involved nearly 15 000 researchers<sup>51</sup>.

France is a relatively centralized state even though there are 27 regions. The primary way in which regional councils can affect the development of clusters is through expenditure on infrastructure, which includes support to local universities and research institutes. Examples of world class Pôles include Aerospace Valley, which is created in 2005. It is the most significant innovation “pôle de compétitivité” in France in the fields of aeronautics, space and embedded systems, counting with over 840 members from both the industry and the academia. With offices in Toulouse (HQ) and Bordeaux, the innovation cluster covers the two geographically adjacent regions of South-Western France, Occitania and Nouvelle Aquitaine. With 124 000 industrial employees, Aerospace Valley represents around 1/3 of the French aerospace workforce. Similarly, 8 500 researchers and scientists are active within the Aerospace Valley territory, thus representing 45% of the French national R&D potential in the aerospace sector. As of June 2016, Aerospace Valley has obtained funding for 475 R&D projects representing an accumulated value of 1.2 billion Euro covering most scientific and technical fields related to the various sectors of aerospace. Within the framework of the general French “pôle de compétitivité” program, which aims to stimulate employment by fostering local and regional competencies in technical and economic areas, Aerospace Valley strives to create an ambitious 35-40 000 new jobs by the horizon year 2025<sup>52</sup>. Services provided by the cluster include an annual members’ event, the possibility to attend strategic business sector seminars, access to sectorial studies, networking and experience exchange and reduced cost access to international trade fairs. Membership also provides opportunities for participating businesses to find partners for innovation projects, obtain financial support from both French government and EU grants and/or venture capital, participate in cooperation with overseas clusters and have access to skills planning forums and access to an internet forum to advertise job positions<sup>53</sup>.

Table 3 summarizes the descriptions of national cluster policies in Germany and France in terms of their main components (institutions, sources, programmes, participating clusters organizations).

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<sup>51</sup> <http://competitivite.gouv.fr/politique-des-poles> (access: 1.12.2016).

<sup>52</sup> <http://www.aerospace-valley.com/en>(access: 1.12.2016).

<sup>53</sup> *EU best practice in cluster development policy*, Maxwell Stamp PLC, Selectio, Zagreb 2012, pp. 27-28, <https://poduzetnistvo.gov.hr> (access: 1.12.2016).



Table 3. Comparison of National Cluster Policies in Germany and France

Cluster Policy	Germany	France
<b>main national program</b>	Spitzencluster- Wettbewerb (Leading-Edge Cluster Competition)	Pôles de Compétitivité (Competitiveness Clusters)
<b>period</b>	2008-2012 (first) 2010-2014 (second) 2012-2016 (third)	2006-2008 (first) 2009-2011 (second) 2013-2018 (third)
<b>budget</b>	EUR 600 million (2008-2016)	EUR 2,37 billion (2005-2013)
<b>preferred cluster profile</b>	industrial	technological
<b>program initiator</b>	Federal Ministry of Education and Research (BMBF)	Ministry of Economy, Finance and Industry
<b>source of funding</b>	BMBF	Inter-ministry Funds (FUI) and others
<b>number of selected clusters</b>	15 (sum of 3 periods)	71 (sum of 3 periods)
<b>number of submitted applications</b>	85 (sum of 3 periods)	105 (sum of 3 periods)
<b>number of "Cluster Management Excellence Label GOLD"</b>	19	19

Source: Authors' own processing based on: <http://competitivite.gouv.fr/politique-des-poles>; <http://www.clusterplattform.de> (access: 1.12.2016); H. Okamuro, J. Nishimura, *Local management of national cluster policies: comparative case studies of Japanese, German and French biotechnology clusters*, "Administrative Sciences" 2015, vol. 5, pp. 227-228.

The comparative analysis of the German and French cluster policy points to the diverse possibilities of its implementation. Although the goal is similar, both the conditions and the methods adopted by the two states differ from each other. In France, there is a clear correlation between the inception of a national cluster policy and a related cluster funding programme (Les Pôles de Compétitivité) as well as the establishment of cluster organizations, whereas the German cluster policy - even during the early phase - was dedicated to further development of the already existing clusters and cluster organizations. Their emergence was supported in several previous activities. That is the reason why the creation of cluster organizations in Germany are spread in time. Moreover, German clusters are predominantly more influenced by the industry. This can be explained by the fact that the French cluster policy (Les Pôles de Compétitivité) more

significantly aims at and focuses on promoting (labelling) collaborative R&D projects between research organizations, universities and industry<sup>54</sup>.

In summary, the cluster policy in both countries has a significant impact on the formation of world-class clusters. It focuses on building the cluster management excellence, which is necessary to raise funds for the development and expansion of clusters. The discussion in this paper focuses on national cluster policies. Nevertheless, it is necessary to be also aware of the role of regional cluster policy, which plays an important role especially in Germany and France<sup>55</sup>.

## 5. CONCLUSIONS

The increase in globalization of the economy increasingly intensifies competition on a global scale. With awareness of these challenges, a number of actions are taken within the European Union which concern, inter alia, the support for innovative clusters in order to build their strong value chains with the potential expansion on a global scale. Thus, cluster policies have attracted increasing attention. Measures are taken on the one hand at the supranational level i.e. the European Union, which sees an opportunity to face the global competition as a result of the development of world-class clusters. On the other hand, member states realise their individual cluster policies, which have a significant impact on the level of innovation and internationalization of domestic clusters. The paper has yet some limitation. It is focused on national cluster policy and ignored regional policies by regional government or local authorities which can play an important role. It seems, however, that it is the cluster policy at the national level which has a more significant impact on the development of world-class clusters in a given economy, among other things, thanks to the scope of the financial support offered.

It should be noted that the national cluster policies differ considerably among the European countries. This applies both to the understanding of the role of clusters as well as the ways and the extent of their support. Current research suggests that the ability of clusters to deliver high quality cluster management and economic performance is often labeled as cluster excellence. According to the study in the EU there operate 3 000 strong clusters, of which 80 have received the "Cluster Management Excellence Gold Label", which is the top level of cluster excellence and is equivalent to the world-class cluster status. Governments in pursuit of an autonomous cluster policy may use different tools to support the development of clusters. The example of the cluster policy implemented in Germany and France, the two leading EU member states, proves that regardless of the preferences in terms of the profile of clusters (technological or industrial), they are seen as the main tools to compete by means of innovation on the global scale. Policymakers and cluster managers may learn from experience of other countries, specifically how to select and foster competitive clusters.

The scientific considerations presented in this article are based on selected theoretical research results and desk research. The examples of cluster policy implemented in

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<sup>54</sup> S. Hantsch, H. Kergel, M. Neger, T. Lämmer-Gamp, G. Meier zuKöcker, *Cluster management excellence in Germany...*, op. cit., p.8.

<sup>55</sup> K. Koschatzky, H. Kroll, *Which side of the coin? The regional governance of science and innovation*, "Regional Studies" 2007, vol. 41, pp. 1115-1127; P. Dambron, *Les clusters...*, op.cit., p. 135.

Germany and France in comparison with the number of "Cluster Management Excellence Gold Label" functioning there would serve as an illustration of how cluster policy is a determining factor for the development of world-class clusters. The comparative analysis of the German and French cluster policy points to a significant impact of the cluster policy in both countries on the formation of world-class clusters. It focuses on building the cluster management excellence, which is necessary to raise funds for the development and expansion of clusters.

The collected research material provides a starting point for further research on the impact of cluster policy on cluster competitiveness – perceived from different perspectives.

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#### **POLITYKA KLASTROWA JAKO CZYNNIK DETERMINUJĄCY ROZWÓJ KLASTRÓW ŚWIATOWEJ KLASY**

Celem artykułu była charakterystyka znaczenia polityki klastrowej dla rozwoju klastrów światowej klasy. W artykule wskazano, że funkcjonujące klastry w krajach członkowskich Unii Europejskiej mają bardzo zróżnicowany charakter, co jest efektem m.in. różnych uwarunkowań ich rozwoju (endo- i egzogenicznych). Wraz z rozwojem koncepcji klasteringu zwiększało się zainteresowanie oraz zaangażowanie władz publicznych na poziomie europejskim, narodowym i regionalnym w procesie bezpośredniego i pośredniego wspierania rozwoju klastrów. Tego typu wsparcie było i wciąż jest elementem dotychczasowej polityki klastrowej. Polityka ta z założenia poprzez różne podejmowane działania i instrumenty, w skoordynowany sposób stymulujące rozwój klastrów, przyczynia się do maksymalizowania efektu synergii klastrowej, przyspieszenia wzrostu gospodarczego, poprawy konkurencyjności gospodarki, rozwoju gospodarki opartej na wiedzy. Istotnym elementem tej polityki jest stymulowanie interakcji i powiązań pomiędzy biznesem, sektorem B+R, instytucjami otoczenia biznesu oraz lokalnymi i krajowymi agencjami rządowymi. Dla zobrazowania wpływu polityki klastrowej na rozwój klasteringu oraz klastrów klasy światowej, dokonano analizy porównawczej polityki klastrowej realizowanej w Niemczech i we Francji.

Klastry pomimo, że stanowią przykład organizacji o charakterze rynkowym, to potrzebują aktywnego wsparcia publicznego. Współczesna polityka klastrowa w poszczególnych krajach UE ma często horyzontalny charakter. W wielu przypadkach koncentruje się na oferowaniu publicznego wsparcia dla rozwoju klastrów o największym potencjale konkurencyjnym, mających realną szansę uzyskania statusu klastra światowej klasy. Klastry tego typu wykazują zdolność rozwoju silnych klastrowych łańcuchów wartości poprzez

aktywną działalność B+R oraz międzynarodową współpracę z kluczowymi interesariuszami. Osiągnięcie poziomu klastra światowej klasy wymaga doskonałości w zarządzaniu klastrem. Tym samym koncepcje klastra światowej klasy, jak i doskonałości zarządzania klastrem kreują wciąż nowe strategiczne wyzwania dla menedżerów klastrów.

**Słowa kluczowe:** klastr, polityka klastrowa, zarządzanie, rozwój, konkurencyjność.

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## **THE NEED FOR CREATING AN EFFECTIVE RISK MANAGEMENT IN COMMERCIAL BANKS OF UKRAINE**

This article is devoted to the peculiarities of risk management in commercial banks of Ukraine. The authors have examined current approaches to the definition of the concept of “risk management” and also have defined the approaches of the National Bank of Ukraine to its understanding. For the purpose of the organization and functioning of risk management systems in commercial banks and in order to ensure that the banks carry out their transactions within acceptable risk parameters and use a method which will protect the interests of depositors, creditors and owners of the banks, the National Bank of Ukraine has developed and approved “Methodical guidelines for the organization and operation of risk management systems in the banks of Ukraine”. The advantages of risk management in banks and its main task have been considered. The content of the principles underlying risk management in banks has been defined. Six stages of bank risks have been substantiated. The role of the organizational structure in the process of bank risk management has been defined. The necessity of developing a program of assessment and management of risks has been justified, which should include the possibility of preventing their occurrence and the introduction of the system of early response to risks.

This article contains an introduction, four chapters and conclusions. The introduction substantiates the necessity of bank risk management. The first chapter reveals the economic essence of the concept of “risk management” and its peculiarities in the banking sector. The second chapter identifies the principles of bank risk management. The third chapter is devoted to the characteristics of the stages of risk management process. The fourth chapter reveals the organizational and functional provision of risk management in banks. The conclusions contain the main findings of the research.

**Keywords:** risk management, bank risk management, stages of risk management, risk management process, bank risks.

### **1. INTRODUCTION**

The category of risk is dominant in the banking business, based on the specifics of the activity of the banks as intermediaries on the financial market. The level of bank risk largely influences the efficiency of banking business, the potential of financial institutions

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in the maintaining of economic processes, the market value of capital and confidence in the bank by the regulators, partners and customers. For the successful operation of the bank it is necessary to have the understanding of the huge number of risks threatening its operations. The realization of this fact is the key to the stable operation of the banking institution. Banks are successful when the risks they have taken are rational, controlled, and are within the scope of their competence and control. Therefore, the priority task in banking activities should be to identify, assess and competently manage risks, as well as the pursuit to minimize them.

## **2. ECONOMIC ESSENCE OF THE CONCEPT OF “RISK MANAGEMENT” AND ITS PECULIARITIES IN THE BANKING SECTOR**

Different types of risks in bank activities are caused by different factors, have different effects on bank activities and are determined and controlled in different ways. For this reason it is necessary to develop different methods of their assessment as well as their management mechanisms. It should be noted that among the scientists there are disagreements over the understanding of the concept of “risk management”, therefore several approaches to its definition have been defined (Table 1).

The National Bank of Ukraine (the NBU) does not give a definition of the concept “risk management”, but it notes that any risk management system should include the following elements:

- risk identification. A proper identification of risk is, first of all, the recognition and understanding of existing risks or risks that may arise from new business initiatives. Risk identification should be an ongoing process carried out both at the level of individual transactions and portfolio level;
- risk measurement. An accurate and timely measurement of risk is an essential component of effective risk management. The bank, which has no system of risk measurement has a limited ability to control risks or monitor them. In addition, the development of risk management instruments, used by the bank, should be adequate to the complexity and the level of risks that it has undertaken. The bank has to check periodically the reliability of measurement instruments that it uses. An appropriate risk measurement system includes the evaluation of individual operations and portfolios;
- risk control. The bank has to set limits and bring them to the executors using regulations, standards and / or procedures that define the duties and powers of employees. These control limits should be effective management tools that can be specified in the case of changes in conditions or the level of risk tolerance. The bank shall determine the sequence of the process of granting permits for the exclusion or change of risk limitations if it is reasonable;
- risk monitoring. Banks should monitor risks in order to ensure a timely tracking of risk levels and exceptions to certain rules. Monitoring reports should be regular, timely, accurate and informative and provided to corresponding officials for taking necessary measures.



Table 1. Modern approaches to defining the concept of "Risk Management"

Approach		A typical definition of the concept
Title	Authors	
The set of methods of influence on the risk level	A. Asambayev, T. Kokh, S. Illyashenko, S. Yegorova, V. Granaturov	<ul style="list-style-type: none"> <li>- the development and implementation of economically based recommendations for the enterprise aimed at reducing the initial level of risk to an acceptable one;</li> <li>- the management of the probability of occurrence of adverse events and a set of actions aimed at minimizing the losses caused by risks;</li> <li>- a set of actions regarding the reduction of costs associated with risks</li> </ul>
The process of reducing financial losses	Z. Bodi, R. Merton, V. Artemenko, Y. Zhuravlev, I. Serdyukova, S. Buz'ko, V. Vitlinskiy	<ul style="list-style-type: none"> <li>- the actions to reduce the costs associated with risks;</li> <li>- an activity that allows to provide, with the lowest costs, the financial resources necessary and sufficient to reduce the probability of occurrence of negative results and to localize the negative consequences of made decisions;</li> <li>- the process of finding a compromise, which aims to achieve a balance between the benefits of reducing the risks and the needed expenditures for that, as well as making a decision regarding which actions should be used for this purpose and which should be rejected.</li> </ul>
A process which is composed of the ordered sequence of stages	I. Blank, S. Babaskin, I. Volkov, N. Balashova	<ul style="list-style-type: none"> <li>- a complex multistage process of identifying, assessing, managing, monitoring and controlling risks, which covers the entire internal organizational process of decision making and execution, as well as control over their implementation;</li> <li>- the process of foreseeing and neutralizing the negative financial consequences of risks associated with their identification, assessment, prevention and insurance;</li> <li>- the process of identifying, assessing and monitoring the effect of internal and external factors that can negatively influence the value of the company</li> </ul>
A systematic view on the risk management problem	K. Redhead, S. Hughes, J. Sinkey, L. Tepman, N. Adamchuk, D. Aleshyn, V. Zhovanikov, E. Egorova, Y. Tronin	<ul style="list-style-type: none"> <li>- strategic management of an enterprise which, on one hand, allows for the possibility of crises and disasters and, on the other hand, works with specific risks and implements such stages of risk management such as risk identification, decision-making and implementation of measures;</li> <li>- a set of methods, techniques and measures that make it possible, to some extent, to predict the occurrence of risk situations and take action on the elimination or reduction of the negative effects of such events;</li> <li>- a support system for decision approval, the main task of which is to minimize the uncertainty that exists whenever an economic entity makes a decision.</li> </ul>

Source: Epifanov A.O., Vasylyeva T.A., The Risk Management of Banks: Monograph in 2 Volumes. Volume 1: Risk Management of Basic Bank Transactions. Sumy, DVNZ "UABS NBU", 2012, [in Ukrainian].

As market conditions and bank structure are different, there is no single risk management system acceptable for all banks. Each institution should develop its own program and system of risk management, according to its needs and circumstances. For example, a larger bank with more complex transactions and which has offices in different geographical areas should have a more developed and more advanced risk management system.

Most often in order to refer to the activity of business entities, including that of banks, aimed at resolving crisis and risk situations, the term “risk management” is also used. On this occasion V. Klyoba<sup>3</sup> notes: “Risk management of a commercial bank can be defined as one of the main trends of modern bank management, which studies the management problems of a bank establishment as a whole or of its individual units, taking into account risk factors, and which includes the creation of an effective risk management system, the elements of which interact according to approved rules and in an agreed sequence, based on some of the concepts, laws, principles and methods”.

For the purpose of the organization and functioning of risk management systems in commercial banks and in order to ensure that the banks carry out their transactions within acceptable risk parameters and use a method which will protect the interests of depositors, creditors and owners of the banks, the National Bank of Ukraine has developed and approved “Methodical guidelines for the organization and operation of risk management systems in the banks of Ukraine”<sup>4</sup>.

These guidelines have been developed on the basis of the Laws of Ukraine “On the National Bank of Ukraine”<sup>5</sup>, “On banks and banking activity”<sup>6</sup>, as well as taking into account the leading international documents that regulate the principles of corporate governance and risk management in banks. This will allow to avoid irrational decisions and mistakes, as well as to use the resources of the bank more efficiently. According to the guidelines of the National Bank of Ukraine risk management is determined “as the risk management system, which includes the strategy and tactics of management, aimed at achieving the key business objectives of the bank. Effective risk management includes: management system, identification system, measurement system and maintenance system (monitoring and control)”<sup>7</sup>.

Bank risk management can be viewed from different perspectives: as a branch of scientific knowledge, as an economic phenomenon, as a management system, as a management process, as the art of management and as the management body (Figure 1).

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<sup>3</sup> Klyoba V., The Improvement of Risk Management in Commercial Bank. Scientific Bulletin of NLTU of Ukraine, 2009, 19, p. 187-196 [in Ukrainian].

<sup>4</sup> Methodical Guidelines on the Organization and Operation of Risk Management Systems in the Banks of Ukraine. The Resolution of the NBU №361 from 02.08.2004, [online]. Available at: <https://bank.gov.ua/doccatalog/document> [in Ukrainian].

<sup>5</sup> On the National Bank of Ukraine [online]. Available at: <http://zakon3.rada.gov.ua/laws/show/2121-14> [in Ukrainian].

<sup>6</sup> On banks and banking activity [online]. Available at: <http://zakon.rada.gov.ua/laws/show/679-14> [in Ukrainian].

<sup>7</sup> Methodical Guidelines for Bank Inspection “System of Risk Assessment”, [online]. The Resolution of the Board of NBU from 15.03.2004 number 104 / the National Bank of Ukraine. Available at: <http://zakon3.rada.gov.ua/laws/show/v0104500-04> [in Ukrainian].

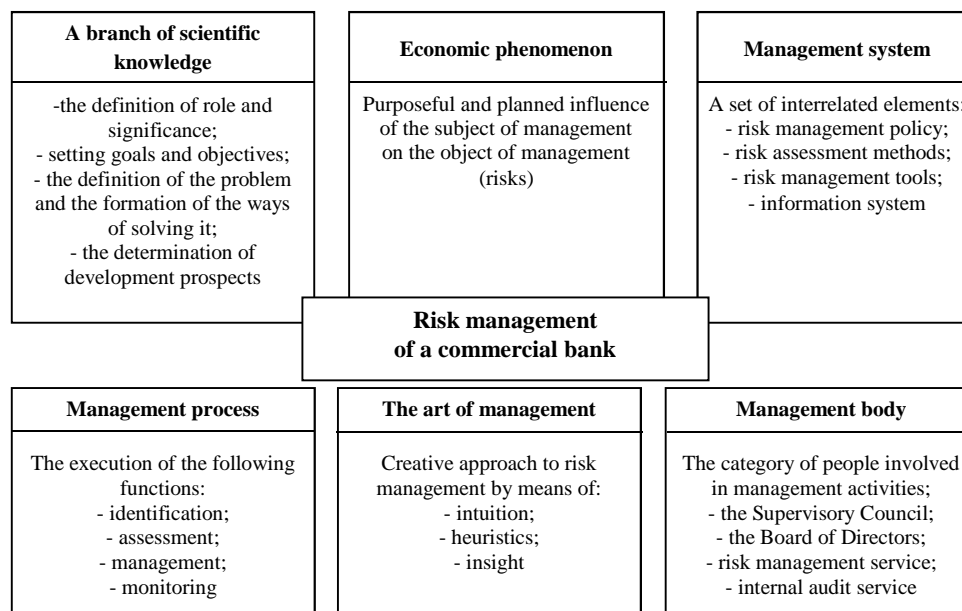


Figure 1. The components of the concept of “risk management of commercial bank”

Source: The Bank for International Settlements (BIS), Basel Committee on Banking Supervision (BCBS), Financial Stability Institute (FSI) [online]. Available at: <http://www.bis.org>

As the international practice proves, an effective risk management system brings to the bank a number of advantages, namely<sup>8</sup>:

- improves the quality of strategic planning;
- allows to avoid sudden changes in value;
- increases the efficiency of the bank activity;
- enables the optimal use of the resources of the bank;
- contributes to greater transparency of management activities and improves communication;
- provides the senior management with information on main risks as well as regarding the resources that are allocated for the influence of the risks of high level;
- provides the managers with an efficient and coherent methodology for the study of the risks;
- improves accounting in banks;
- directs the top management towards the use of factors of risk opportunities in order to improve the value of the bank.

<sup>8</sup> Klyoba V., The Improvement..., op. cit.

The generalization of the study of domestic and foreign economists allows to determine the range of tasks of risk management:

- the reduction of uncertainty in decision-making;
- the reduction of the initial level of risk to an acceptable one;
- the reduction of the costs associated with the risk;
- the definition and monitoring of the status of different spheres of activities or situations that arise as a result of possible undesirable changes;
- the achievement of a balance between the benefits of reducing the risks and the expenses necessary for that;
- the prediction of occurrence of risky situations.

Thus, the successful activity of the bank as a whole depends largely on the chosen risk management concept. The purpose of the risk management process is to limit or minimize the risks since it is impossible to avoid them completely. Risks can and should be consciously controlled, while being guided by the following rules<sup>9</sup>:

1. all kinds of risks are interrelated;
2. the level of risk is constantly changing under the influence of dynamic environment;
3. the risks that banks undertake are directly related to their clients;
4. bankers should try to avoid risks even more than other businesses since they work with other people's money and not with their own.

### 3. THE PRINCIPLES OF BANK RISK MANAGEMENT

Risk management of the bank is based on certain principles, the main ones of which are the following<sup>10</sup>:

- 1) *The awareness of risk-taking.* Bank manager must consciously take the risk if he hopes to get the corresponding income from bank transaction. The awareness of taking on certain types of bank risks is an essential condition for neutralizing their negative consequences in the process of their management.
- 2) *The manageability of taken risks.* The bank portfolio of risks should include mainly those risks which are amenable to neutralization in the process of management, regardless of their objective or subjective nature. The risks that cannot be managed, for example, the risks of force majeure group can only be transferred to an external insurer.
- 3) *The independence of management of individual risks.* One of the most important tenets of risk management theory states that risks are independent from each other and bank losses on one of the portfolio risks do not necessarily increase the probability of risk event for other bank risks. In other words, bank losses on different types of risk are independent of each other and in the management process they must be neutralized individually.
- 4) *The comparability of the level of taken risks to the level of profitability of bank transactions.* This principle is fundamental to risk management theory. It means that the bank in the course of its activities has to take on only those types of bank

<sup>9</sup> Prymostka L.O., Financial Management of a Bank. Kyiv 2004, KNEU [in Ukrainian].

<sup>10</sup> Ioda E.V., Meshkova L.L., Bolotina E.N., Classification of Bank Risks and Their Optimization. 2<sup>nd</sup> ed. Tambov, Izdatelstvo Tambovskoho gos. tekhn.ynivers, 2002 [in Russian].

risks, the level of which does not exceed the corresponding level of profitability on the scale of "profitability - risk." The correlation of profitability with considerations of security and liquidity in the process of bank portfolio management, that is the assets and liabilities of the bank, is the main objective of risk management.

- 5) *The comparability of the level of taken risk with the financial capabilities of the bank.* The expected size of the bank's losses, corresponding to a particular level of bank risk, shall correspond to the share of capital, which provides an internal insurance of risks. The size of the risk capital, including the appropriate internal reserve funds, shall be determined by the bank in advance and serve as the border line of accepting the types of bank risks, which cannot be transferred to transaction partner or to an external insurer.
- 6) *The efficiency of risk management.* The basis of the bank risk management is the neutralization of the negative consequences of the risks for the bank's activities at the possible occurrence of the risk event. At the same time, the bank expenses for the neutralization of the corresponding bank risk should not exceed the amount of possible bank losses on this risk even at the highest degree of probability of occurrence of the risk event.
- 7) *The consideration of time factor in risk management.* The longer the period of carrying out the bank transaction, the wider the range of risks related to it, the fewer opportunities to ensure the neutralization of their negative effects on the bank by the criterion of the efficiency of risk management.
- 8) *The consideration of the general strategy of the bank in the process of risk management.* The bank's risk management system must be based on the general criteria of the chosen strategy of the bank (reflecting its ideology in relation to the acceptable risk level) and bank policies in certain areas of activity.
- 9) *The consideration of the possibility of risk transfer.* The adoption of a number of bank risks is not comparable with the financial capabilities of the bank regarding the neutralization of their negative effects in case of a probable occurrence of the risk event. At the same time, the implementation of the relevant bank transaction may be dictated by the requirements of the strategy and the direction of the bank activity. The inclusion of such risks in the aggregate portfolio of bank risks is allowed only if their partial or total transfer to transaction partners or external insurers is possible.
- 10) *Continuity and consistency.* Risk management is done gradually and continuously, because the condition of the bank, its customers and partners is constantly changing; and price changes occur on commodity and financial markets. Therefore, it is necessary to monitor constantly the level of potential risks and their impact on the expected results of the bank activity

#### **4. RISK MANAGEMENT PROCESS AND THE CHARACTERISTICS OF ITS STAGES**

In terms of risk management, banking activity comes down to risk taking and receiving appropriate compensation for it, that is, economic gain. In other words, risk management is generally not intended to eliminate the risk, but instead it aims to ensure that the bank will receive the appropriate compensation for taking the risk. The exceptions are some risks for which there is no relationship between their level and the size of the

compensation for the bank (for example, in Methodological guidelines for inspection of banks "System of Risk Assessment"<sup>11</sup> of the NBU, such risks include legal risk, reputation risk, strategic and operational-technological risk). The purpose of risk management is to enhance the value of the bank equity capital, while ensuring the achievement of the objectives of many stakeholders, namely:

- clients and counterparties;
- managers;
- employees;
- Supervisory Board and shareholders (owners);
- bank supervisory authorities;
- rating agencies, investors and creditors;
- other parties.

Risk management is an iterative, sequential process with clearly defined stages through which managers can clearly imagine the risks that commercial banks are faced with.

The process of risk management is a systematic use of available techniques, ways and methods of solving problems related to risks.

In world practice it is accepted to distinguish four interrelated stages of risk management:

- identification (detection) of the risk;
- quantitative and qualitative evaluation (measurement) of the risk;
- risk control;
- monitoring of the risk.

In particular, the above classification is followed by O. Prosovykh and K. Protsak<sup>12</sup>. However, other researchers, such as V. Klyoba<sup>13</sup>, O. Ivanylova<sup>14</sup>, define six stages of risk management in the bank:

- setting up the context of risks;
- risk identification (detection and identification of risks and their sources);
- risk measurement (analysis and evaluation);
- impact on risk (the choice of methods and strategies);
- risk monitoring (daily monitoring of risk limits, control of the size of the main risks and risks that cannot be quantified);
- communication and consultation: regular provision of information about risks.

In our opinion, the classification of the stages of risk management suggested by Ioda E., Meshkova L. and Bolotyna E.<sup>15</sup> in the monograph "The Classification of Bank Risks and Their Optimization" is the most precise and detailed. Researchers distinguish the following stages of bank risk management:

- the identification of bank risks;

<sup>11</sup> Methodical Guidelines..., op. cit.

<sup>12</sup> Prosovykh O.P., Protsak K.V., Risk Management of Commercial Banks, [online]. Available at: [http://www.nbu.gov.ua/old\\_jrn/natural/Vnulp/Ekonomika/2010\\_684/41.pdf](http://www.nbu.gov.ua/old_jrn/natural/Vnulp/Ekonomika/2010_684/41.pdf) [in Ukrainian].

<sup>13</sup> Klyoba V., The Improvement..., op. cit.

<sup>14</sup> Ivanylova O.A., The Introduction of Risk Management System in the Activity of Commercial Banks. Investments: Practice and Experience, 2011, 7, p. 33-36 [in Ukrainian].

<sup>15</sup> Ioda, E.V., Meshkova L.L., Bolotina E.N., Classification of Bank..., op. cit.

- risk analysis;
- risk assessment;
- ways to prevent or reduce risks;
- monitoring and control of bank risks;
- the assessment of the results.

On the first stage of risk identification the risks with which a certain bank transaction can be faced with are detected, with a view to further prediction of the degree of damage and the adoption of measures for its compensation. The process of identification of individual bank risks includes the following activities:

- the definition of the list of external bank risks in the context of each area of bank activities or individual bank transactions;
- the definition of the list of internal bank risks inherent to certain types of activities or planned bank transactions;
- the creation of a common bank risk portfolio related to the upcoming activities of the bank.

The examination of documents, the interviews of bank staff with customers or contractors, as well as obtaining information from other banks, firms and specialized information services, is used in the process of solving this problem.

The second stage - risk analysis, begins with the revelation of its sources and causes that determine the events that can contain risks. It is important to determine which sources are predominant. It is also necessary to compare the possible costs and benefits. Risk analysis can include a variety of approaches related to the problems caused by uncertainty in the outcome of transactions. This analysis should be linked with the understanding of what can happen and what should happen. Risk analysis helps to choose, in a timely manner, the best option from a set of alternatives.

In modern conditions of transition to a market economy, in the banking sector increases the importance of the accuracy of risk assessment, which the bank takes on in the course of implementation of various transactions. Each subject of market relations operates by its own rules, while adhering to the law. Banks, in the conditions of unstable economic situation in the country, are forced to take into account all the possible actions of competitors and customers, as well as to foresee the changes in the legislation. The choice of specific methods of assessment is determined by the following factors<sup>16</sup>:

- the type of bank risk;
- the fullness and reliability of the information base formed to assess the level of probability of different bank risks.

In the process of assessing the quality of the information base the following aspects are checked:

- its completeness for the characteristics of certain types of risks;
- the possibility of building the necessary series of dynamics (to assess the level of risk, manifested in the dynamics - inflation, currency, interest rate, etc.) and required groups (in the assessment of static types of risks, such as credit risk);
- the possibility of comparable assessment of the amounts of bank losses on the same price level;

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<sup>16</sup> Ioda E.V., Meshkova L.L., Bolotina E.N., Classification of Bank..., op. cit.

- the reliability of information sources (proper information base, published statistical data, etc.).

It should be kept in mind that an inadequate or poor-quality information base, used in the process of assessing the level of financial risks, increases the subjectivity of such an assessment and, consequently, reduces the efficiency of the further process of risk management:

- by the qualification level of bank managers (risk managers) engaged in assessment, the degree of their preparedness to use modern mathematical and statistical tools for such assessment;
- technical and software equipment of financial managers (risk managers), the ability to use modern computer technologies for such assessment;
- the possibility of involving qualified experts in the assessment of complex bank risks.

The mere understanding of the economic nature of bank risks and its quantitative assessment do not allow managers to manage the bank effectively. It is necessary to apply the techniques and methods of a direct impact on the level of risk with the aim of its maximal reduction, the increase of security and financial stability of the commercial bank. Herein lies the essence of the fourth stage of risk management.

In the system of bank risk management techniques the main role belongs to internal mechanisms of their neutralization.

Internal mechanisms of neutralization of bank risks represent the system of methods of the minimization of their negative effects, elected and implemented within the proper bank. The system of internal neutralizing mechanisms of bank risks provides for the use of the following basic methods:

1. *Risk avoidance*. This direction of risk neutralization is the most radical one. It lies in the development of such activities of an internal character, which completely exclude a particular kind of bank risk. Therefore, in the system of internal neutralizing mechanisms their avoidance should be carried out very carefully and under the following basic conditions:
  - if the refusal from one bank risk does not lead to the occurrence of another risk of the same or higher level;
  - if the risk level is not comparable with the level of profitability of bank transaction on the scale of "profitability - risk";
  - if the bank losses from this risk exceed the capacity of their compensation from the proper funds of the bank;
  - if the amount of income from the transaction, generating certain types of risks, is insignificant, that is, it occupies the imperceptible proportion in the generated positive cash flow of the bank;
  - if bank transactions are not typical for the bank activities, are innovative or there is a lack of information base needed in order to determine the level of bank risks and to make appropriate management decisions.
2. *Risk limitation*. The mechanism of limiting bank risks is usually used for those types which go beyond their acceptable level, that is, regarding bank transactions carried out in the area of critical or catastrophic risk.
3. *Hedging*. This mechanism represents a balancing transaction aimed at minimizing risk. The transactions hedging individual balance sheet items are called micro-



hedging, and those that immunize the entire bank balance are called macro-hedging. In the cases where the selection of hedging instruments is carried out in the framework of the balance sheet items (for example, the selection of assets and liabilities in terms of duration) the hedging method is considered to be natural.

4. *Diversification*. Diversification mechanism is used, primarily, to neutralize the negative bank effects of non-systematic (internal) types of risks. The principle of the operation of diversification mechanism is based on risk-sharing that prevents its concentration. Diversification is a dispersion of bank risk.
5. *Risk allocation*. This mechanism is based on their partial transmission to partners of individual bank transactions in such a manner that each participant's losses are relatively small.
6. *Self-insurance*. The mechanism of this direction of bank risk neutralization is based on the bank reserving a part of its resources, which allows to overcome the negative effects from certain bank transactions. The main forms of this direction are the formation of the reserve, insurance and other funds. The main objective of self-insurance is to overcome temporary difficulties of bank activity in efficient manner.

The basic internal mechanisms of neutralization of bank risks mentioned above can be significantly supplemented by taking into account the specifics of bank activity and the particular composition of its risk portfolio.

External sources of neutralization of bank risks imply insurance. The insurance of bank risks represents the protection of the property interests of the bank in case of insured event by the special insurance companies (insurers) through money funds generated by them by receiving insurance premiums from insurers. The essence of insurance is expressed in the fact that the bank is ready to give up part of its income to avoid the risk, that is, it is willing to pay for the reduction of risk degree to zero.

The next stage of the bank risk management is risk control. In order to coordinate bank objectives and control the risk level it is advisable to prepare a written memorandum of risk control policy and set up a committee consisting of senior staff from concerned departments. In most banks an effective risk control program includes the following provisions:

- the protection of the bank and general safety issues;
- ensuring the safety of people - protection against accidents, kidnapping and hostage-taking, the development of procedures for various cases of force majeure circumstances;
- the preservation of property - measures to protect the bank property from physical damage;
- control of information processing and operational center - ensuring the confidentiality, speed and error-free operation;
- prevention and detection of potential losses from internal and external crimes;
- control of contractual and agreement obligations - legal advice on the terms of the contract (including changing conditions), systematic monitoring of contracts;
- development of procedures for overcoming all kinds of crisis situations, including the area of information processing;
- control of other risks.

The implementation of systematic monitoring of the effectiveness of various risk control programs, in addition to the development of standards for these programs, should also include the collection and analysis of information about the cases of their unsatisfactory efficiency. The system of performance indicators of neutralization of the negative effects of certain types of bank risks includes:

- the level of potential bank losses that are being neutralized;
- the efficiency of neutralization (the ratio of the costs of its implementation to the size of potential losses);
- the assessment of the overall risk of the bank activities taking into account the measures to neutralize them, and others.

For the effective use of bank resources allocated for monitoring, risks should be categorized according to the degree of their relevance for a particular bank and only the main types of risks should be introduced to the tracking system. All those risks which are outside of the established value limits are displayed off the formulation of detailed reporting in the monitoring system. Control function is carried out selectively and detailed analysis - only in the case of receiving danger signals such as violation of terms of payment, violation of norms, limits, etc. This approach guarantees that the money will be used to identify and carefully monitor the risks that are relevant for the bank.

Risk monitoring system helps to correct the current activity in accordance with the warning signals that it generates using a feedback mechanism. The effectiveness of the risk management system as a whole strongly depends on the effectiveness of the monitoring system. Within this approach to the organization of the management process the managers of the middle level are responsible for the reliability of the local system and for implementing the strategic objectives set out at the level of the senior management<sup>17</sup>.

## **5. ORGANIZATIONAL AND FUNCTIONAL PROVISION OF RISK MANAGEMENT IN BANKS**

Risk management activity is carried out through the organizational structure of the bank. It is subject to periodic refinement and improvement, taking into consideration the changing situation and environment. The organizational structure is defined by the organization's culture, the size and complexity of the respective business transactions, the types of risks taken, and the significance of possible negative consequences. Thus, in different banks the practical implementation of risk management techniques may vary.

The process of risk management at the bank must cover all its structural levels - from management (Supervisory Board and Administration Board) to the level where the risks are directly received and / or generated.

The process of risk management should involve such functional and structural subdivisions of the bank as:

- Supervisory Board - within its functions and responsibilities towards the owners of the bank, investors / contractors and bank supervisory authorities;
- Administration Board - within its powers and responsibilities towards the Supervisory Board of the bank, investors / contractors and bank supervisory authorities;

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<sup>17</sup> Prymostka L.O., Financial Management..., op. cit.

- The subdivision of risk management - within its functions of identification, quantitative and qualitative assessment, control and monitoring of risks;
- back offices - within their control functions of compliance with the set requirements;
- front offices - within their functions of the bank accepting the risks within the proven credentials.

The functions of all the aforementioned departments should be clearly defined and documented, and the bank must do everything possible in order to avoid conflicts of interest between them.

Based on the characteristics of building an organizational structure, it is recommended for the banks:

- to create individual profiled committees at the level of higher collective bodies of the bank;
- to involve independent experts and other professionals in order to build internal control systems and to assess their adequacy. Such a recommendation can be made through the involvement of internal auditors of the bank as consultants on the design of internal control systems, concluding agreements about the outsourcing of advisory or audit services, as well as by engaging external auditors to the testing of internal control systems;
- depending on the chosen organizational structure of the bank and the amount and complexity of operations to perform the allocation of subdivisions and to carry out the distribution of functions between them at various local subdivisions (branches, divisions, departments, offices, etc.).

It is recommended for each bank to develop a system of internal regulations regarding risk management. It is necessary to ensure the timely update of internal regulatory requirements of the bank in case of changes of legal, regulatory or normative character, the organizational structure of the bank and the changes in the level of bank tolerance to risk. The bank must inform all the responsible persons about the internal normative base of the bank, including through periodic training and professional development.

In order to rise the efficiency of creating internal normative base of the bank it is encouraged to involve the members of the Supervisory Council in the key stages of creating regulatory documents of the bank, those that need to be approved at the level of the Supervisory Board.

In particular, the main strategic areas of risk management are worked on through the program of risk management, which is approved by the Administration and agreed by the Board of the bank. This document contains relevant risk management policy regarding: liquidity, credit, interest, currency, market, operational, strategic, reputation risk, etc., which the bank produces (evaluates, supervises, controls) in the process of its activity<sup>18</sup>.

The program includes the following methods of risk management:

- maintaining capital adequacy;
- identification, analysis and risk assessment;
- developing procedures for carrying out transactions;

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<sup>18</sup> Ivanylova O.A., The Introduction..., op. cit.

- the limitation of transactions (based on the requirements of the NBU, world practice, indicators of the business plan, budget, computation);
- hedging of the risks;
- the procedures of decision making and the functions of structural subdivisions of the bank in the management of the relevant risks.

The program should meet the requirements of the effective legislation and regulatory requirements of the National Bank of Ukraine, be consistent with the internal regulatory documents of the bank, include the identification of risks, methods and the procedures of evaluation, analysis and risk management, the procedures for risk management by the Administration Board, special committees, the subdivision of risk management and structural bank units.

The program of evaluation and risk management must include the possibility of preventing their occurrence and introduction of a system of early response to risks. For this purpose, at the planning of the institution as a whole, particularly at carrying out each transaction significant in terms of volume, it is expedient to introduce the forecast system, at the project assessment stage of which the extensive research is conducted and the complex of risks that may arise is revealed. The identification of risks at the stage of forecast of transactions makes it possible to develop a set of actions for the prevention of risks and their management.

It should be noted that the bank must have a scheme of actions (provisions) in case of emergencies (known as the procedures of anti-crisis management) so that the management authorities can make operative administrative decisions in the case of emergency situations and circumstances that can have potentially dangerous consequences for financial stability and profitability of the bank and the liquidity of its balance sheet. The provisions should include the procedures for anti-crisis management in the event of a systemic or close to a systemic liquidity crisis, of ultrahigh level of interest rate, market, currency risk or reputation risk, information technology, the procedures of decision making and actions of the Administration Board, special committees, structural departments of the bank, in the case of emergency situations.

## 6. CONCLUSIONS

A successful activity of banks as a whole is largely dependent on the bank risk management. The purpose of this process is to limit or minimize them as it is impossible to avoid risks completely. Among the scientists there is no consensus regarding the understanding of the concept of "bank risk management" but the National Bank of Ukraine stipulates that risk management system includes the following elements: risk identification, risk measurement, control and monitoring of risks.

One of the main directions of modern bank management is risk management, the main task of which is to ensure an efficient risk management system. The National Bank of Ukraine defines risk management as the risk management system, which includes the strategy and tactics of management, aimed at achieving key business objectives of the bank.

The process of risk management is a systematic use of available management techniques, ways and methods for solving problems related to risks. This process includes the following stages: identification of bank risks; risk analysis; risk assessment; ways to prevent or reduce them; monitoring and control of bank risks; evaluation of the results.

Risk management activities are carried out through organizational structure. The process of risk management at the bank must cover all its structural levels - from managerial one to the level where risks are directly received and generated.

In order to prevent risks and minimize them, a holistic system of monitoring, diagnostics and overcoming of risk should be established. The development of effective measures and the combination of management at macro-level with the effective anti-crisis management within the bank will help, as soon as possible, to minimize the threat to the banking system and the state as a whole.

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## POTRZEBA STWORZENIA SKUTECZNEGO ZARZĄDZANIA RYZYKIEM W BANKACH KOMERCYJNYCH UKRAINY

Artykuł poświęcony jest specyfice zarządzania ryzykiem w bankach komercyjnych na Ukrainie. Autorzy zbadali obecne podejście do definicji pojęcia „zarządzanie ryzykiem”, a także zdefiniowaniu podejść Narodowego Banku Ukrainy do jego zrozumienia. Dla celów

organizacji i funkcjonowania systemów zarządzania ryzykiem w bankach komercyjnych oraz w celu zapewnienia, że banki przeprowadzają transakcje w dopuszczalnych parametrach ryzyka i wykorzystują metodę, która będzie chronić interesy deponentów, wierzycieli i właścicieli banków, Narodowy Bank Ukrainy opracował i zatwierdził „metodyczne wytyczne dotyczące organizacji i funkcjonowania systemów zarządzania ryzykiem w bankach Ukrainy”. Korzyści z zarządzania ryzykiem w bankach i jego głównym zadania zostały wzięte pod uwagę. Zawartość podstawowych zasad zarządzania ryzykiem w bankach została zdefiniowana. Sześć etapów ryzyk bankowych zostało potwierdzone. Rola struktury organizacyjnej w procesie zarządzania ryzykiem bankowym została zdefiniowana. Konieczność opracowania programu oceny i zarządzania ryzykiem została uzasadniona, i powinna ona obejmować możliwość zapobiegania ich powstawaniu oraz wprowadzenie systemu wczesnego reagowania na zagrożenia.

Artykuł zawiera wstęp, cztery rozdziały i wnioski. Wprowadzenie uzasadnia konieczność zarządzania ryzykiem bankowym. Rozdział pierwszy ukazuje istotę gospodarczą pojęcia „zarządzanie ryzykiem” i jej osobliwości w sektorze bankowym. Drugi rozdział określa zasady zarządzania ryzykiem bankowym. Trzeci rozdział poświęcony jest charakterystyce etapów procesu zarządzania ryzykiem. Czwarty rozdział ukazuje organizacyjnej i funkcjonalnej przepisu zarządzania ryzykiem w bankach. Wnioski zawierają główne wnioski z badań.

**Słowa kluczowe:** zarządzanie ryzykiem, zarządzanie ryzykiem banku, etapy zarządzania ryzykiem, procesu zarządzania ryzykiem, ryzyko bankowe.

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## **FOUR PILLARS OF PERSONAL AGENCY OF AN ENTREPRENEUR: HARMONY IN EMOTIONS, CAUTIOUSNESS IN THINKING, RESPECT IN RELATIONS AND COURAGE IN ACTION**

The article presents the context and individual determinants of entrepreneurial success, including both structural (socio-political, economic, technological, legal) and individual factors. The author presents a review of models outlined in literature and defines entrepreneurship in the following categories: sets of personality traits, a description of attitudes, specific skills, actions and processes. Results of research on entrepreneurial characteristics, attitudes, motivations and actions are also outlined. The model of *Homo Hubris* - an ideal entrepreneur, capable of transgressive behaviour - is referred to in the context of personality concepts. The author also outlines a list of features and characteristics that hinder and those that, conversely, facilitate entrepreneurial actions, with a special emphasis on the role of a generalized sense of self-efficacy. Furthermore, a range of business coaching applications is discussed, as well as the objectives and benefits stemming from this type of specialized service aimed at business owners. In the application section of the article, the author's model of "four pillars of personal agency of entrepreneurs: harmony in emotions, cautiousness in thinking, respect in relationships and courage in action" is discussed. The author also discusses an example of the application of this model during a group coaching session for 41 entrepreneurs participating in the project "Entrepreneurship in the creative sector". Among the main benefits of participation in the business coaching process, participants referred to the identification of their own personal resources, strengths and talents, as well as areas for further development; greater clarity in planning activities and setting priorities; improved ability to manage their emotional state; strengthening internal motivation, commitment and consistency; greater sense of agency, proactive approach and the development of social skills to be used for establishing and deepening relationships with clients, colleagues and clients.

**Keywords:** coaching, entrepreneurship, emotional intelligence, intrinsic motivation, creative sector.

### **1. INTRODUCTION**

What sets the limits of action for entrepreneurs and determines their chances to succeed? In order to answer this question, we must consider both external, systemic factors affecting business activities, and internal, personal factors, pertaining to the motivation and competences of entrepreneurs.

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Political and economic freedom that had been fought for and later built following the advent of democracy and the development of free market economy has both provided Poles with access to a wide range of possibilities and generated an acute sense of uncertainty<sup>2</sup>. From the 1950s to the 1980s, Poles struggled on a daily basis in the “reality of endless shortage” of goods, services and – perhaps most importantly - possibilities. Back in the day, in most unfavourable conditions, only exceptionally enterprising individuals would seek opportunities and legal gaps allowing them to run private firms regardless despite the crippling restrictions imposed by the system of centrally planned economy.

In today’s Poland, life and professional challenges have shifted towards Western European standards and they now emanate from the opposite situation, namely the omnipresent excess of everything. Along with political and economic changes that have taken place in Poland over the last thirty years, as well as the process of globalization and rapid technological progress, a wide range of possibilities has, at least potentially, opened up in almost every domain of life. This results in a certain decision paralysis, paradoxically due not to the shortage, but the excess of available information, to the multiplicity of options and choices.

In order to ensure the picture is complete, we should also take into account the socio-cultural changes, as a result of which generations of people born in the 1980s and 1990s, called “Generation Y” and those born in the 21<sup>st</sup> century, referred to as “Generation C”, have grown up under completely different social, cultural, economic and technological circumstances and they have been raised with different sets of common beliefs. When together with the introduction of democracy and free market economy, systemic barriers to individual business initiatives were lifted, a sudden wave of optimism brought along with it slogans prompting proactive attitudes: “to want is to be able to”, “you can do anything – the choice is yours” and “developing you potential is a guarantee of success”. The widely proclaimed freedom of choice and success stories about spectacular careers and business ventures, quickly acquired wealth and luxurious lifestyles still incite many to set themselves ambitious goals and magnify, sometimes excessively, their thirst for success.

Still, when choosing one’s path in life, one has to take into account certain “hard” constraints, namely the available financial resources, time and legal regulations; the latter, on the other hand, are a guarantee of personal freedom, civil liberties, social and economic rights, as well as tolerance for individual lifestyle choices. Global economic changes, which have a significant impact on local supply and demand, the incessant technological development, innovations in the manufacturing of goods and the provision of services also inevitably deepen the feeling of uncertainty.

It is therefore all the more important now to understand how an individual can – using internal resources - enhance his/her personal agency in order to maintain control within this constantly changing environment and influence his/her own situation. In this environment, characterized by a multiplicity of options, growing complexity and diversity of contexts, substantial demand for business coaching is observed, as it can offer a number

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<sup>2</sup> Koźmiński A.K., *Zarządzanie w warunkach niepewności*. Wydawnictwo Naukowe PWN, Warszawa 2004.



of useful methods to help us make the right choices, consistent with our value system and, in the case of entrepreneurs, facilitating strategic and tactical decisions<sup>3</sup>.

## 2. CONTEXTUAL AND PERSONAL FACTORS OF ENTREPRENEURIAL SUCCESS

When we examine the economic and legal background of entrepreneurship development in Poland, we come across ample information on objective indicators that can be used for the purposes of comparative assessment of business conditions. In order to learn more about the so-called general environment – i.e. common to all firms operating in Poland – it seems advisable to conduct the PEST<sup>4</sup> analysis, taking into account the following dimensions: 1) political and legal, 2) economic and financial, 3) socio-cultural, and 4) technological.

The organizational environment is assessed, *inter alia*, through international rankings based on global research; in recent years, their results have indicated a gradual (though not in every aspect) improvement of the situation in Poland (Table 1).

Table 1. Poland in international competitiveness rankings in 2010-2014

Competitiveness rankings	20	20	20	20	20
	10	11	12	13	14
Doing Business	73	70	62	55	45
Global Competitiveness Index	46	39	41	42	44
The Heritage Foundation	68	87	64	57	50

Source: own study based on Krajewski 2014

In the *Doing Business 2014*<sup>5</sup> report published by the World Bank, Poland ranked 45<sup>th</sup> among 189 countries. The study takes into account the impact of the legal environment on ten key business areas, namely: 1) starting a business, 2) dealing with construction permits, 3) hiring employees, 4) registering property, 5) getting credit, 6) protecting minority investors, 7) paying taxes, 8) trading across borders, 9) enforcing contracts, 10) resolving insolvency (<http://www.doingbusiness.org>). In the Global Competitiveness Index of the World Economic Forum (GCI), which takes into account the wider context and includes 12 areas affecting the development of entrepreneurship, namely: 1) institutions, 2) infrastructure, 3) macroeconomic environment, 4) health, 5) primary and higher education, 6) goods market efficiency, 7) labour market efficiency, 8) financial market development, 9) technological readiness, 10) market size, 11) business sophistication and 12) innovation<sup>6</sup>, Poland ranked 44<sup>th</sup> among 148 countries (2014). The Index of Economic Freedom is a report prepared by “The Wall Street Journal” and Heritage Foundation and it includes a description and assessment of economic freedom,

<sup>3</sup> Czarkowska L.D., *Business-Coaching a cechy, motywy i działania przedsiębiorcze. Sztuka dokonywania wyborów i podejmowania decyzji w coachingu dla przedsiębiorców*, [in:] *Business-Coaching jako dźwignia rozwoju przedsiębiorczości*, Poltext, Warszawa 2015a, s. 35-55.

<sup>4</sup> Obłój K., *Strategia organizacji. W poszukiwaniu trwałej przewagi konkurencyjnej*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2007, p. 211.

<sup>5</sup> Krajewski K., 2014 <http://bizneslokalny.pl/2014/05/przedsiębiorczosc-w-polsce-w-raportach-miedzynarodowych/> access: June 2016.

<sup>6</sup> <http://www.weforum.org/>.

i.e. limitations and restrictions imposed on entrepreneurs and businesses by state authorities; in 2014, Poland ranked 50<sup>th</sup> among 178 countries<sup>7</sup>.

When examining personal factors that determine the success of an entrepreneur, it seems advisable to resort to the results of quantitative and qualitative research, taking into account characteristic features, as well as competences, attitudes and motivations<sup>89</sup>.

In everyday context, the adjective “entrepreneurial” is most often used to describe a person characterized by agility, acumen, resourcefulness and the spirit of initiative. An enterprising person is inventive, energetic and courageous, effectively responds to various situations, is capable of making decisions, taking appropriate actions and risks, and easily adapts to the changing environment<sup>10</sup>. Many definitions of this concept can be found in literature. Entrepreneurship is defined as 1) a set of personality **traits**, 2) a particular **attitude**, 3) a specific type of **behaviour** (actions), 4) a **process** (undertaking)<sup>11</sup>, as well as 5) specific economic **functions** performed, and even 6) a **management style**<sup>12</sup>.

In the on-going debate whether entrepreneurship is an innate and permanent personality trait, or whether it can be learnt, no universal agreement has yet been reached, even in terms of a universal set of traits typical of an entrepreneurial personality<sup>13</sup>. Nevertheless, the results of empirical research induce authors to create lists of characteristic features that distinguish entrepreneurs. It typically includes creativity (ingenuity), consistency, responsibility, expertise (competencies), decisiveness, courage, assertiveness, appropriate appearance, strong character, self-control, communicativeness, resourcefulness, efficiency, readiness to take risks, work discipline, self-confidence and a proactive approach<sup>14</sup>. Among the characteristics of entrepreneurs, Karlöf emphasizes the importance of the following six traits: a) ability to make independent decisions, b) desire to dominate, c) desire to generate profit, d) strong need for achievement, e) spirit of initiative and f) putting high demands on oneself and others<sup>15</sup>.

Personality traits of entrepreneurs have been examined and discussed at length<sup>16</sup>. Lesław Haber<sup>17</sup> claims that the ideal personality model for an entrepreneur is *Homo*

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<sup>7</sup> <http://www.heritage.org/index/ranking>.

<sup>8</sup> Piecuch T., *Przedsiębiorczość. Podstawy teoretyczne*. Wydawnictwo C.H. Beck, Warszawa 2010, p. 37.

<sup>9</sup> Piasecki B. (red.), 2001. *Ekonomika i zarządzanie małą firmą*. Wydawnictwo Naukowe PWN, Warszawa–Łódź 2001, p. 23.

<sup>10</sup> Sudoł S., *Przedsiębiorczość – jej pojmowanie, typy i czynniki ją kształtujące*. Problemy Zarządzania, 2008, 2/2008(20), s. 9-26.

<sup>11</sup> Piecuch T., *Przedsiębiorczość...*, op. cit.

<sup>12</sup> Piasecki B., *Ekonomika...*, op. cit.

<sup>13</sup> Szewczuk W. (ed.), *Encyklopedia psychologii*. Fundacja Innowacja, Warszawa 1998, s. 468.

<sup>14</sup> Piecuch T., *Cechy przedsiębiorcy*. Ekonomika i Organizacja Przedsiębiorstwa, 2009, vol. 2, no. 708, s. 23.

<sup>15</sup> Karlöf B., *Business Strategy. A Guide to Concepts and Models*. The Macmillan Press Ltd., London 1989.

<sup>16</sup> Strzałecki A., Czołak D., *Osobowościowe i temperamentalne czynniki warunkujące osiągnięcie sukcesu w przedsiębiorczości*. Przegląd Psychologiczny, 2005, vol. 48, no. 2, s. 133-151.

<sup>17</sup> Haber L.H., *Przedsiębiorczość rynkowa parametrem produktywności człowieka w procesach pracy*. Humanizacja Pracy, 1997, 4(178), s. 14-23.

*hubris*, i.e. an individual driven by hubristic motivation<sup>18</sup>. According to this model, the perfect entrepreneur - *Homo hubris* - is characterized by 1) a strong need for achievement, 2) high levels of risk tolerance, 3) non-conformism with respect to rules, 5) high self-esteem, and 6) readiness to take transgressive action.

Entrepreneurial transgression in his approach means “continuous expansion of one's area of physical, intellectual, manual or mental possibilities, extending the limits of cognition, tearing down barriers and stereotypes, establishing new firms and undertaking entrepreneurial activities”<sup>19</sup>.

The analysis of empirical data collected in the 1980s and 1990s shows that the links between personality traits defined by subsequent theorists and entrepreneurship itself are rather weak and unsystematic<sup>20</sup>. Furthermore, given the absence of a general agreement on a universal set of traits typical of the entrepreneurial personality<sup>21</sup> and the fact that those who achieve business success may represent very different personality types, we should refrain from further exploring this path<sup>22</sup>.

Most convincing data has been collected in relation to the positive correlation between entrepreneurship and the need for achievement<sup>23</sup>, first described by Henry Murray, and later popularized by David McClelland<sup>24</sup>.

It was not until the beginning of the 21<sup>st</sup> century that, following the popularization of the five factor model of personality traits - neuroticism (vs. emotional stability), extroversion, openness to experience, agreeableness and conscientiousness - called the Big Five, several meta-analyses<sup>25,26</sup> of research results were conducted in order to enhance the control of research methodology and statistical evaluation of the strength of identified regularities<sup>27</sup>. As the model assumes that the basic structure of personality traits of an adult is determined biologically, stable and universal, that is, virtually independent of culture<sup>28</sup>, it can be concluded that the results of any research carried out in this area can be also applied to Poland. Meta-analyses have confirmed that the three features of the Big

<sup>18</sup> Koziński J., *O człowieku wielowymiarowym. Eseje psychologiczne*. Wydawnictwo Naukowe PWN, Warszawa 1988.

<sup>19</sup> Haber L.H., *Przedsiębiorczość rynkowa...*, op. cit. s. 16.

<sup>20</sup> Kaczmarek M., Kaczmarek-Kurczak P., *Przegląd metaanaliz dotyczących związku cech osobowości i przedsiębiorczości. W stronę modelu badań*. Management and Business Administration. Central Europe, 2012, no. 108, p. 49-63.

<sup>21</sup> Szewczuk W. (ed.), *Encyklopedia...*, op. cit.

<sup>22</sup> Gartner W.B., *Who is an entrepreneur? Is the wrong question*. Entrepreneurship Theory and Practice, 1988, vol. 13, p. 47-68.

<sup>23</sup> Collins Ch.J., Hanges P.J., Locke E.A., *The relationship of achievement motivation to entrepreneurial behavior: A metaanalysis*. Human Performance, 2004, vol. 17, p. 95-117.

<sup>24</sup> McClelland D.C., *Need achievement and entrepreneurship: A longitudinal study*. Journal of Personality and Social Psychology. 1965, vol. 1, p. 389-392.

<sup>25</sup> Rauch A., Frese M., *Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners' personality traits, business creation, and success*. European Journal of Work and Organizational Psychology, 2007, vol. 16, p. 353-385.

<sup>26</sup> Zhao H., Seibert S.E., *The Big Five personality dimensions and entrepreneurial status: A meta-analytic review*. Journal of Applied Psychology. 2006, vol. 91, p. 259-271.

<sup>27</sup> Zhao H., Seibert S.E., Lumpkin G.Th., *The relationship of personality to entrepreneurial intentions and performance: A metaanalytic review*. Journal of Management. 2010, vol. 36, p. 381-404.

<sup>28</sup> Kaczmarek M., Kaczmarek-Kurczak P., *Przegląd metaanaliz...*, op. cit. p. 53.

Five model are significant predictors of both one's intention to set up a business and one's success as an entrepreneur. Conscientiousness and openness seem most closely linked to entrepreneurship, while neuroticism, which is the opposite of emotional stability, has turned out to be relatively the weakest predictor (although not negligible).

Another "Big Five" trait that deserves particular attention is self-efficacy. In their meta-analysis, Rauch and Frese prove this trait to be particularly important<sup>29</sup>, and  $r$  values calculated for it are highest among all analysed personality variables; they amount to  $r = 0.38$  for business creation and  $r = 0.25$  for the company's success<sup>30</sup>. For this reason, in the proposed model of the four pillars of personal agency entrepreneurs benefit most from enhanced self-efficacy.

Individuals with a strong sense of self-efficacy are also proactive, have an internal locus of control, believe to be actively creating their reality. They regard problems and difficulties as challenges, have a high level of confidence, the ability to cope and strive assiduously to achieve their objectives despite obstacles they may encounter. In crisis situations, they rely on more constructive methods of dealing with problems: they develop long-term plans and are actively looking for information<sup>31</sup>.

In addition to the strand of research aimed at defining the set of personality traits that characterize entrepreneurs, there is a wide range of studies examining entrepreneurship in terms of actions. On the one hand, entrepreneurial attitudes<sup>32</sup> and motivations<sup>33,34</sup> are revealed in actions; on the other hand, taking action is an opportunity to develop entrepreneurial competencies<sup>35</sup>.

### 3. BUSINESS COACHING: TRAITS, MOTIVATIONS AND ACTIONS OF ENTREPRENEURS

The vast majority of researchers are of the opinion that entrepreneurship is not conditioned by immutable personality traits, but can be learnt. In their view, entrepreneurship is a special attitude, or a specific type of action that can be trained and shaped in the process of socialization<sup>36</sup>. Entrepreneurship understood as the attitude of an individual towards the environment is expressed in the creative and active effort to

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<sup>29</sup> Rauch A., Frese M., *Let's put...*, op. cit.

<sup>30</sup> Kaczmarek M., Kaczmarek-Kurczak P., *Przegląd metaanaliz...*, op. cit.

<sup>31</sup> Benight Ch.C., Cieslak R., *Cognitive factors and resilience: how self-efficacy contributes to coping with adversities*, [w:] *Resilience and mental health: Challenges across the lifespan*. (eds.) S.M. Southwick, B.T. Litz, D. Charney, M.J. Friedman, Cambridge University Press 2011.

<sup>32</sup> Strojny J., *Kształtowanie postawy przedsiębiorczej – procesy socjalizacji i autokreacji*, [in:] *Kształtowanie postaw przedsiębiorczych a edukacja ekonomiczna*, Fundacja Promocji i Akredytacji Kierunków Ekonomicznych, Warszawa 2007.

<sup>33</sup> Praszquier R., *Zwykli ludzie czy herosi? Motywacje przedsiębiorców społecznych*. Trzeci Sektor, 2006, nr 4, s. 35-42.

<sup>34</sup> Dylkiewicz R.B., *Zarządzanie przez motywację w procesach podejmowanych decyzji gospodarczych*. *Przedsiębiorczość i zarządzanie*, 2013, vol. XIV, no. 3, s. 87-98.

<sup>35</sup> Kalita B., *Przedsiębiorczość jako kompetencja kluczowa w procesie uczenia się przez całe życie*. *Zeszyty Naukowe Politechniki Śląskiej. Seria Organizacja i Zarządzanie*, 2014, z. 72, s. 51-64.

<sup>36</sup> Kraśnicka T., *Koncepcja rozwoju przedsiębiorczości ekonomicznej i pozaekonomicznej*. Wydawnictwo AE, Katowice 2002, p. 592.

improve one's situation, in willingness to take action and adapt the existing strategies, as well as the desire to achieve material gains<sup>37</sup>.

Peter Drucker also clearly states that entrepreneurship is not a personality trait, as successful entrepreneurs form a heterogeneous group that includes individuals with opposing types of temperaments. The art of dealing with uncertainty, exploration and implementation of innovation, maximizing opportunities and applying strategies and practices that are congruent with the intended purposes can be learnt<sup>38</sup>.

A generative approach to the individual, which assumes *sine qua non* each person's growth potential and the ability to change his/her behaviour and actions, is fundamental for coaching. For this reason, **entrepreneurship in business coaching** is not treated as a fixed set of personality traits, but as **a set of skills and strategies that facilitate transgressive action, which can be acquired, learnt and trained through conscious, targeted and systematic work on oneself**<sup>39</sup>.

As part of the business coaching process, emphasis can be placed on individual goals: thus, it will become a specialized service targeted at a specific group, i.e. entrepreneurs who wish to set up or are already running a business and intend to expand it, aiming to build a successful firm mainly through the development of self. This form of coaching will benefit in particular the owners of small or medium-size enterprises and professionals running their own business. If the coach works directly with the entrepreneur, the coaching process may address to a greater extent the personal assets of the firm owner, his/her behaviour and competences, beliefs and values, as well as the vision of life and mission, which also encompasses his/her actions taken as an entrepreneur.

In terms of objective goals, business coaching can be applied to any firm, regardless of its size: from one-person businesses to international corporations. It is understood as a process focused on the firm's interests, on streamlining its operations, facilitating its development, on expansion and profit generation. This effect can be achieved through systemic work with the organisation's key decision-makers, with coaching conducted at the board level<sup>40</sup> and through working with leaders, those having a particular impact on processes taking place within the organization, innovators and high potential individuals. The essence of this process is to translate the corporate vision into a strategy, ideas into actions, and to provide support to individuals and teams in the on-going process of goal achievement.

In practice, the two approaches to the process of business coaching - subjective and objective - are often intertwined. External results (measurable outcomes) are considered to be the effect of competence development and the selection of appropriate measures by those who are jointly involved in the functioning of the company.

In conclusion, we can say that it facilitates the process of making strategic decisions and key choices by clients through three basic functions: 1) expanding their self-

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<sup>37</sup> Wiatrak A.P., *Pojęcie przedsiębiorczości, jej cele i rodzaje*, [in:] K. Jaremczuk (red.) *Uwarunkowania rozwoju przedsiębiorczości – szanse i zagrożenia*. Wydawnictwo Państwowej Wyższej Szkoły Zawodowej, Tarnobrzeg 2003.

<sup>38</sup> Drucker P.F., *Innovation and Entrepreneurship*, Heinemann, London 1985.

<sup>39</sup> Czarkowska L.D., *Business-Coaching...*, op. cit.

<sup>40</sup> Czarkowska L.D., *Zarządzanie zintegrowane i coachingowy pierścień transformacji jako narzędzie rozwoju świadomości*, [in:] *Coaching jako wskaźnik zmian paradygmatu w zarządzaniu*. Poltext, Warszawa 2012.

awareness, 2) strengthening their capacity for self-regulation and 3) supporting the process of planning, implementation and verification of actions taken by entrepreneurs (see Fig. 1).

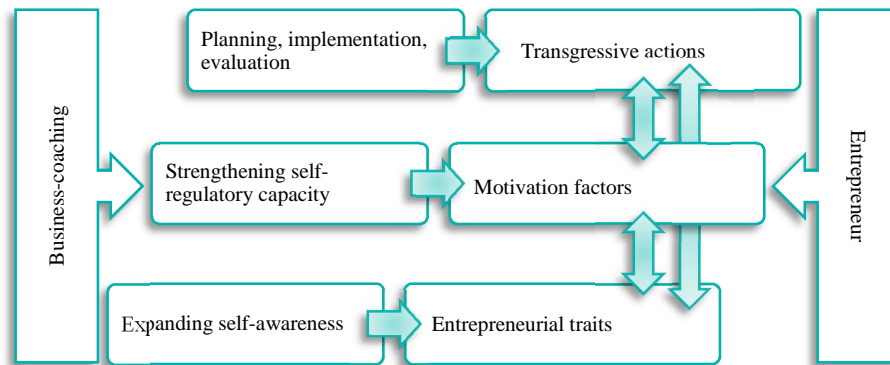


Fig. 1. Functions of business coaching

Source: own study based on Czarkowska L.D. 2015a.

Systematic expansion of the client's self-awareness is of utmost importance for business coaching. It can be achieved through targeted observation of habitual patterns of behaviour, analysis of actions taken and results achieved, as well as openness to feedback. For this reason, it may be useful to refer to the list of **traits** (permanent or variable) that can facilitate or hinder taking entrepreneurial actions (Table 2).

The list presented in Table 2 – just as any attempt to synthesise the results of several studies undertaken on the basis of different theoretical assumptions and carried out on non-comparable empirical samples - can naturally be considered arbitrary and simplified. Therefore, it should not be used outside of the situational context in which the entity operates, and it certainly should not be regarded as a tool for assessing the potential of individual entrepreneurs. It can be resorted to for coaching purposes, as a list of characteristics representing a point of reference for independent, in-depth reflection on behavioural strategies and their relevance for the goals set.

In business coaching, in addition to the entrepreneur's self-reflection on a set of personality traits, it is of utmost importance to identify personal **motivation factors** determining the person's ability to create and develop business activities. The motivation of entrepreneurs has been subject to a great number of studies and a wide spectrum of factors that motivate people to take up the role of an entrepreneur has been outlined. According to Maslow's classic model, motivation sources must be sought among the individual's unfulfilled needs<sup>41</sup>.

Importantly, the pursuit of profit maximization is not the main **material** factor that triggers the individual's readiness to start a business. Naturally, profit as the primary indicator of any business's effectiveness is important, but, as Peter Drucker notes, "the primary test of any business is not the maximization of profit, but the achievement of

<sup>41</sup> Maslow A.H., *Towards a Psychology of Being*, Princeton 1962, N.J.: D. Van Nostrand Co.

sufficient profit to allow for the risks of the financial activity of the business”<sup>42</sup>. Regarding profit maximization as the firm’s primary goal can be downright dangerous, as it may hinder investment in its development and adaptation to rapidly changing market conditions.

Table 2. Traits that hinder and facilitate entrepreneurial activities

<b>Hindering traits</b>	<b>Categories</b>	<b>Facilitating traits</b>
External locus of control Submission Reliance on care and support	<b>Psychological needs</b>	Internal locus of control containment Domination Pursuit of autonomy
“From” motivation – avoidance Fears and concerns Desire to maintain one’s holdings Weak need for achievement	<b>Motivation</b>	“Towards” motivation – pursuit Pursuit of achievement and success Desire to multiply one’s holdings Strong need for achievement
Indecisiveness Instability Reactivity “Learned helplessness”	<b>Decisions</b>	Decisiveness Consistency Proactivity Resourcefulness
Treating risky situations as a threat Avoiding risky situations and decisions	<b>Risk</b>	Treating risky situations as a challenge or opportunity Willingness to take risky decisions and actions
Lack of mental toughness Low stress and frustration threshold Withdrawal and denial in difficult situations	<b>Success and failure</b>	Mental toughness High stress and frustration threshold Active approach to difficult situations and taking action
Traditionalist attitude Conservatism Conformity Lack of creative abilities	<b>Innovativeness and creativity</b>	Pioneering attitude Openness to innovation Nonconformity Creativity
Isolation Lack of trust in people Lack of leadership skills Lack of negotiation and mobilization competences	<b>Cooperation</b>	Cooperation and competition Trust in people Leadership abilities Ability to negotiate and mobilize others
Pessimism Cognitive inflexibility Passivity, laziness Anxiety, fear, withdrawal	<b>Reaction to barriers</b>	Optimism Cognitive flexibility Activity, diligence Hope and perseverance
Melancholic/Phlegmatic Introversion Low energy levels Frail nervous system	<b>Temperament</b>	Sanguine/Choleric Extraversion High energy levels Resistant nervous system

Source: own study based on Wiatrak 2003., p. 31; Piecuch 2010, p. 62 and Sudoł 2008, p. 18 – cf. Czarkowska L.D. 2015a.

<sup>42</sup> Drucker P.F., *Peter Drucker on the Profession of Management*, Harvard Business School Publishing, Boston 1998, s. 51.

Among material factors that have triggered their decision to set up a business, Polish respondents quite often refer to necessity, i.e. unemployment or the desire to generate extra income to supplement insufficient salaries or pensions<sup>43</sup>. Such entrepreneurs are dubbed “coerced entrepreneurs”, as opposed to “opportunity entrepreneurs”, who have been identified as those who set up their business as a response to an opportunity they have perceived, e.g. a particular idea, access to a suitable space, lack of competition in a particular sector of products or services, or access to co-financing from EU funds<sup>44</sup>.

Naturally, a number of important **non-material** factors that may encourage one to become an entrepreneur should also be taken into account. These include: 1) the desire to achieve independence, self-reliance and autonomy in decision-making, 2) the need to dominate, to gain competitive advantage, to become a leader in a particular field, to influence, 3) the need for acknowledgement, respect, social stature within a community, 4) the need for achievement, 5) the need for self-realization, and even 6) transpersonal needs: to serve the community and to pursue one’s ideals. In the process of business coaching, the coach should ask the entrepreneur about his/her definition of success in terms of both material and non-material aspects; subjective (self-fulfilment and satisfaction) and objective (measurable indicators); internal (reference to each other) and external (as compared to others)<sup>45</sup>.

#### **4. FOUR PILLARS OF PERSONAL AGENCY OF AN ENTREPRENEUR – MODEL**

The author's model of “four pillars of personal agency” has been created together with Artur Rzepecki, initially for the purposes of coaching leaders; however, given the nature of activities in the area requiring independence in decision-making, it proved extremely useful for business coaching.

For the purposes of developing the model, four areas were first determined: two internal (the intrapersonal dimension): **thinking/reflection** and **emotions**, as well as two external (the interpersonal dimension) - **actions** and **relationships**. It should be noted that each of these areas relates to a different set of aptitudes and competencies, hence the resulting ease or difficulty in moving freely and in effectively managing one’s actions within them depends on each person’s talents and skills. Some entrepreneurs are extremely agile in thinking, yet not as effective in understanding and managing their own emotions, or vice versa. Certain leaders are determined in action, but incapable of skilfully building relationships conducive to the achievement of team goals or, conversely, they excel in creating a good atmosphere, but prove ineffective in enforcing satisfactory results. Rare are leaders who are proficient in all of these aspects; they can be extremely effective and, at the same time, create profound relationships, establish long-term cooperation and encourage the involvement of others.

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<sup>43</sup> Kulawiak A., *Spoleczne uwarunkowania rozwoju sektora usług w małych miastach. Przykład Uniejowa*. Acta Universitatis Lodziensis, Folia Geographica Socio-oconomica, 2013, 15, 115-126. s. 124.

<sup>44</sup> Koczerga M., *Motywacja przedsiębiorcza a identyfikacja okazji*. Problemy Zarządzania, 2014, vol. 12, no. 3(47), 88-108. p. 90.

<sup>45</sup> Glinka B., Gudkova S., *Sukces w działaniu przedsiębiorców: percepcja, wymiary, implikacje*. Problemy Zarządzania, 2008, 2(20), s. 101-114.



The model itself (Fig. 2) implies the existence of a functional balance between two aspects in each of the four development areas: 1) balance between imagination and reason in the area of **thinking**; 2) balance between excitement and inhibition, and between positive and negative emotional states in the area of **emotions**; 3) balance between respect of others and respect of oneself in the area of **relationships**, and 4) balance between openness to feedback and readiness to defend one's opinions and values in the area of **action**.

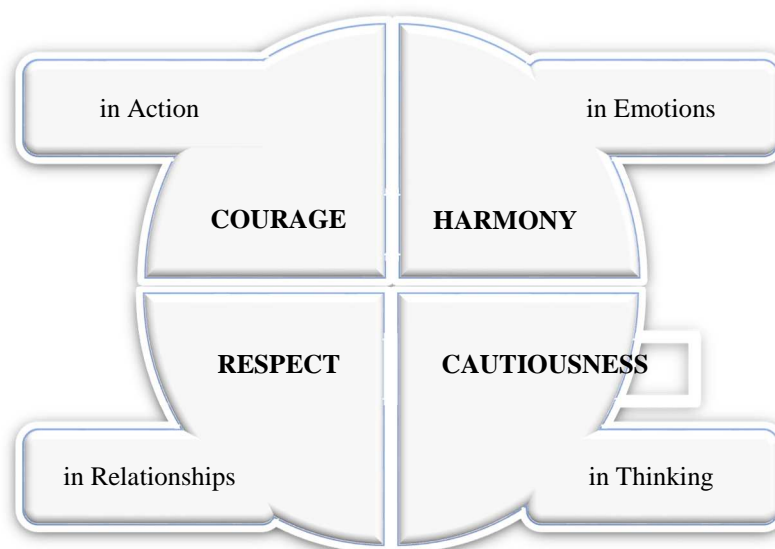


Figure 2. Four pillars of personal agency power

Source: own study L.D. Czarkowska 2014b.

#### 4.1 Harmony in emotions

In the emotional area, the symbolic denomination of the equilibrium point is **HARMONY**, understood as balance between excitement and inhibition processes, and as balance between the so-called positive and negative feelings. Strong emotions emerge naturally, whenever we leave our comfort zone, or when something "important" happens to us, and therefore in any situation that involves a potential threat, or touches upon values that are essential to us. Emotions bring valuable information, are a signal on what to look for and provide us with energy, and therefore motivate us to take action.

#### 4.2 Cautiousness in thinking

In the area of thinking, the equilibrium point is represented by **CAUTIOUSNESS**, which means the perfect balance between imagination and reason. Cautiousness allows us to combine dreams with reality and ensures balance between ambitions and capabilities. This results in a combination of inspiration and logic, which allows us to come up with both new and useful ideas and solutions, and seek manners in which to achieve them.

### 4.3 Respect in relationships

In the area of relationships, the equilibrium point is RESPECT, both of others and of oneself. Mutual respect enables us to build a true partnership; openness and readiness to accept differences, both rooted in respect, bring added value. The balance between the rights we grant to ourselves and to others is called assertiveness; its opposites are submission and aggression; it allows us to build a relationship based on trust, which lowers transaction costs.

### 4.4 Courage in action

In the area of action, the equilibrium point is COURAGE, located mid-way between cowardice and bravado or buffoonery. Courage is the willingness to take responsibility for oneself and for one's decisions, to act and exceed one's limits. Courage allows us to behave in harmony with ourselves and with our values while being receptive to feedback; it lays the foundation for growth. In actions, courage helps us implement long-term strategies and short-term tactics in harmony with ourselves and with respect in relation to the views and needs of others.

In Table 3, in addition to the above values and their effects, a number of grotesque masks are listed; they represent attitudes and behaviours that we tend to adopt when we let one of the extremes prevail. The consequences of these caricatural roles are also discussed.

Table 3. Four pillars of personal agency - balance and imbalance between specific aspects

Value and area	Healthy balance between the 1 <sup>st</sup> and the 2 <sup>nd</sup> aspect	Equilibrium effect ("good outcomes")	<i>Caricature</i> ⇒ possible effect of the 1 <sup>st</sup> aspect's predominance	<i>Caricature</i> ⇒ possible effect of the 2 <sup>nd</sup> aspect's predominance
Harmony in emotions	1a. Stimulation and 2a. Inhibition 1b. Negative emotions and 2b. Positive emotions	Passion and effectiveness (commitment and perseverance in achieving objectives)	<i>Hypersensitive</i> ⇒ nervous breakdown; or: <i>Depression</i> ⇒ apathy	<i>Cyborg</i> ⇒ desensitization, lack of empathy and feelings; or: <i>Mania</i> ⇒ chaos
Cautiousness in thinking	1. Imagination and 2. Reason	Inspiration and logic (creating what is both new and valuable)	<i>Madman</i> ⇒ insanity, losing touch with reality	<i>Labourer</i> ⇒ routine, stagnation
Respect in relationships	1. Respect for others and 2. Respect for oneself	Partnership and trust (clarity of relationships and division of responsibilities)	Submission: <i>Wimp</i> ⇒ submission, impotence or: <i>Hedger/String-puller</i> ⇒ losing one's face	Aggression: <i>Despot</i> ⇒ lack of real authority or: <i>Manipulator</i> ⇒ loss of credibility
Courage in action	1. Openness to the truth of others and 2. Being true to oneself	Being true to oneself and openness to feedback (overcoming of internal and external constraints)	<i>Coward</i> ⇒ withdrawal, escape or: <i>Softie</i> ⇒ surrender, abandonment of oneself	<i>Buffoon</i> ⇒ bravado or: <i>Battering ram</i> ⇒ stupidity

Source: own study; cf. L.D. Czarkowska (2014b).

In the project, group coaching with elements of mini-training and individual coaching sessions were employed depending on the issues discussed. The main objective of the process was defined as “*supporting the development of self-awareness and personal agency of entrepreneurs*”. The project involved 41 entrepreneurs who had volunteered to participate; they were divided into five groups of up to 12 people. Each group held a series of 10 four-hour meetings dedicated to specific issues related to combining the roles of creators and entrepreneurs<sup>46</sup>. Each four-hour meeting included an introduction to the subject (a short lecture), coaching exercises in groups and individual coaching sessions. In order to provide clients with comfortable working conditions and ensure the individualization of the process, in addition to the leading coach (the author of this article), assistants coaches were present at all meetings (1-4 assistants, depending on the number of clients).

The model of four pillars of personal agency was applied in the process of coaching entrepreneurs from creative industries, with a view to assessing their current competencies and to design development activities in selected areas. Programme participants received a template form (Table 4) allowing them to analyse their own strengths and weaknesses, and to specify their desired objectives, select achievement indicators and plan all steps necessary to attain them.

On the basis of observations made during group discussions in the framework of action research and following the analysis of evidence collected during 12 in-depth interviews conducted after the completion of a six-month process of business coaching, we conclude that business coaching is an effective method that helps coachees cope with the uncertainty and volatility that are symptomatic of our times. Entrepreneurs were asked to formulate their own definition of coaching: “*To me, coaching means effective action (...), awareness of my own strengths (...), the sense of agency (...), peace and strength (...), it means expanded consciousness*”. Specific benefits most frequently mentioned by programme participants:<sup>47</sup>

- Increased clarity in planning actions (assessing value and prioritization)
- Development of self-regulation skills (managing one’s own emotional state)
- Strengthening internal motivation
- More systematic measures taken (perseverance, active attitude and consistency)
- Sense of personal agency (proactive attitude)
- Development of social skills (networking and building relationships with business partners, colleagues and clients)

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<sup>46</sup> Czarkowska L.D., *Model Homo Creator i coaching grupowy – Jak wspierać rozwój przedsiębiorców w sektorach kreatywnych?*, [in:] *Oblicza kreatywności. Przedsiębiorczość w sektorach kreatywnych dla początkujących i zaawansowanych*, Warszawa 2014a, online publication.

<sup>47</sup> Czarkowska L.D., *The Homo Creator Model and the Development of Entrepreneurs’ EQ. Group Coaching for Entrepreneurs and Action Research*, [in:] *Przedsiębiorczość: jednostka, organizacja, kontekst*: Centrum Przedsiębiorczości i Wydawnictwo Naukowe WZ UW, Warszawa 2015b.

Table 4. Development objectives within the model of the four pillars of agency power

Development area	Current situation: starting point	Desired situation GOAL	Evidence: indicators of implementation	Action plan STEPS	Resources	Time
Cautiousness in thinking						
Harmony in emotions						
Respect in relationships						
Courage in action						

Source: own study.

Strengths that allow entrepreneurs to effectively deal with risks and uncertainties include willingness to decide about oneself and be in control of one's life; need for achievement, greater risk tolerance, sense of personal responsibility for one's actions and internal locus of control. This package of personal predispositions typical of entrepreneurs is confirmed by the results of other studies carried out in Poland<sup>48,49</sup>. At the same time, some entrepreneurs have a tendency for excessive optimism and wishful thinking, they overestimate their chances of success and fail to recognize threats, focusing selectively on success stories they have heard<sup>50,51</sup>.

Business coaching allows entrepreneurs to answer a number of questions that they usually disregard, and thus may contribute to ensuring that the strategy matches the goals set and is well rooted in reality.<sup>52</sup>

<sup>48</sup> Łukaszewski W., Doliński D., *Mechanizmy leżące u podstaw motywacji*, [w:] *Psychologia. Podręcznik akademicki*, t. II, Gdańskie Wydawnictwo Psychologiczne, 2001, 441-468.

<sup>49</sup> Mazurek-Kucharska B., *Psychologiczne podstawy przedsiębiorczości*, 2015, [http://www.google.pl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0CEIQFjAE&url=http%3A%2F%2Fwww.lbs.pl%2Fprojekt%2Fdobrepraktyki%2Ffiles%2Fartykuly%2FBeataMK.pdf&ei=XKWHVYK7EsXbU4rzgNAJ&usg=AFQjCNGPQH5kMXd7AyxeHfm1tEB1X\\_seNQ&sig2=cDNz14HJ0ZzF5b9x2D-cMw&bvm=bv.96339352,d.d24/](http://www.google.pl/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0CEIQFjAE&url=http%3A%2F%2Fwww.lbs.pl%2Fprojekt%2Fdobrepraktyki%2Ffiles%2Fartykuly%2FBeataMK.pdf&ei=XKWHVYK7EsXbU4rzgNAJ&usg=AFQjCNGPQH5kMXd7AyxeHfm1tEB1X_seNQ&sig2=cDNz14HJ0ZzF5b9x2D-cMw&bvm=bv.96339352,d.d24/) dostęp czerwiec 2016

<sup>50</sup> Łąguna M., *Od czego zależy sukces w prowadzeniu działalności gospodarczej? Przegląd propozycji teoretycznych*, *Czasopismo Psychologiczne*, 2005, t. 11, nr 2, s. 142-155.

<sup>51</sup> Moczyłowska J., Pacewicz I., *Przedsiębiorczość*, FOSZE, Rzeszów 2007.

<sup>52</sup> Czarkowska L.D., *Bussines-Coaching...*, op. cit.

## 5. CONCLUSION

Business-coaching support is particularly important in times of uncertainty, as it the development of entrepreneurship is conducive to fulfilling the following individually and socially beneficial functions:<sup>53</sup>

- Intensive use of resources, in particular knowledge and intellectual capital;
- Speed and flexibility of response to market signals;
- Creating and testing innovation;
- Creating a protective buffer;
- Blurring boundaries between organizations and the environment.

While entrepreneurs in Poland – operating in an unpredictable and evolving political, legal and socio-economic environment, which is conditioned by multiple factors - cannot rely on any external bastion of certainty, business coaching may allow them to look inside and find a stable foothold in their own pillars of personal agency.

Coaching develops self-awareness and allows us to remain in control of our lives and to create our own reality, by taking responsibility for ourselves, for our choices and decisions. Without consciousness we are defenceless, weak and we rely heavily on circumstances. Consciousness is a fundamental resource that we should cherish: a combination of cautiousness in thinking, harmony in emotions, respect in relationships and courage in action; the four pillars of agency power of efficient entrepreneurs.

If these inner resources translate into conscious decisions and effectively implemented actions, they may allow us to achieve external success, as well as internal cohesion and a sense of fulfilment.

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#### **CZTERY FILARY MOCY SPRAWCZEJ PRZEDSIĘBIORCY. HARMONIA W EMOCJACH, ROZWAGA W MYŚLENIU, SZACUNEK W RELACJACH I ODWAGA W DZIAŁANIU**

Artykuł przedstawia kontekstowe i osobiste uwarunkowania sukcesu przedsiębiorców, z uwzględnieniem zarówno czynników strukturalnych: polityczno-społecznych, ekonomicznych, technologicznych czy prawnych jak też indywidualnych, jednostkowych. Autorka prezentuje przegląd obecnych w literaturze modeli definiujących przedsiębiorczość w kategoriach: zestawów cech osobowościowych, opisu postaw, określonego rodzaju kompetencji, podejmowanych działań, czy procesu; ukazuje też wyniki badań nad przedsiębiorczymi cechami, postawami, motywacjami i działaniami. Przy koncepcjach osobowościowych opisany został Homo Hubris – model idealnego przedsiębiorcy, zdolnego do zachowań transgresyjnych. Artykuł zawiera także zestawienie cech utrudniających i cech ułatwiających podejmowanie działań przedsiębiorczych ze szczególnym uwzględnieniem roli uogólnionego poczucia własnej skuteczności (ang. *Self-Efficacy*). Ponadto w artykule zaprezentowany został zakres zastosowań business-coachingu, a także cele i korzyści płynące z tego rodzaju specjalistycznej usługi adresowanej do właścicieli przedsiębiorstw. Część aplikacyjna artykułu zawiera opis autorskiego modelu „Czterech filarów osobistej mocy sprawczej przedsiębiorcy: Harmonii w emocjach, rozwagi w myśleniu, szacunku w relacjach i odwagi w działaniu”. Autorka przedstawiła także przykład użycia tego modelu podczas coachingu grupowego, z którego skorzystało 41 przedsiębiorców biorących udział w projekcie „Przedsiębiorczość w sektorach kreatywnych”. Do głównych korzyści uzyskanych dzięki uczestnictwie w business-coachingowym procesie przedsiębiorcy zaliczyli: rozpoznanie posiadanych zasobów osobistych, własnych mocnych stron i talentów oraz zidentyfikowanie obszarów do dalszego rozwoju; wzrost klarowności w planowaniu działań i ustaleniu priorytetów; rozwój umiejętności zarządzania własnym stanem emocjonalnym; wzmocnienie wewnętrznej motywacji, zaangażowania i konsekwencji; wzmocnienie poczucia sprawstwa i proaktywnej postawy oraz rozwój kompetencji społecznych przydatnych do nawiązywania i pogłębiania relacji z kontrahentami, współpracownikami i klientami.

**Słowa kluczowe:** coaching, przedsiębiorczość, inteligencja emocjonalna, motywacja wewnętrzna, sektor kreatywny.

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## **IMPORTANCE OF TRUST AND TRUST MANAGEMENT BY ORGANIZATIONS**

Trust again saints triumph among scientists of different disciplines and specialties, it is of interest of sociologists, psychologists, economists and marketing specialists as it turns out that trust plays an increasingly important role in multiplying the commitment and effectiveness of employees. The level of trust and drawing attention to the trust management determine the further development or lack of it in modern enterprises. Culture of trust in a company is a part of the organization's management, however, this phenomenon is still little explored. There are a lot of discrepancies related to defining the organizational culture of trust. Building trust in the business environment is a complex process due to the economic and social conditions. The basis for proper creation of consumer confidence is taking into account the expectations and interests of consumers. This is important especially in conditions of uncertainty when it is difficult to get customers. The phenomenon which is the trust is an important element of this relationship that brings economic benefits. In economic behaviors that are often routine, trust is not conscious every time; we use the resources previously formed. Trust in the economic interactions can relate to people, and this aspect of development draws attention, but also it can refer to the institution. The article attempts to analyze the category of trust with a particular focus on building a relationship of trust in organizations. The attention was also drawn to the issues of consumer confidence and business confidence and the surveys on services and products.

**Keywords:** trust, organization, consumers trust management.

### **1. THE ESSENCE OF TRUST**

Today, more and more companies consider how to reduce the costs of management, and secondly how to increase trust of their employees and customers in a company. It seems that the issue of trust is the hidden variable that directly affects the results achieved by a company, including the level of savings generated by them, and a "trust dividend" can significantly improve business results<sup>3</sup>. Today we meet with a various conceptualization of the trust issues as it is the result of an interest of many scientific disciplines and, unfortunately, the choice of one obligatory definition becomes complicated (Tab. 1).

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<sup>3</sup> J. Stecko, *Trust as an essential factor behind economic decisions*, Actual Problems of Economics, 2016.

Table 1. An overview of selected definitions of trust by scientific disciplines<sup>4</sup>

<b>PSYCHOLOGY AND SOCIOLOGY</b>	
Rotter (1967 i 1980)	General expectations of a unit that a word, a promise, a verbal or written promise of another individual or a group are reliable
Sztompka (2007)	It is a bet taken on the uncertain future actions of other people
<b>MANAGEMENT</b>	
Fukuyama (1995)	The expectation from the environment, with regard to a fair, mutual, repetitive behaviors based on universally accepted standards by some members of such the environment
<b>MARKETING</b>	
Anderson and Narus (1990)	Company belief that another company will take actions leading to positive results for both companies and does not take action about the negative consequences.
<b>ORGANIZATIONAL BEHAVIOURS</b>	
Zaheer, McEvily and Perlone (1998)	Expectations from participants, that (1) they will meet their responsibilities, (2) will behave in a predictable manner, (3) will operate and negotiate honestly, even if they may behave opportunistically
<b>PUBLIC RELATIONS</b>	
Grunig and Hon (1999)	The level of reliance of each other and a desire of an open attitude towards the other side.
<b>INFORMATION SYSTEMS</b>	
Ratnasingam and Pavlou (2002)	Subjective probability, by means of which the organization's members evaluate collectively whether the transaction will be concluded

Source: J. Stecko, *Zaufanie paradygmatem w naukach o zarządzaniu*, „Zarządzanie i Marketing”, 2011/3.

Operation of companies in an interaction with other elements of widely understood socio – economic system and a development and an implementation of intra-company actions requires some kind of a bond. It seems that nowadays the best type of a bond will be trust. According to Galford and Drapeau<sup>5</sup> trust building is a "defensive game" as it can be gained for years and lost in an instant.

The complexity of trust stems from its interdisciplinary nature. Trust is sometimes understood as:

- a psychological state which describes the relation of a trustmaker to a trustee,
- a determinant of the will to establish a relationship between a trustmaker and a trustee,
- a fundamental plane of a relationships between members of a given society and the institutions<sup>6</sup>,

<sup>4</sup> A complete list of definitions of trust: J. Stecko, *Zaufanie paradygmatem w naukach o zarządzaniu*, „Zarządzanie i Marketing”, 2011/3.

<sup>5</sup> M. Bugdol, *Wartości organizacyjne. Szkice z teorii organizacji i zarządzania*, Kraków 2006, p. 29.

<sup>6</sup> About aspects J. Stecko, op. cit.

- a primary tool to shape the relationship between the members of a given society,
- a type of social relations,
- and as an axionormative plane of social relations<sup>7</sup>.

It seems that trust is formed through the joint interaction of its five dimensions:

- calculative trust,
- personality trust,
- institutional trust,
- perceptual trust,
- trust based on knowledge.

Calculative trust is based on simple calculations of costs and benefits which derive from relationships. In this dimension trust is based mainly on the calculation of the profitability of social interactions.

Personality trust is a result of congenital or acquired personality traits of individuals that make up the organization, and sensitivity and empathy are elements conducive to confidence-building. A type of institutional trust consists in shaping a sense of safety on the basis of formal precautions. A perceptual dimension of trust refers to the cognitive characteristics of individuals. It seems that the most durable category is trust based on knowledge as it develops on the basis of experience gained.

## 2. TRUST IN A COMPANY

Culture of trust in a company is a part of the organization management, however, this phenomenon is still little explored. There are a lot of discrepancies related to defining the organizational culture of trust. Darrough defines an organizational trust as “a state of entrustment that the employee has no doubt that the employer is genuine in his commitment”<sup>8</sup>. According to Broomiley and Cummings this phenomenon can be seen in terms of belief among members of the group that others or other groups will not use an opportunity to gain advantage over others, as well as endeavor to act in accordance with the obligations and that they are fair during the negotiations preceding such obligations. Inside the company the own culture of trust is created and it is characterized by certain rules<sup>9</sup>. According to Sztompka culture of trust is formed by meeting the five macro-social conditions which can be attributed to the culture of an organization<sup>10</sup>:

- consistency of the rules, or the consistency of normative rules,
- friendly environment,
- responsibility of the people and institutions,
- durability of order or stability and security,
- transparency of the organization and reliable information.

Strangeness of the environment, axionormative chaos and revolution and radical change do not serve trust. Trust is an important element in the theory of leadership. Many authors

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<sup>7</sup> Pdf, p. 133.

<sup>8</sup> Ibidem.

<sup>9</sup> P. Sztompka, *Zaufanie. Fundament społeczeństwa*, op. cit., s. 286.

<sup>10</sup> Ibidem, s. 276-280.

believe that the leader should be the guarantor of trust in difficult and crisis situations<sup>11</sup>. Trust in the manager is often transferred to the entire enterprise. Whether an employee has confidence only to specific individuals or units in the organization, or to the whole company depends to a large extent on a manager. An important issue is the character of the leader. An opinion about the company and whether there is confidence in a company depend on the leader. According to Mayer, Davis and Schoorman there are three characteristics of a superior that have an impact on confidence in him<sup>12</sup>; these are honesty, ability and kindness. The relationships between colleagues plays an important role in the company. Trust between co-workers can be defined as "the willingness to engage in action with a colleague whose behavior you cannot control,"<sup>13</sup> but also "the tendency of a person to trust strangers and their preference to work in a team."

Culture within companies based on trust, increases the efficiency of its operations. Incurring expenditure for the shaping of a culture of trust improves interpersonal relationships and changes the behavior of employees.

### 3. CREATING THE COMPANY TRUST

Building trust in the business environment is a complex process due to the economic and social conditions. The basis for proper creation of consumer trust is taking into account the expectations and interests of consumers. In this way, companies build long-term relationships with external stakeholders. This is important especially in conditions of uncertainty, when it is difficult to get customers. At that moment long-term customers are loyal to the company and they buy their goods and products. Trust is a phenomenon which is an important element of this relationship and it brings economic benefits. A key way to build trust is transparency of the company. Honesty, information on the situation of the company, talking about both the problems and the successes is very important when the goal is to gain public trust. Thus, the company becomes more credible<sup>14</sup>.

In relations of a business with environment the relationships with business partners<sup>15</sup>, customers and the public are important. In the relations between business partners and the company trust is defined as "a factor that affects the cooperation and facilitates the prediction of partners behavior"<sup>16</sup>. Trust between business partners leads to the fact that transactions are cheaper, because once it is carried out successfully, then it leads to the next successes<sup>17</sup>. According to Dobiegała-Korona<sup>18</sup> a model of building customer trust in a company must consist of three levels: a company must earn trust, must build relationships with a customer step by step, must effectively provide new evidence of trust

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<sup>11</sup> J. Paliszkievicz, *Zaufanie w zarządzaniu, op. cit.*, s. 82.

<sup>12</sup> Ibidem, p. 83.

<sup>13</sup> Ibidem, p. 95.

<sup>14</sup> W. Bennis, D. Goleman, J. O'Toole, *Przejrzystość w biznesie, Szczerość, Zaufanie, Jasne zasady*, Wydawnictwo MT Biznes, Warszawa 2008, p. 51.

<sup>15</sup> J. Paliszkievicz, *Zaufanie w zarządzaniu, op. cit.*, pp. 98-116.

<sup>16</sup> Ibidem.

<sup>17</sup> Ibidem, p. 100.

<sup>18</sup> B. Dobiegała-Korona, *Zaufanie jako przesłanka współtworzenia wartości*, [in:] *Kontrowersje wokół marketingu w Polsce, Niepewność i zaufanie a zachowania nabywców*, ed. L. Garbarski, J. Tkaczyk, Wydawnictw Akademickie i Profesjonalne, Akademia Leona Koźmińskiego, Warszawa 2009, p. 389.

(maintain the trust). Trust in the relationship a customer - a company is also conditioned by various factors. Organizations aim to reach and win trust of potential customers who will bring the value for a company. Potential customer is any person who may purchase products or services of a company. These are people who feel the need associated with buying a particular product or service, but have not yet benefited from the company's offer. The organization's activities are directed in particular to key and long-term customers who are the most desirable for organizations. Long-term relationships related to the common creation of value bring to consumers and business benefits such as reduction of risk, as well as the distribution of responsibilities relating to the production and the ability to effectively adjust the value to the consumer expectations. An important thing is also reducing the expenditure on the production and delivery of value and the stabilization of the conditions of a company<sup>19</sup>. Bilateral production of value is only possible if customers have confidence in a company. Thanks to trust the risks associated with the operation of a company at consumers' disadvantage is minimized<sup>20</sup>. A characteristic feature is that the greater the confidence, the better the level of cooperation. And thanks to cooperation trust increases, so they depend on one another<sup>21</sup>. In the modern world, trust is a very welcome phenomenon, but success can be achieved when the process of trust involves all stakeholders of an organization.

#### 4. CONSUMER TRUST

Consumer trust in the company and the brand is the subject of numerous scientific and popular publications, as well as empirical research. This trust is based largely on a subjective belief that we will not be deceived. The higher it is in relation to the manufacturer, the greater brand loyalty and the specific products that we choose<sup>22</sup>. The reality of the dynamic interaction between people, the constant changes and also a dense network of connections enforce a kind of trust.

Modern organizations aim to get as many customers in order to achieve maximum profit. This translates into the fact that the main need for businesses is gaining consumer trust. There are a lot of limitations related to the proper shaping of trust. There is no greater significance what organization one needs to deal with. The greater the trust between the company and the consumer, the greater freedom and opportunity to develop their positive relationships. Modern organizations have a huge challenge as to gain the trust of its customers. An important role in getting trust is valid and effective communication of a company with the environment. Currently, the concept of communication is defined as an effective dialogue of a company with various stakeholders in its environment, which is the foundation of marketing and condition to the market success of all institutions<sup>23</sup>. Proper communication of organizations with the environment helps achieve its objectives, which include gaining public trust. Good communication

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<sup>19</sup> A. Dobiegała-Korona, *Zaufanie jako przesłanka współtworzenia wartości*, in: L. Garbarski, J. Tkaczyk (ed.), *Kontrowersje wokół marketingu w Polsce*, WAiP, Warszawa 2009, p. 382.

<sup>20</sup> Ibidem, p. 388.

<sup>21</sup> J. Paliszkievicz, *Zaufanie w zarządzaniu*, op. cit., p. 112.

<sup>22</sup> B. Zatwarnicka – Madura, J. Stecko, G. Mentel, *Brand image vs. consumer trust*, Actual Problems of Economics 2016.

<sup>23</sup> J.W. Wiktor, *Promocja. System komunikacji przedsiębiorstwa z rynkiem*, Wydawnictwo Naukowe PWN, Warszawa 2005, pp. 7-10.

contributes to the fact that the consumer sees the company as a trustworthy entity. Development of the trust issues leads to a better understanding of this phenomenon, and thus managers know the importance of mechanisms for building and developing trust<sup>24</sup>.

In the modern world trust becomes an indispensable resource that generates value for the company. Trust in companies is very important, and the management of this phenomenon is one of the fundamental tasks of any organization<sup>25</sup>. Distrust translates into financial results and corporate image. The studies conducted in January 2016 by the Institute of Millward Brown are worth mentioning. The study "A reliable brand" was commissioned by the monthly journal "My Company Poland"<sup>26</sup>. The aim of the study was to determine which brands are the most reliable for most Polish entrepreneurs. The survey was carried out using the CAWI method, or online surveys. The respondents 2,178 entrepreneurs, representatives of the SME sector drawn from the address database whose owner is "My Company Poland." The surveyed entrepreneurs were asked to provide a spontaneous response, the brand of each category they trust the most. An assessment covered brand products and services in 26 separate categories and respondents exchanged more than 300 brands. Interestingly, some entrepreneurs do not focus solely on gaining trust of consumers in one area. Companies create their policies in order to win the trust of customers on many levels<sup>27</sup>. This is a very important element influencing the perception of companies by consumers. As many as four winners were double winners getting a credit of trust in two categories. These were the companies: Microsoft, Orange, DHL and Raven. The remaining 18 elected included: Samsung, Dell, HP, Visa, ING Bank Śląski, PKO Bank Polish, Mercedes - Benz, Toyota, Orlen, Michelin, LOT, EFL, PZU, PwC, Tauron, Lux - Med, Sodexo Benefits, Rewards Services Poland and Ibis. The detailed information is included in table 2.

An extremely important element in the consideration of consumer trust is the issue of risk and its correlation with confidence. Trust in the brand is sometimes defined as the willingness to become aware of activities of another party, based on an assessment of their credibility in a situation of interdependence and the risk but also the degree of certainty associated with the attitude or evaluation of the object. A significant cognitively statement is suggested by Bornemann who singled out groups of factors that have an impact on building trust.

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<sup>24</sup> J. Paliszkievicz, *Zaufanie w zarządzaniu*, op. cit., p. 167.

<sup>25</sup> J. Paliszkievicz, *Zaufanie w zarządzaniu*, op. cit., p. 8.

<sup>26</sup> <http://www.marketing-news.pl/message.php?art=47123> [23.07.2016]

<sup>27</sup> J. Stecko, *Trust as an essential factor behind economic decisions*, Actual Problems of Economics, 2016.

Table 2. Research results: A reliable brand 2016 „My Company Polska”

<b>Office software and IT systems:</b>
• Microsoft
<b>Telecommunications operator and Internet service provider:</b>
• Orange
<b>Courier services and logistics and transport:</b>
• DHL
<b>Factoring and collection services:</b>
• Kruk
Mobile phones:
• Samsung
PCs:
• Dell
Copying and printing devices:
• HP
Payment systems:
• Visa
Company account:
• ING Bank Śląski
Credits and loans for companies:
• PKO Bank Polski
Delivery car:
• Mercedes-Benz
Company car:
• Toyota
Network of petrol stations:
• Orlen
Manufacturer of car tyres:
• Michelin
Airlines for business:
• Polskie Linie Lotnicze LOT
Leasing services:
• Europejski Fundusz Leasingowy
Insurance company:
• PZU
Financial audit:
• PwC

Table 2 (cont.). Research results: A reliable brand 2016 „My Company Polska”

Power deliverer:
• Tauron
Healthcare for business:
• Lux Med
Mtivation system:
• Sodexo Benefits and Rewards Services Polska
Hotel services for business:
• Ibis

Source: own research based upon <http://markagodnazaufania.pl/laureaci/>

Table 3. Factors which influence building consumer trust.

Factors associated with company policy	Factors associated with employees	Factors associated with communication	Company specificity	Factors associated with a customer	Other factors
Store functionality Solving of customer problems Value system Personnel comprehensibility Individualization The billing process Availability of products.	Competence Empathy Motivation Empowerment.	Advert Reference Transparency Timeliness and availability of information.	Size The duration in the market The quality of the product The range size.	The tendency to mistrust Length relationship with the company The intensity of the relationship with the company The ability to search for information about the product or the company.	Reputation in the media Word-of-mouth advertising.

Source: B. Zatwarnicka-Madura, J. Stecko, G. Mentel, *Brand image vs. consumer trust*, Actual Problems of Economics 2016.

## 5. CONCLUSIONS

Trust is particularly important in difficult, breakthrough, crisis times, in the turbulent environment in which there is a rapid development that exceeds the adaptive capacity of many organizations. Modern business is primarily a struggle for consumer trust. Gaining and maintaining trust in the environment of socially responsible business can be done in different ways. Companies which want to win the favor of consumers regularly publish reports of corporate social responsibility, which are directed to current and potential



stakeholders. Each of these companies which fights for the trust should operate transparently and in accordance with the standards set. The procedure according to certain rules contributes to the credibility of the company, and this is also related to an increase in trust in the organization. Even small mistakes can make the difference that trust in the company will be lost, as Sztompke said it was a fragile commodity<sup>28</sup>.

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- [9] Zatwarnicka-Madura B., Stecko J., Mentel G., *Brand image vs. consumer trust*, Actual Problems of Economics 2016.

## ZNACZENIE ZAUFANIA ORAZ ZARZĄDZANIE ZAUFANIEM PRZEZ ORGANIZACJE

Zaufanie na nowo święci triumf wśród naukowców różnych dziedzin i specjalności, zainteresowanie budzi zarówno u socjologów, psychologów, ekonomistów i specjalistów marketingu, ponieważ okazało się, że zaufanie odgrywa coraz większą rolę w pomnażaniu zaangażowania i efektywności działań pracowników. Poziom zaufania oraz zwrócenie uwagi na zarządzanie zaufaniem determinują dalszy rozwój bądź też jego brak we współczesnych przedsiębiorstwach. Kultura zaufania w przedsiębiorstwie jest elementem zarządzania organizacją, jednakże zjawisko to jest jeszcze mało zbadane. Istnieje sporo rozbieżności związanych z definiowaniem kultury zaufania organizacyjnego. Budowanie zaufania w otoczeniu przedsiębiorstwa jest złożonym procesem ze względu na gospodarcze i społeczne uwarunkowania. Podstawą do właściwego wykreowania zaufania konsumentckiego jest uwzględnianie oczekiwań i interesów konsumentów. Jest to istotne w szczególności w warunkach niepewności, kiedy trudno jest zdobyć klientów. Zjawisko jakim jest zaufanie to ważny element tej zależności, który przynosi korzyści ekonomiczne.

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<sup>28</sup> E. Winnicka, *Towar tłucliwy. Rozmowa z prof. Piotrem Sztompką*, „Polityka” 32/33 (2007).

W zachowaniach ekonomicznych, które często są rutynowe, zaufanie nie jest każdorazowo uświadamiane, korzystamy z zasobów wcześniej ukształtowanych. Zaufanie w interakcjach ekonomicznych może odnosić się do osób i na ten aspekt opracowanie zwraca uwagę, ale także może odnosić się do instytucji. Celem artykułu jest próba analizy kategorii zaufania ze szczególnym uwzględnieniem budowania relacji zaufania w organizacjach. Zwrócono także uwagę na problematykę zaufania konsumentckiego oraz na badania dotyczące zaufania przedsiębiorców do usług i produktów.

**Słowa kluczowe:** zaufanie, organizacja, konsumenci, zarządzanie zaufaniem.

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## **ECO-INNOVATIVE AWARENESS OF YOUNG WOMEN AND MEN AS AN ELEMENT OF ECO-INNOVATIVE MANAGEMENT OF REGION DEVELOPMENT**

In the face of increasing environmental degradation, depletion of natural resources, as well as the lack of capacity for the waste, the paradigm of thinking shift seems to be a very important issue - always needed innovation should be replaced by eco-innovation, and innovative awareness should be developed towards awareness of eco-innovation. The main objective of the research, whose results have been presented in this article, was the current status of eco-innovative awareness of young women and men. In the context of the issues relevant to the subject of this work, a systematic review of domestic and foreign literature has been carried out, which has become one of the inspirations to undertake this study. The review did not identify works on eco-innovation awareness in relation to gender, which in this context, justifies the need for further research. The research done in 2016, included 1,015 respondents, students from the Podkarpackie Province. Time range of research covered the period from January to April 2016. The responses of respondents support the conclusion that young people are characterized by a relatively high awareness of eco-innovation, although that do not define it in such a way. They can identify the needs and goals of creating eco-innovation. This awareness is higher in case of women, which determines their possible role in the creation and implementation of policies aimed at supporting eco-innovation, also at the regional level.

**Keywords:** awareness of eco-innovation, a quadruple helix, women, men, region management.

### **1. INTRODUCTION**

Awareness, no matter what factor and context concerns, is essential. The negative image of the state of many societies, the environment as well, has many causes, but one of them is still too low environmental awareness. Also there is the lack of holistic thinking, which would combine many spheres of human activity, including the economy with ecology, but in the right way.

Not all innovations implemented so far have been successful. Some deepened social and environmental problems, because they lacked the purposes others than just market (economic). However, awareness of these problems increases. Its result is an increasingly common trend to support eco-innovation, characterized by pro-environmental objectives and characteristics. However, their rapid implementation requires many complex actions, including the creation of eco-innovative awareness of the whole society, as a basis.

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In this publication the results of the research on eco-innovative awareness of young women and men are presented. The modern model of the innovation system evolves in the direction of the helix which consists of five elements, in addition to the public in the model the quadruple helix has been included, and the need for inclusion of the natural environment in the system has been pointed out. This imposes the need for research and awareness of eco-innovation as one of the foundations of the proper implementation of the assumptions of the innovation system based on the quadruple helix model. An example of practical use of this system is the regional innovation system of the Podkarpackie Province, designed for 2014-2020, it has been described in detail in *the Regional Innovation Strategy for the Podkarpackie Province for the years 2014-2020 for smart specialization (RIS3)*<sup>2</sup>.

## 2. TOWARDS THE ECO-INNOVATION AWARENESS

Understanding of the importance of innovation in socio-economic development has become common as many scientific analyzes are devoted to this subject. In theory and practice on innovation a number of concepts have emerged. However, innovations (also, and perhaps especially in the context of the dominant theory and model innovation awareness) have not solved a number of global and regional problems, and some of them have even become their cause. Many new ideas, technologies and products can be used in different ways – with the positive but also negative effects on society and the environment, even though they may gain market success.

The question of innovation awareness in the scientific interpretation involves the ability to use existing resources (the so-called innovative maturity). The results of the innovation unit are determined by the innovative motivation which indicates the individual's attitude towards innovation and innovative capacity, which determines the internal and acquired predisposition to the development, implementation and adaptation of the innovation environment, and the individual's vulnerability to the influence of external factors determining such behavior<sup>3</sup>.

A person with developed innovation awareness should, inter alia, be convinced that the changes make sense and are possible; should have determination and optimism, inspire innovative initiatives in the place of residence or work, and represent the right innovative attitude, must skillfully combine three inseparable elements: knowledge, emotion and behavior<sup>4</sup>. This understanding of innovation awareness allows to take into consideration the outlined above aspects in creating a definition of awareness of eco-innovation to be developed on the important issues of the natural environment, its condition, prospects and the need to preserve it as an absolute basis (base) for sustainable development of societies and their economies.

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<sup>2</sup> Woźniak L., Sobkowiak A., Dziedzic S., Kąkol W., Kud K., Woźniak M., Wyrwa D., *Regionalna Strategia Innowacji Województwa Podkarpackiego na lata 2014-2020 na rzecz inteligentnej specjalizacji (RIS3)*, Rzeszów 2015, p. 1-81.

<sup>3</sup> Niedzielski P., *Innowacyjność (Innovativeness)*, [w:] Matusiak K.B (red.), *Innowacje i transfer technologii. Słownik pojęć*, Wydawnictwo PARP, Warszawa 2008, p. 150-151.

<sup>4</sup> Werner E., *Świadomość innowacyjna społeczeństwa*, [w:] Białoń L. (red.), *Zarządzanie świadomością innowacyjną*, Wydawnictwo Placet, Warszawa 2010, p. 432.

Białoń and Werner<sup>5</sup> define innovative awareness claiming that it should include a broad opinions and beliefs about the need to implement innovative activities as it is essential for the proper functioning of the human, company, region and country. According to this definition an interesting, important opportunity to approach the consciousness of eco-innovative aspects of the proper relation of man to the broader context of their place of residence and work appears, taking into account environmental issues at least as very important. The same authors<sup>6</sup> give the most popular definition of innovation as the ability to create and implement innovation. In this way , of course in very general terms, eco-innovation can be defined as the ability to create and implement eco-innovation. This ability has a lot of conditions, out of that the most important original meaning has eco-innovative need of purposes and methods of creating eco-innovation.

Environmental awareness can be considered as the basis for defining (one of the elements at the same time) eco-innovation awareness. The analysis of this concept was introduced by Papuziński<sup>7</sup>, on the assumption that most authors emphasize its ambiguity. According to the author's views, in the narrow sense, the environmental awareness is knowledge, views and ideas about the environment, but in the wider sense the author refers to the definition by Cottages, according to which these are the recognized values, opinions and ideas about the environment, which is a place of life and human development, as well as society.

In the opinion of the author of this article, the eco-innovation awareness is a conviction about the need for the creation and implementation of eco-innovation, it is also an expression of environmental values recognized opinions and ideas. Its result is eco-innovation understood as an ability to create and implement eco-innovation.

Figure 1 illustrates the eco-innovation awareness, which is the result of environmental awareness and innovation awareness.

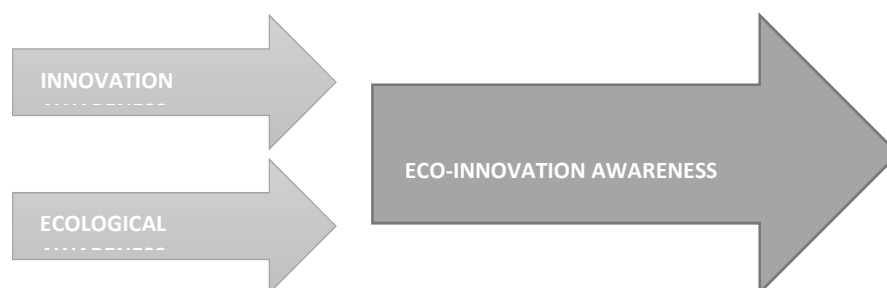


Fig. 1. Evolution of innovation awareness in eco-innovative consciousness

Source: own research.

<sup>5</sup> Białoń L., Werner E., *Świadomość innowacyjności – wyniki badań studentów I roku zarządzania WSM w Warszawie*, Zarządzanie. Teoria i praktyka, 2012, nr 2(6), p. 36.

<sup>6</sup> Białoń L., Werner E., *Świadomość innowacyjności...*, op. cit., p. 24.

<sup>7</sup> Papuziński A., *Świadomość ekologiczna w świetle teorii i praktyki (zarys politologiczny modelu świadomości ekologicznej)*, Problemy Ekorozwoju, 2006, vol. 1, no. 1, p. 33-40.

### 3. ECO-INNOVATION AWARENESS VS. QUADRUPLE HELIX

Contemporary, described extensively in the literature, the innovation system evolves in the direction of the helix which consists of five elements and their inter-relationships, which is a special kind of a system of eco-innovation (ecosystem), which will be discussed below.

In the originally presented model of the triple helix, its authors have taken into account three types of entities, elements of the innovation system: universities, industry and government<sup>8</sup>. This concept evolved, through the quadruple helix model, where the public was considered until the helix model contains an additional factor, which is the environment<sup>9</sup>. This five-element model is the latest model of the innovation system which directly alludes to take into account the natural environment, its needs and capabilities in the creation of eco-innovation<sup>10</sup>, in line with the concept of sustainable development. It should be noted that some authors have drawn attention to the possibility and the need also for the triple helix model, treating the environment as a fourth, additional bonding element<sup>11</sup>.

Figure 2 shows the evolution of approaches to the quadruple helix model.

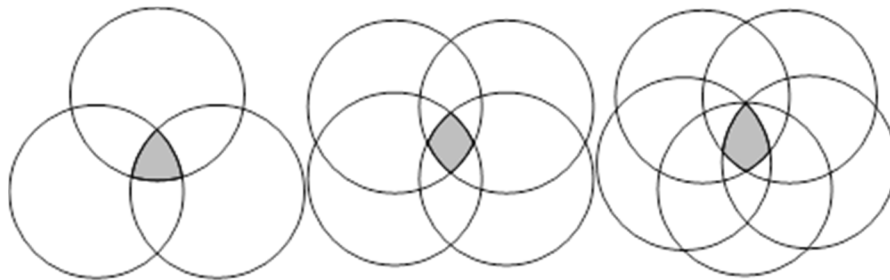


Fig. 2. Evolution of the approach from the triple helix to the quadruple helix model

Source: own research.

Including the fourth element into the model of the triple helix there has been emphasized the importance of society as a user of innovation, whose needs and expectations should be reckoned with, as well as a provider of ideas for innovation (e.g. crowdsourcing or crowdfunding), or an important element in the process of public

<sup>8</sup> Etzkowitz H., Leydesdorff L., *The dynamics of innovation: from National Systems and "Mode 2" to a Triple Helix of university–industry–government relations*, Research policy 29.2, 2000, p. 111.

<sup>9</sup> Carayannis E.G., Campbell D.F.J., *'Mode 3' and 'quadruple helix': Toward a 21st century fractal innovation ecosystem*. International Journal of Technology Management, 2009, 46(3-4), p. 201-234.

<sup>10</sup> Carayannis E.G., Campbell D.F.J., *Triple helix, Quadruple helix and Quintuple helix and how do Knowledge, Innovation and the Environment relate to Each other? a proposed framework for a trans-disciplinary analysis of sustainable development and social ecology*, International Journal of Social Ecology and Sustainable Development, 2010, 1 (1), p. 41-69.

<sup>11</sup> Yang Y., Holgaard J.E., Remmen A., *What can triple helix frameworks offer to the analysis of eco-innovation dynamics? Theoretical and methodological considerations*, Science and Public Policy, 2012, 39 (3), p. 373-385.

consultation at the stage of creating strategic documents of innovation for specific regions or countries.

The fifth element introduces a system of innovation to a higher level of the world perception of the world, possible to implement most of all among the nations (societies) which are characterized by a high environmental awareness. The strategy EUROPE 2020<sup>12</sup> draws attention to the progressive degradation of the environment and global warming. The answer to the diagnosed negative environmental trends may be creating innovation systems aimed at minimizing the negative impact of the economy on the environment and creating new areas to create eco-innovative solutions.

Adding the fourth element, the public, to the innovation system and the fifth: the environment, makes this model more full. Its effectiveness depends largely on the level of awareness of eco-innovative society. Therefore, the analysis and evaluation of the level of awareness of eco-innovation society appears to be interesting, not explored until now field of research.

Each of these evolving models of the innovation system contains in itself, as an important factor, education (colleges and universities regarded not only as a direct source of supply innovation). Okoń-Horodyńska<sup>13</sup> strongly emphasizes the priority of education in taking abilities to create innovation, applying it to the need for proper education of society, conscious importance of innovation. The effectiveness of creating and implementing innovations in relation to the region and the country needs to take into account the need to create a network of relationships that make up the innovation system. Scientific approach to this issue is constantly evolving, as the evidence may be to support actions aimed at raising awareness of eco-innovative societies.

#### 4. OBJECTIVE, RANGE AND RESEARCH METHODOLOGY

The main aim of the research was to identify the main factors influencing the eco-innovation awareness among young men and women, as an important pro-environment management model in the region (under the new theory helix, taking into account five elements). The specific objectives of the research are: the emergence of the factors influencing the eco-innovation consciousness; determination of the environmental threats that in the respondents' opinion will decide about the eco-innovation development; an assessment of the state of the environment in the place of residence of the respondents; the opinions of the respondents regarding the prospects for the development and use of the theory of "green economy" and "green growth"; recognition of relevant factors in deciding the choice of eco-innovation in the place of existing and innovative solutions; the emergence of elements of EU policy, which in the opinion of the respondents are the greatest influence on the creation and implementation of eco-innovation; knowledge of the preferred locations of eco-innovative solutions; recognizing the importance of energy in the development of eco-innovation; the emergence of the sectors of economy of the most demanding eco-innovation; the opinions of the respondents on the importance of

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<sup>12</sup> Europa 2020. *Strategia na rzecz inteligentnego i zrównoważonego rozwoju sprzyjającego włączeniu społecznemu*. Komisja Europejska, Bruksela, 3.3.2010, KOM (2010) 2020 wersja ostateczna, p. 1-37.

<sup>13</sup> Okoń-Horodyńska E., *Edukacja dla innowacji (Czy tylko wybrani skazani są na sukces innowacyjny?)*, Nauka i Szkolnictwo Wyższe, 2008, nr 1/31, p. 34-54.

a return to natural solutions, forgotten or ignored, as a promising source of eco-innovation, with particular attention to the gender of the respondents.

The research was of quantitative nature, the survey form was sent to the population of 1015 students of the Rzeszów University of Technology, men and women, representing - in terms of permanent residence - the entire area of the Podkarpackie Province (spatial extent of research). Time range of research covered the period from January to April 2016. The number of respondents for each question, is a bit different, because not all responded to every question.

In the context of the issues relevant to the subject of this work, a systematic review of domestic and foreign literature has been carried out, which has become one of the inspirations to undertake this study. The review did not identify works on eco-innovation awareness in relation to gender, which in this context, justifies the need for further research.

## 5. THE RESULTS OF A SYSTEMATIC REVIEW OF THE LITERATURE

The subject of eco-innovative awareness (very differently understood by the authors of many of the cited works, most often equated with environmental awareness), has been the subject of scientific works in many countries, although the number of publications in this field, even in the broadest sense of the term, is very small - in the scientific bases of Scopus and Web of Science, based on bibliometric analysis performed by the word "awareness of eco-innovation" have been identified over the years 2006 (the first publication) - 2015, only a few scientific articles, some of which in fact only indirectly alluded to this problem.

The research done at Yale University<sup>14</sup> - the publication with the largest number of quotes - was related to consumer eco-innovation awareness in the context of the Life Cycle Cost, LCC. The authors emphasize that this type of thinking works in organizations and private consumers do not carry out such analyzes. The article points to the need to categorize the cost of eco-innovation - with the division into initial costs (those for the client appearing in the time of purchase), and operating costs. The authors also present a positive effect of LCC information on the probability of purchase of eco-innovative products.

In studies conducted in Europe the attention was drawn to the use of information and communication technologies in lowering or elimination of barriers to the creation and implementation of eco-innovation, and one of them is the lack of eco-innovation awareness (concerning the purpose of creation and the effects of the introduction of new solutions).

Small and medium-sized enterprises are the key of implementation and dissipation of eco-innovation in the market. In the works of the listed below authors the attention was also drawn to the importance of user-friendly, free-of-charge Internet platform (currently it Ecosmes.net), whose aim is to support all stages of the creating and marketing of eco-innovation process<sup>15</sup>. By providing information, the platform also creates awareness.

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<sup>14</sup> Kaenzig J., Wüstenhagen R., *The effect of life cycle cost information on consumer investment decisions regarding eco-innovation*. Journal of Industrial Ecology, 2010, 14(1), p. 121-136.

<sup>15</sup> Buttol P., Buonamici R., Naldesi L., Rinaldi C., Zamagni A., Masoni P., *Integrating services and tools in an ICT platform to support eco-innovation in SMEs*. Clean Technologies and Environmental Policy, 2012, 14(2), p. 211-221.



The studies done in Germany concerned the importance of eco-innovation in creating an effective model of waste management in accordance with the win-win thinking. Also in this work the authors drew attention to the learning outcomes in innovative pro-environmental solutions, which is a simple way to increase eco-innovation awareness<sup>16</sup>.

Eco-innovation awareness is of utmost importance at the design stage. Companies are under increasing public pressure concerning human and environmental friendly solutions, but most of them focus on the parts of business, and even pretending of environmentally conscious attitude. The research done in France were mainly related to the integration of environmental awareness of design processes in small and medium-sized enterprises, particularly in terms of building needs and the results of the creation of eco-innovation through the development of ecological awareness of the whole design team<sup>17</sup>.

Cooperation between universities and small companies is considered to be the primary mechanism of mutual creation of eco-innovative public awareness and political and strategic partnership between policy makers, entrepreneurs, scientists and citizens, and the leading role is assigned in the implementation and application of eco-innovation necessary to build a competitive green economy. Also the importance of supply and demand of eco-innovation (strategy push-pull), and the regulatory framework have been emphasized. An example of a well-understood cooperation is the European eco-innovative partnership, presented in the EcoAP strategy<sup>18</sup>.

Research carried out in Slovakia was related to the importance of basic moral and spiritual values (the reference has been made to the Holy Bible), especially in the context of the rejection of the consumer lifestyle, promotion of mutual trust, solidarity and commitment to the environment - as the foundation of creating eco-innovative personal awareness understood as responsibility for their actions<sup>19</sup>.

The increase in environmental awareness, concerning, for example, global warming and CO<sub>2</sub> emissions, was used as an example of the possibilities of creating eco-innovation by engineers<sup>20</sup>.

Policies and laws have a positive and significant impact on the level of information and consumer awareness. The evidence quoted in the publication suggested to its authors the need to develop research in this field. It was also pointed - as a kind of case study - for

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<sup>16</sup> Wilts H., Dehoust G., Jepsen D., Knappe F., *Eco-innovations for waste prevention - best practices, drivers and barriers*. Science of the Total Environment, 2013.

<sup>17</sup> Reyes T., Rohmer S., *The trojan horse method as a vector of ecodesign integration: A case study at a french SME*. Paper presented at the DS 58-7: Proceedings of ICED 09, the 17th International Conference on Engineering Design, 2009, p. 173-184.

<sup>18</sup> Sáez-Martínez F.J., González-Moreno Á., Hogan T., *The role of university in eco-entrepreneurship: Evidence from the eurobarometer survey on attitudes of european entrepreneurs towards eco-innovation*. Environmental Engineering and Management Journal, 2014, 13(10), p. 2541-2549.

<sup>19</sup> Zaušková A., Miklenčíčová R., Madleňák A., Bezáková Z., Mendelová D., *Environmental protection and sustainable development in the Slovak Republic*. European Journal of Science and Theology, 2013, 9(6), p. 153-159.

<sup>20</sup> Yang C.J., Chen J.L., *Energy-saving eco-innovation using eco-product cases with CBR and TRIZ tools*. Journal of the Chinese Society of Mechanical Engineers, Transactions of the Chinese Institute of Engineers, Series C/Chung-Kuo Chi Hsueh Kung Ch'Eng Hsuebo Pao, 2012, 33(4), p. 305-313.

eco-innovative technologies, energy efficiency, especially important in the housing sector<sup>21</sup>.

The importance of eco-innovation awareness can be particularly important in the food economy. In other authors' research the sustainable agriculture has been treated as a case study because in food production and food processing dissemination of eco-innovative practices and awareness of the benefits of such proceedings is transferred to all participants in the supply chain, supply and consumption<sup>22</sup>.

Other studies have confirmed the stimulating effect of diffusion of eco-products in the consumer awareness within environment. An increase of environmental awareness of consumers can encourage companies to take a broader pro-environmental actions. Eco-labels allow consumers to identify such products and services that have less impact on the environment in their life cycle<sup>23</sup>. The research done in Spain allowed to determine the common characteristics of most eco-innovative companies, as well as the need to promote environmentally friendly behavior of enterprises, as important source of information for the customers, shaping their awareness of the company product<sup>24</sup>. Research done in various industrial sectors in the Basque Country has shown that the social environmental awareness has a very important impact on the efficiency of environmental management in companies<sup>25</sup>.

Researchers from Spain emphasize the need to promote pro-ecological corporate behavior in order to raise consumer awareness<sup>26</sup>. The results of the same studies have been also discussed in another paper<sup>27</sup>.

An important place to create eco-innovation is the tourism sector, which should develop into a model combining profitability with sustainability. Adaptation of this model will require the creation of eco-innovation, enabling the necessary increase of environmental awareness among tourists and organizers of the tourism business<sup>28</sup>.

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<sup>21</sup> Costantini V., Crespi F., Orsatti G., Palma A., *Policy inducement effects in energy efficiency technologies. An empirical analysis of the residential sector*, 2015, p. 201-232.

<sup>22</sup> Blasi E., Monotti C., Ruini L., Landi C., Avolio G., Meriggi P., *Eco-innovation as a driver in the agri-food value chain: An empirical study on durum wheat in Italy*. Journal on Chain and Network Science, 2015, 15(1), p. 1-15.

<sup>23</sup> Kijek T., *Modelling of eco-innovation diffusion: The EU eco-label*. Comparative Economic Research, 2015, 18(1), p. 65-79.

<sup>24</sup> Peiró-Signes A., Segarra-Oña M., Mondéjar-Jiménez J., *What to do to Improve our Eco-Innovative Aptitudes? An Empirical Study on the Variables Affecting the Environmental Awareness of Firms While Innovating*. International Journal of Environmental Research, 2014, 8(3), p. 831-838.

<sup>25</sup> Ormazábal M., Sarriegi J.M., *Environmental management evolution through maturity states*. [Evolución de la gestión ambiental a través de estados de madurez] Dirección y Organización, 2013, 49, p. 17-26.

<sup>26</sup> Peiró-Signes A., Segarra-Oña M., Mondéjar-Jiménez J., *What to do...*, op. cit.

<sup>27</sup> Peiró Signes A., Segarra Oña M.D.V., Maroto Álvarez M., *Why do services and manufacturing firms envision environmental innovation differently? A path-model comparison*. In Polish Journal of Environmental Studies, 2014, vol. 23, no. 5, p. 1691-1697.

<sup>28</sup> Miret-Pastor L., Segarra-Oña M.D.V., Peiró-Signes A., *Environmental certification as a tool to measure and promote eco-innovation in the tourist sector*. Research studies on tourism and environment, 2013, p. 13-26.

Romanian scientists emphasize the lack of environmental awareness, both in the business and political at the same time analyzing the opportunities for change in their country<sup>29</sup>.

Also the research in the context of the use of recycled materials in the production has been done, as a response to an increase in public awareness within the environmental degradation<sup>30</sup>.

In studies on consumer behavior, some authors have focused on understanding the factors relevant to the environment in the context of the previously identified low involvement of environmentally conscious consumers. Eco-innovation consciousness can arise from recognized ecological values, beliefs and personal norms<sup>31</sup>. The same authors have also pointed to the importance (force) of previous habits as a barrier to the implementation of eco-innovation - the so-called negative consciousness<sup>32</sup>. In such cases, an important role in creating awareness of eco-innovation can be eco-innovation marketing based on modern methods of communication strategy, which is able to build environmental awareness of a customer<sup>33</sup>.

On the way to eco-innovative economy, pro-ecological awareness of researchers is of great importance, as well as the use of eco-innovative training methods, which is emphasized by the authors cited<sup>34</sup>.

In general, raising awareness of the need for environmental protection is regarded as a key factor to support eco-innovation, as in the case of management (or owners) of small and medium-sized businesses, and consumers<sup>35</sup>. Knowledge of the needs and opportunities associated with the need to save energy (as a consciousness), can and should be developed and strengthened also by promoting examples of successful energy-efficient practices<sup>36</sup> - this is a particularly important field of implementation of eco-innovation.

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<sup>29</sup> Niță V., *A threefold assessment of the romanian economy's eco-efficiency*. Romanian Journal of European Affairs, 2012, 12(4), p. 59-77.

<sup>30</sup> Estrada G., López-Mesa B., Vidal R., Mulet E., *Avoidance of design errors in ecoinnovation with recycled materials*. Paper presented at the 9th International Design Conference, DESIGN 2006, p. 1383-1390.

<sup>31</sup> Jansson J., Marell A., Nordlund A., *Exploring consumer adoption of a high involvement eco-innovation using value-belief-norm theory*. Journal of Consumer Behaviour 10.1, 2011, p. 51-60.

<sup>32</sup> Jansson J., Marell A., Nordlund A., *Green consumer behavior: determinants of curtailment and eco-innovation adoption*. Journal of consumer marketing, 2010, 27(4), p. 358-369.

<sup>33</sup> Grib L., Zauskova A., *Support of green innovation through online communication tools*. Edited by: Matus, J., Petranova, D., International Scientific Conference on Marketing Identity: Explosion of Innovations Location: Slovak Acad Sci, Smolenice, Slovakia 2014, p. 455-469.

<sup>34</sup> De Medeiros J.F., Ribeiro J.L.D., Cortimiglia M.N., *Success factors for environmentally sustainable product innovation: a systematic literature review*. Journal of Cleaner Production, 2014, 65, p. 76-88.

<sup>35</sup> Zaušková A., Bezáková Z., *Green innovations and their implementation in the Slovak smes*. Edited by: Matus J., Petranova D., International Scientific Conference on Marketing Identity: Explosion of Innovations Location: Slovak Acad. Sci., Smolenice, Slovakia 2014, p. 442-454.

<sup>36</sup> Yang C.J., Chen J.L., *Energy-saving eco-innovation using eco-product cases with CBR and TRIZ tools*. Journal of the Chinese Society of Mechanical Engineers, Transactions of the Chinese Institute of Engineers, Series C/Chung-Kuo Chi Hsueh Kung Ch'Eng Hsuebo Pao, 2013, 33(4), p. 305-313.

The bibliometric analysis has shown no presence of the two bases of publications relating to eco-innovation consciousness of students, also related to the interpretation of gender. The author's own research also have a pioneering character.

## 6. THE RESULTS OF OWN RESEARCH

The research was conducted in 2016, and the research population covered 1,015 full-time and part-time students.

The results of the research in fig. 3 show a considerable variation of answers among male and female respondents. The respondents could choose - from the given - three in their opinion the most important factors influencing their eco-innovation awareness (the need to create, accept or selection of eco-innovative solutions). Among women, the most important factor was the knowledge of the state of the global environment (18,37% respondents), as well as the problem of global warming, the need to reduce CO2 emissions (16,07%), respectively awareness of the health risks (13,28%). Among male respondents the variation in responses was lower.

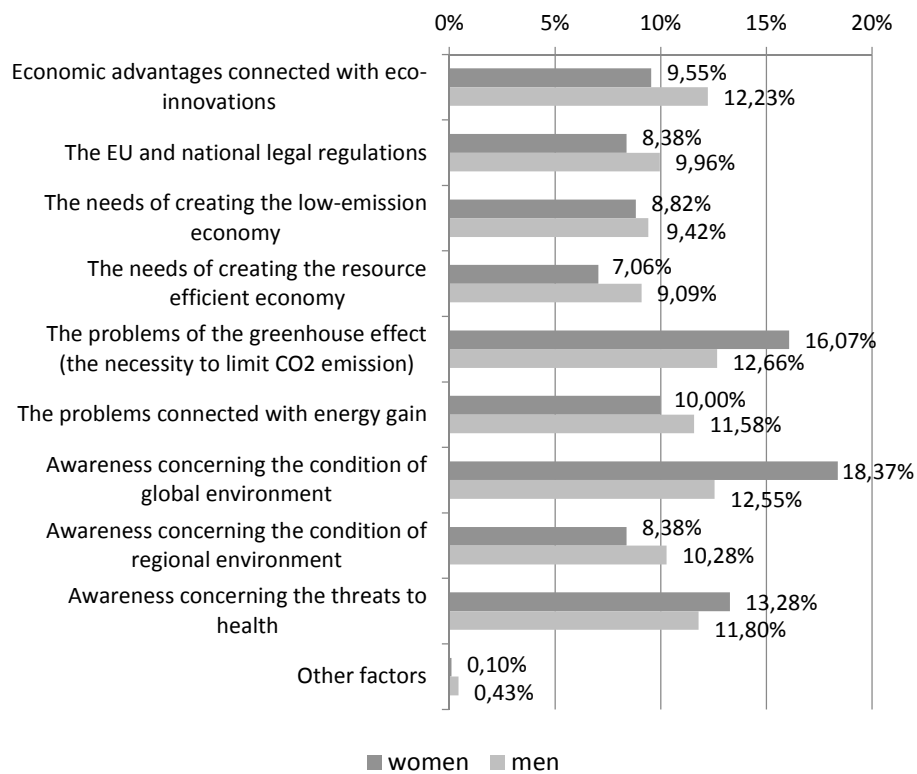


Figure 3. Factors shaping eco-innovative awareness in the respondents' opinion (n = 1002)

Source: own research.

The issues considered in the questions presented in figure 3, concerning the definition of the factors shaping the eco-innovation awareness, were developed in the next question concerning the most important in the opinion of respondents threat to the environment.

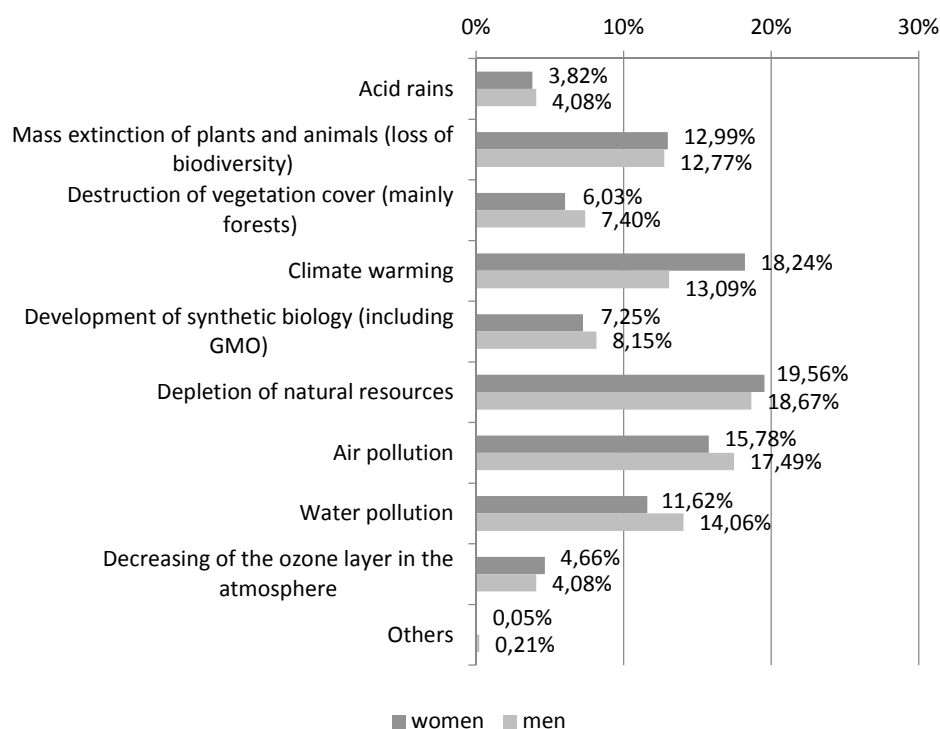


Figure 4. The most important threat to the environment globally, which in the opinion of the respondents largely determined the development of eco-innovation (n = 1002)

Source: own research.

Respondents selected the most important threats to the environment (fig. 4), which can determine the need for the creation of eco-innovation (respondents could choose three of the mentioned threats). Variation in responses was high among both women and men. The women participating in the survey recognized the problem of depletion of many natural resources (and therefore the necessity to use of technology and manufacturing of more resource-efficient or environmentally friendly substitutes) – 19,56% of the respondents as a potential source of the greatest needs of creating eco-innovations. Important in the evaluation and selection was also warming (18,24% female students). Among men the answers about the problem of depletion of many natural resources (18,67%), and air pollution (17,49%) dominated.

The majority of respondents, both women and men found that they inhabited areas that are particularly at risk in terms of environmental quality (definitely the response “rather not” dominated – 43,94% men and 39,43% women, or not - 32,26% of women and 29,65% of men (fig. 5).

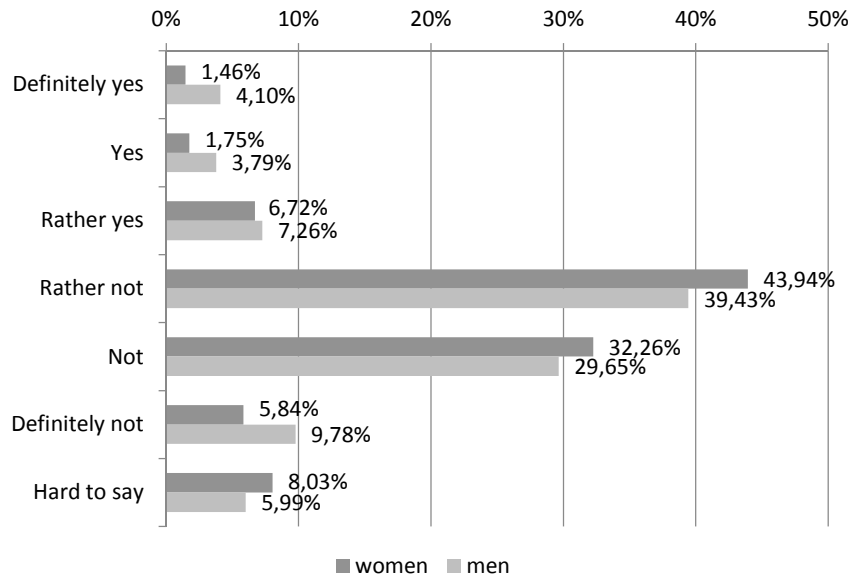


Figure 5. Evaluation of environmental conditions of the place of living inhabited by the respondent in the context of being a an area of vulnerable environment that requires the active creation of eco-innovation in order to repair (n = 1002)

Source: own research.

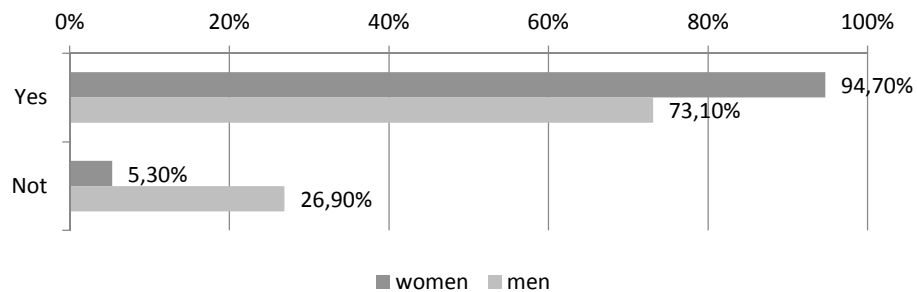


Figure 6. The opinion of respondents on the need to support the global economic system on the principles of "green" economy and "green" growth (n = 995)

Source: own research.

The vast majority of people participating in the study acknowledged that the global economic system should be based on the principles of "green" economy and "green" growth (fig. 6), and the proportion of such responses was significantly higher among women (94,70% of respondents) than among men (73,10% of respondents). Probably not directly, but one can suggest that women are more conducive to the "green" models of the economy, which could also indicate to their higher environmental awareness, both higher eco-innovative potential.

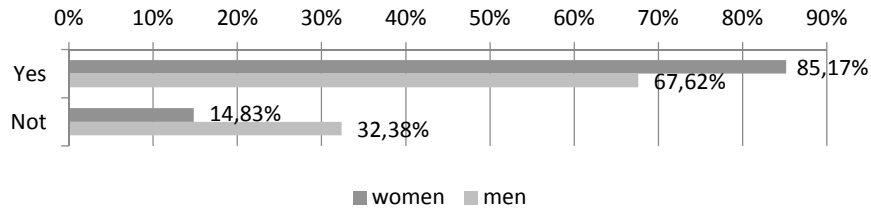


Figure 7. The opinion of the respondents concerning the decision on the selection of eco-innovation in place of existing innovative solutions that have a negative impact on the environment (n = 996)

Source: own research

Just as in figure 6, also in the context of the importance of the choice of eco-innovation in place of existing innovative solutions (not showing the pro-environmental characteristics) - fig. 7, the percentage of respondents recognizing the need to create eco-innovation and its choice was higher (85,17%) than men (67,62%). Also (although not directly), but this the picture of more eco-innovative awareness of women, their understanding of the role of eco-innovation.

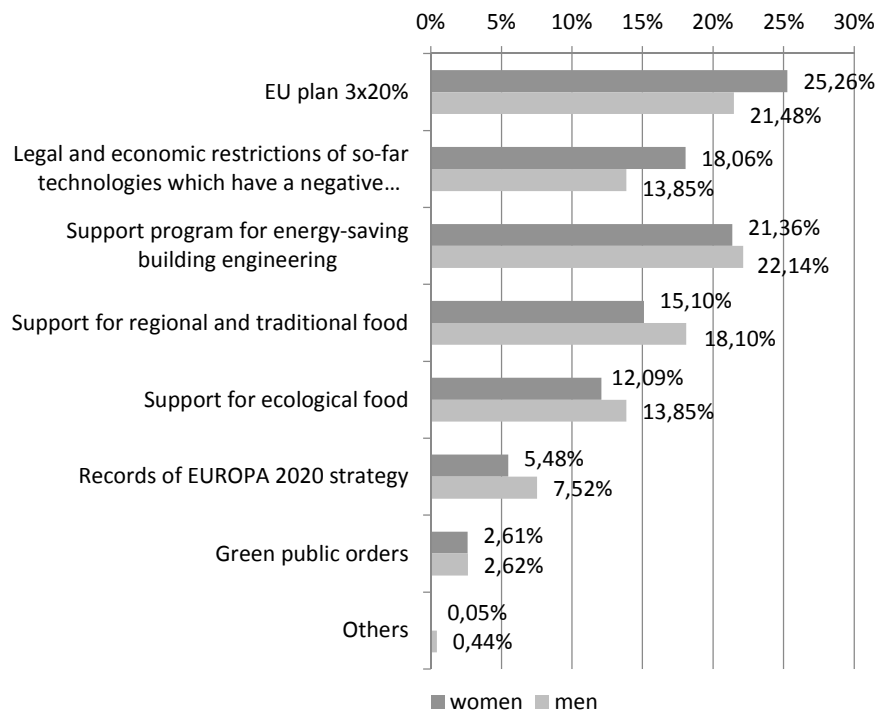


Figure 8. Elements of EU policy which could, in the opinion of respondents, have the greatest influence on the creation and implementation of eco-innovation (n = 996)

Source: own research.

When assessing the elements of European Union policy which could have the greatest impact on the creation and implementation of eco-innovation, respondents could choose three of the given answers (fig. 8). The highest percentage of women surveyed (25,26%) considered an EU plan for energy as the most important factor and CO<sub>2</sub> - 3x20%, respectively support program for energy-efficient construction (European legal system until 2020) - 21,36% of the respondents. Most of the responses by males were similar.

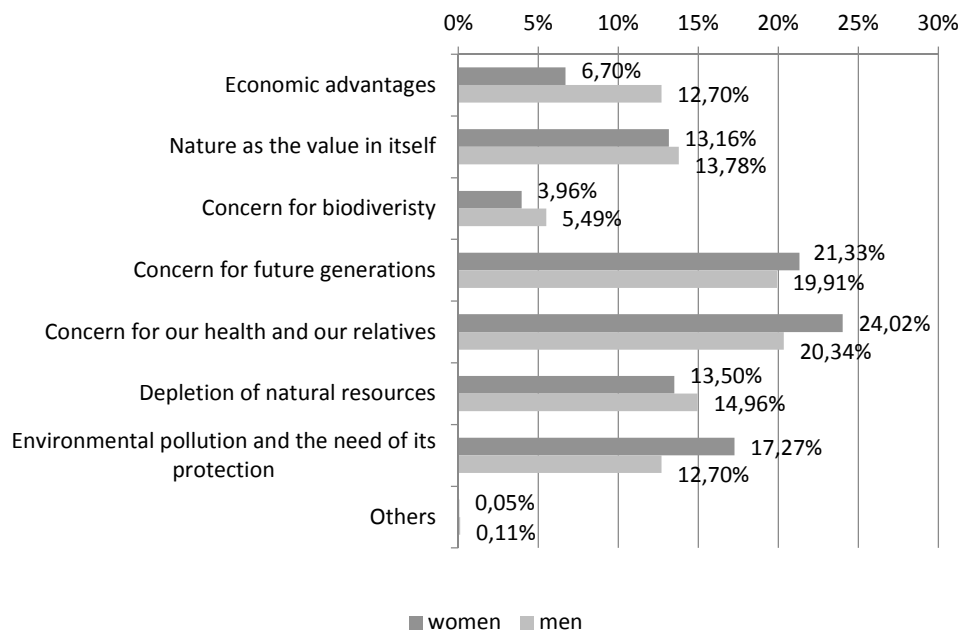


Figure 9. The reasons why, according to the respondents, it is worth to create and implement eco-innovation (n = 1004)

Source: own research.

The most often selected reasons why one should create and implement eco-innovative solutions (respondents could choose up to 3 answers) were: concern for their own health and their relatives (24,02% women and 20,34% men), and concern for future generations (21,33% of women and 19,91% of respondents), so the ratio of men and women to this issue was very similar (fig. 9), it also indicates a high level of environmental awareness and social responsibility in this intergenerational high proportion of individuals.



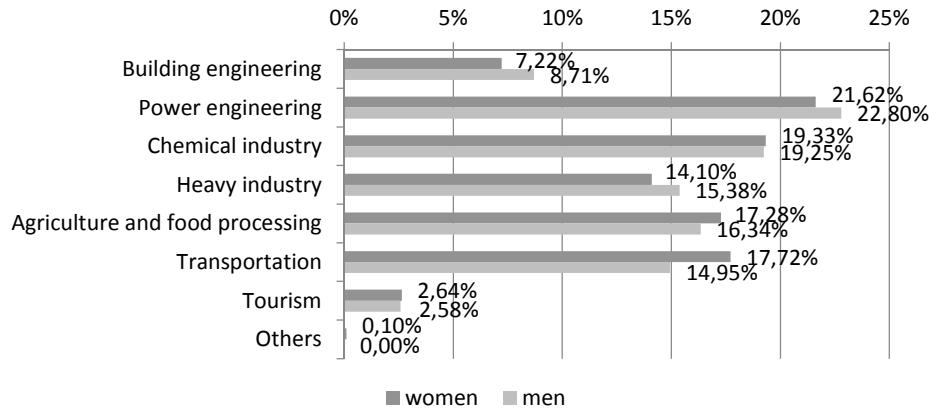


Figure 10. Areas (including sectors), where the respondents see the biggest needs to create eco-innovation (n = 1005)

Source: own research.

The choice of areas (sectors, industries), characterized by the respondents' opinion by the greatest need for the creation of eco-innovation, had a similar structure when comparing responses of men and women (fig. 10). Also in this case, the participants of the survey could select up to three responses. Women as the most important in this regard acknowledged: energy (21,62% respondents), chemical industry (19,33%), transportation (17,72%), and agriculture and food processing (17,28%). Men power engineering (22,80% of respondents), chemical industry (19,25%), agriculture and food processing (16,34%) and heavy industry (15,38%).

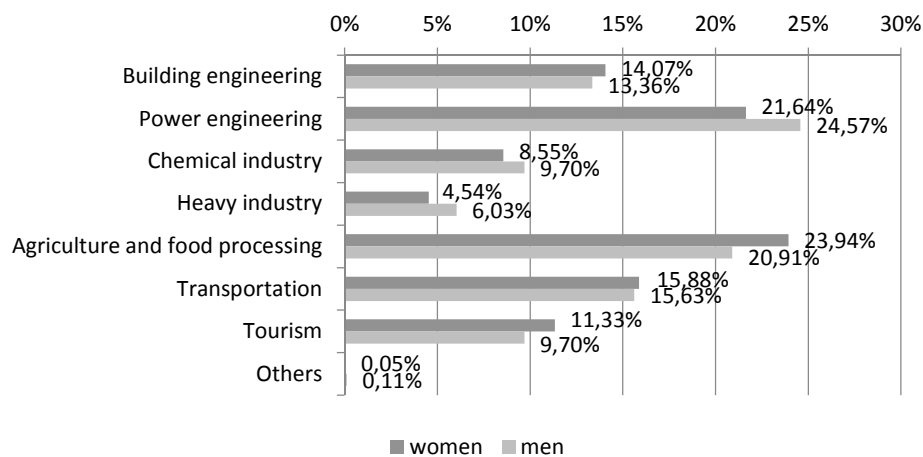


Figure 11. Areas (including sectors), where, in the opinion of the respondents, there are the greatest opportunities to create eco-innovation (n = 1004)

Source: own research.

The choice of areas (sectors, industries), where there is the greatest potential for creating eco-innovation (fig. 11) has a slightly different characteristics (as compared with the results shown in figure 8). Also in this case, the respondents could choose three answers. Women can perceive the greatest potential for creating eco-innovation in agriculture and food processing (23,94% of respondents), followed by power engineering (21,64%), transportation (15,88%) and building engineering, (14,07%). Men placed in the first place power engineering (24,57% of respondents), respectively agriculture and food processing (20,91%), transportation (15,63%) and building engineering (13,36%).

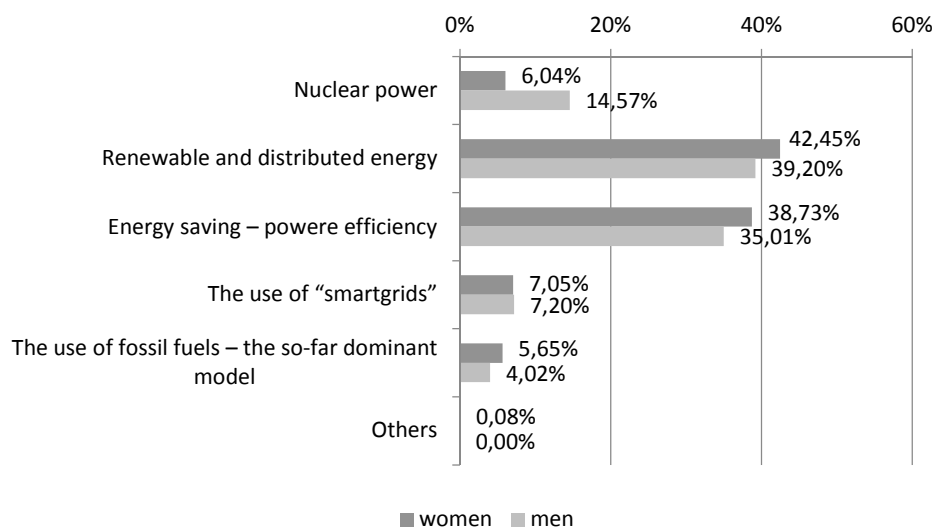


Figure 12. The types of energy policy, most conducive to create innovation according to respondents (n = 955)

Source: own research.

Respondents also made the type (or elements) selection types of energy policy, the most conducive to the creation of eco-innovation (research results - fig. 12). Each participant of the surveys could in this case choose up to two answers. The choice of types or elements of the policy was similar, there was a large diversity of responses between both sexes. Both women and me, recognized as the most important the (not just European) policy preference for renewable energy and distributed energy (42,45% of women and 39,20% of male respondents), followed by programs to save energy and increase energy efficiency (38,73% women and 35,01% men). The percentage of other answers was small.

Among the important issues of modern times, the respondents made the selection of types of distributed and renewable energy, which, in their opinion, contain the greatest potential for the creation of eco-innovation (fig. 13). Both women and men can see the greatest potential for eco-innovation in the methods of utilization of solar energy (photovoltaic panels and solar panels), 35,66% of women and 32,37% of the male respondents. Women also pointed at wind energy (21,16%) and the production and use of

biofuels (e.g. biodiesel) – 18,34%. Men also placed as the second the wind energy (22,71%), and then geothermal energy (16,95%).

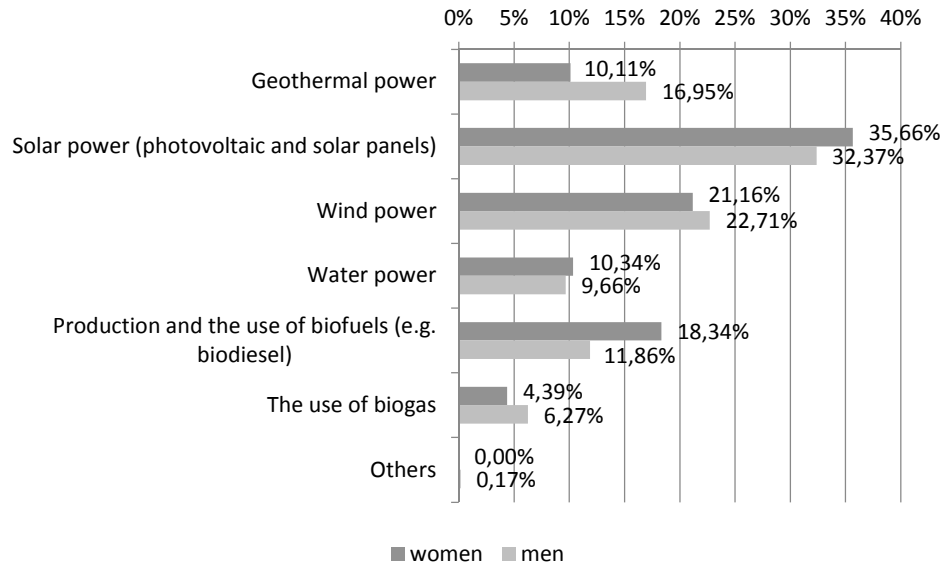


Figure 13. The types of distributed and renewable energy containing, in the opinion of respondents, the greatest potential for eco-innovation (n = 946)

Source: own research.

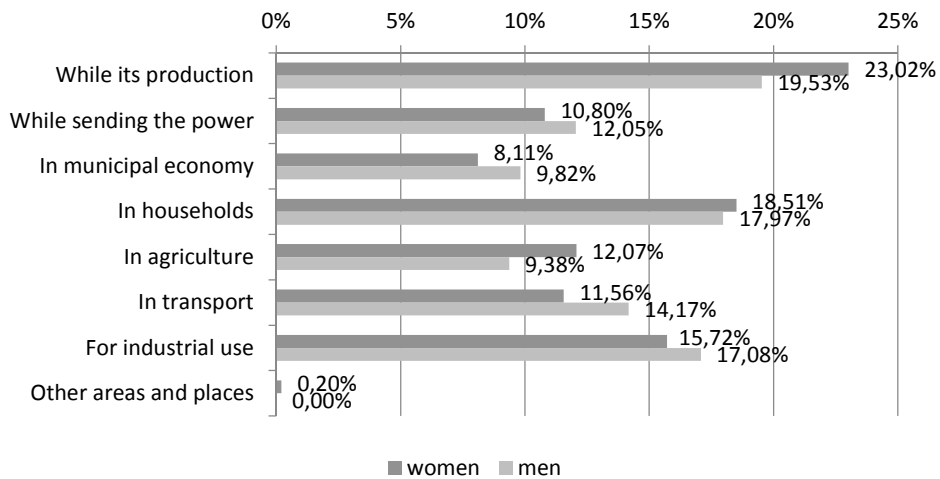


Figure 14. Stages and places of production and use of energy, where, in the opinion of the respondents, there are the greatest opportunities to create eco-innovation related to energy saving (n = 980)

Source: own research.

The need to save energy resources and to increase energy efficiency also indicate the need for exploration, creation and implementation of eco-innovation. Respondents, who had the opportunity to indicate a maximum of three answers, made the selection of the most important capabilities - the results are presented in fig. 14. Both women and men recognized the method of production (women – 23,02%, male respondents -19,53%) as the most important area for creation eco-innovation. Another area, identified as important in the opinion of research participants, are solutions for households (18,51% of women, 17,97% of men). Respondents also drew more attention to the possibility of using eco-innovation in industry (15,72% women and 17,08% men).

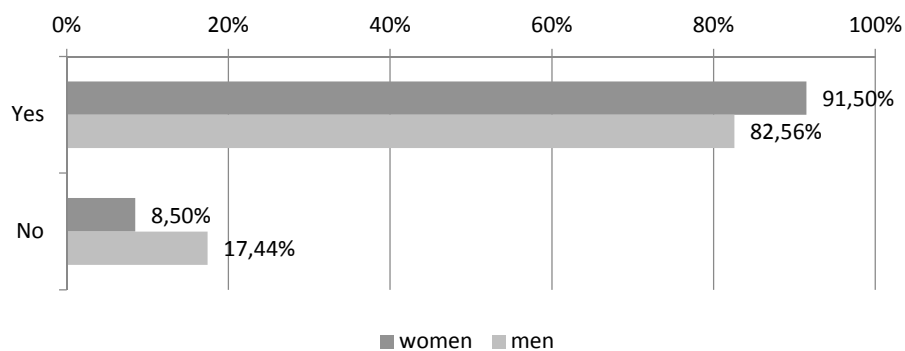


Figure 15. Respondents' opinions regarding innovation as a return to traditional solutions, natural (forgotten or ignored) (n = 980)

Source: own research.

The vast majority of female and male respondents considered (results in fig. 15) that a return to environmentally friendly, traditional, often forgotten or ignored solutions can be considered as eco-innovativeness, and the result of such thinking and acting as an eco-innovation (it is usually to give a new function, or other different possibilities). This issue has been analyzed on a global scale in only one publication<sup>37</sup>. Respondents highly appreciated such trends and opportunities (91,50% females, 82,56% males).

## 7. CONCLUSIONS

The research conducted are of theoretical importance as the generation of new knowledge, but they may also have practical significance, since it will be important to use the results in the process of implementation, evaluation and monitoring of the strategy of smart specialization (by supporting the practice of networking and innovation systems in the regions and in the country).

Consideration in the theoretical models of innovation systems (from the triple to the quadruple helix) of the importance of the ecosystem and the need for creating innovation

<sup>37</sup> Carmelo C., Piccioni V., *Traditiovations: Creating innovation from the past and antique techniques for rural areas*, Technovation 31, 2011, p. 689-699.

(eco-innovation), strongly influencing on the environment, means the already observed evolution of not only theory but also practice.

An implementation of the quadruple helix model requires ecological and eco-innovative public awareness (all stakeholders), but it also shapes it. The research carried out among students has confirmed the existence of a large potential which understands the environmental problems of the younger generation, and it has also shown higher awareness of eco-innovation of young women.

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### **ŚWIADOMOŚĆ EKOINNOWACYJNA MŁODYCH KOBIEŃ I MĘŻCZYŹN JAKO ELEMENT EKOINNOWACYJNEGO ZARZĄDZANIA ROZWOJEM REGIONU**

W obliczu postępującej degradacji środowiska, wyczerpywania się naturalnych zasobów, a także stwierdzonego już braku pojemności środowiska na odpady, istotnym wydaje się zmiana paradygmatu myślenia – zawsze potrzebne innowacje powinny zostać zastąpione eko-innowacjami, a świadomość innowacyjną należy rozwijać w kierunku świadomości eko-innowacyjnej. Głównym celem badań, których wyniki przedstawiono w niniejszym artykule, było rozpoznanie aktualnego stanu eko-innowacyjnej świadomości młodych kobiet i mężczyzn. W kontekście zagadnień istotnych dla tematyki tej pracy, wykonywano systematyczny przegląd literatury krajowej i zagranicznej, który stał się jedną z inspiracji podjęcia niniejszych badań. Wykonany przegląd nie wykazał prac poświęconych świadomości eko-innowacyjnej w odniesieniu do płci, co w tym kontekście dodatkowo uzasadnia potrzebę wykonania takich badań. Badania miały charakter ilościowy, formularz ankietowy skierowano do populacji 1015 studentów Politechniki Rzeszowskiej, kobiet i mężczyzn, reprezentujących – pod względem stałego miejsca zamieszkania – cały obszar województwa podkarpackiego (zakres przestrzenny badań). Zakres czasowy badań objął okres od stycznia do kwietnia 2016 roku. Uzyskane w badaniach odpowiedzi ankietowanych pozwalają na stwierdzenie, że młodzi ludzie – uogólniając – charakteryzują się

stosunkowo wysoką świadomością ekoinnowacyjną, mimo iż tak jej nie definiują. Potrafią określić potrzeby i cele kreowania ekoinnowacji. Świadomość ta jest wyższa u kobiet, co wyznacza ich możliwą rolę w kreowaniu i realizacji polityki nakierowanej na wsparcie ekoinnowacji, także w wymiarze regionalnym.

**Słowa kluczowe:** świadomość ekoinnowacyjna, pięcioelementowa helisa, kobiety, mężczyźni, zarządzanie regionem.

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**Józef FORYSTEK<sup>1</sup>**

## **THE UNDERGROUND SYSTEM OF JUSTICE IN THE HOME ARMY'S RZESZÓW SUB-REGION**

The Home Army's Rzeszów Sub-Region comprising the area confined within three rivers: San, Vistula and Wisłoka, and the Slovakian border in the south was spun off from the Home Army's Kraków Region in April 1943. The four Eastern Inspectorates were incorporated into the newly created Sub-Region, namely: Rzeszów, Przemyśl, Jasło and Mielec, and in each of them were created on the basis of pre-war communes.

On the basis of the statutes approved by the Commander-in-Chief, the Military Special Courts (WSS) were started to be established in 1941 within the military division, and the Civil Special Courts (CSS) within the civil division were created a year later. The first sentences concerning the Rzeszów area were passed in that court as early as in 1941.

Actions involving the execution of death penalties continue to raise a host of emotions and controversies. special squads (the so-called hit squads) were appointed as execution bodies of WSS by relevant commands of ZWZ/AK to be used to carry out execution sentences. As regards execution sentences, CSS hit squads were established by the Government Delegation for Poland (*Delegatura Rządu na Kraj*).

It is worth noting that in the period from January 1941 to June 1944, the Home Army soldiers carried out executions of the total of 5,733 officers of the German Police, Military Police, and the SS. Such campaigns against the occupiers did not require court sentences. Based on the estimated calculations made by historians, it seems that special courts in Kraków and Rzeszów pronounced about one hundred death sentences.

**Keywords:** history of Poland, the Polish Underground State, the Home Army, the Office of Public Security, Military, military underground system of justice

### **1. THE BEGINNING OF THE POLISH CONSPIRACY DURING WORLD WAR II**

After the occupants seized Poland, it became necessary to urgently organise an underground system of justice (as part of the military and political structures of the underground movement being established) that would safeguard the Polish rule of law and prevent spontaneous and arbitrary administration of judgements pronounced on Polish citizens. "*Ubi societas, ibi ius*", or where there is society, there is justice and a system of the law. According to this principle, as early as on 27 September 1939 Służba Zwycięstwu Polsce (SZP), or the Service for Poland's Victory, was created. Its first commander was General Michał Karaszewicz-Tokarzewski (nom de guerre "Torwid"), who, assisted by Stanisław Świącicki, Deputy Dean of Warsaw's Bar Council<sup>2</sup>, started work on the

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<sup>1</sup> attorney-at-law, doctoral student at University of Rzeszów, Poland

<sup>2</sup> Stanisław Świącicki (1897-1942), attorney-at-law, the last pre-war Deputy Dean of Warsaw's Bar Council, participant of the defence of Warsaw, actively involved in the Union of Armed Struggle (ZWZ) and the Government Delegation for Poland (Polish: delegatura Rządu na Kraj), arrested by

establishment of foundations for the system of justice in the occupied Poland. The origins of special courts' system are related to attorney-at-law Władysław Sieroszewski (1900-1996) and the last pre-war dean of Warsaw's Bar Chamber, attorney-at-law Leon Nowodworski (1889-1941)<sup>3</sup>. The latter quickly withdrew from the works, since he did not want to personally endorse the establishment of courts in which the accused of a crime carrying the death penalty would not be provided with effective defence.

Issues relating to the involvement of pre-war lawyers in the bodies of the underground system of justice have been very rarely discussed. One of the few papers on the subject was an article published in 1977 by the above-mentioned Władysław Sieroszewski ("Sabała", "Paweł")<sup>4</sup> (pre-war sub-prosecutor of the Supreme Court, and, during the occupation, the Chairman of the Home Army's Military Special Court for the Warsaw Region, and a known attorney-at-law in the post-war Warsaw). That and other scanty papers were, however, primarily focused on the main cities, such as Warsaw and Kraków<sup>5</sup>.

The underground scales of justice in the Rzeszów region have not been subject of many publications thus far, and the issue has been rather mentioned as a side remark to the more general works by Prof. Grzegorz Ostasz<sup>6</sup>. An excellent monograph by Piotr Szopa, a historian from a younger generation, was published in 2016<sup>7</sup>, which, presently, contains the fullest description of operations of the underground system of justice in that region. In this relatively short paper I wish to recollect the profiles of those meritorious lawyers who committed themselves, during a difficult period of the occupation in the area of the Home Army's Rzeszów Sub-Region, to install an effectively operating underground system of justice. Nonetheless, it must be borne in mind that a list of lawyers operating in the underground system of justice in that area is not full, since related information had a top secret status. The majority of documents dating back to that period is still missing

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the Gestapo on 11 May 1942, and killed in a mass execution of prisoners in the Pawiak Prison on 15/16 October 1942, after: L. Gondek, *W imieniu Rzeczypospolitej. Wymiar sprawiedliwości w Polsce w czasie II wojny światowej* (In the Name of the Republic of Poland. System of Justice in Poland during World War II), Warsaw 2011, p. 41.

<sup>3</sup> *W imieniu Polski Walczącej* (In the Name of Fighting Poland), interview with Dr Bartłomiej Szyprowski, "Do rzeczy – Historia" 2014, issue no. 7, p. 12.

<sup>4</sup> W. Sieroszewski, *Organizacja wymiaru sprawiedliwości w Powstaniu Warszawskim i udział w niej adwokatów* (Organisation of the System of Justice in the Warsaw Uprising and Involvement of Attorneys-at-Law), "Palestra" 1977, issue No. 7, but in the paper the author focused mainly on describing bodies of the system of justice in Warsaw, with special consideration given to the period of the Warsaw Uprising.

<sup>5</sup> L. Gondek, op. cit., *passim* with voluminous quotes from the work by W. Sieroszewski, *Przyczynek do historii Wojskowych Sądów Specjalnych* (A Contribution to the History of Military Special Courts), Warsaw 1974, msp, Archiwum Wojskowego Instytutu Historycznego (AWIH, or Archives of the Institute of Military History), III/50/66.

<sup>6</sup> G. Ostasz, *Okręg Rzeszowski Zrzeszenia „Wolność i Niezawisłość”* (The Rzeszów District of the Freedom and Independence Association), Rzeszów 2006.

<sup>7</sup> P. Szopa, *W imieniu Rzeczypospolitej. Wymiar sprawiedliwości Polskiego Państwa Podziemnego na terenie Podokręgu AK Rzeszów* (On behalf of the Republic of Poland. System of Justice of the Polish Underground State in the Territory of the Home Army's Rzeszów Sub-Region), Rzeszów 2014, *passim*, see also: J. Forystek, *Adwokaci w podziemnym wymiarze sprawiedliwości Podokręgu AK Rzeszów* (Attorneys –at-law in the underground system of Justice in the Home Army's Rzeszów Sub-Region), "Palestra" 2016, issue no. 13, pp. 402-423.

(part being seized by NKVD (People's Commissariat for Internal Affairs)). Lawyers, adjudicating in special courts, later worked in the bodies of the system of justice in post-war Poland and, being afraid of arrest, they hid their underground movement involvement. In those few documents that have been preserved, members of the adjudicating bodies and prosecutors would use quite frequently changed noms de guerre.

One of the main regions of the Union for Armed Struggle (ZWZ)/ Home Army (AK) was the Kraków Region (under the codenames of "Muzeum" (Museum), "Godło" (Coat of Arms)) that was divided into eight inspectorates (four Eastern ones: Rzeszów, Jasło, Przemyśl and Mielec, and four Western ones: Tarnów, Nowy Sącz, Kraków and Miechów). The inspectorates were further divided into districts, and those into outposts, where the basic units of the Home Army, or platoons, special operation units and squads, were operating.

## 2. TERRITORIAL STRUCTURE OF THE HOME ARMY'S RZESZÓW SUB-REGION

Until World War II, Rzeszów had been in the Lviv Voivodeship, but the courts had been subject to appeals made in Kraków. Located half way between Kraków and Lviv, it was influenced by those two university centres. Nonetheless, it was Kraków that exerted greater influence on the operations of the system of justice. After the defeat in September 1939, as a result of the Molotov-Ribbentrop Pact, the San River became a border between the Soviet and German occupation zones, and Rzeszów became a natural "capital" of German occupation territory of the former Lviv Voivodeship and, thus, a major centre of the military resistance movement. The Home Army's Rzeszów Sub-Region (codename "Ogniwo" (Link), "Woda" (Water), "Rezeda" (Reseda), "Wschód" (East)) comprising the area confined within three rivers: San, Vistula and Wisłoka, and the Slovakian border in the south was spun off from the Home Army's Kraków Region in April 1943, which was caused by the necessity of improving command and effectively prepare the would-be general uprising. The change coincided with the time when the Germans brought the Katyń massacre to light<sup>8</sup>. The four Eastern Inspectorates were incorporated into the newly created Sub-Region, namely: Rzeszów ("Rzemiosło" (Craft), "Rtęć" (Mercury)), Przemyśl ("Pawel", "Płotka" (Small Fry), "Park"), Jasło ("Jemioła" (Mistletoe), "Joachim") and Mielec ("Nowela" (Novella), "Wrzesień" (September)), and in each of them a total of 15 districts were created on the basis of pre-war communes.

The Home Army's Rzeszów Sub-Region was headed by Col. Kazimierz Putek ("Zworny"), and, after his arrest by NKVD and the disbandment of the Home Army in February 1945, Maj. Stanisław Pieńkowski ("Hubert") became the commander of the Sub-Region "in liquidation". Since the date of the first arrest of "Zworny" by counterintelligence of the 1<sup>st</sup> Ukrainian Front (12 December 1944), the operations of the Home Army in the entire Rzeszów area were actually headed by Maj. Łukasz Ciepliński

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<sup>8</sup> On 11 April 1943 the "Transocean" Agency transmitted a message that the bodies of 10,000 Polish officers had been found in the Katyń Forest, and on 13 April 1943 the information was repeated by Radio Berlin. On 17 April 1943 "Ilustrowany Kurier Polski" (one of the rag dailies published in the occupied Poland) reported on the discovery of mass graves in the article titled *Polish Officers being Victims of Bolshevik Atrocities* together with the information that two generals had been identified – Bohaterewicz and Smorawiński.

(“Pług” (Plough)), who, following the arrests of members of the staff made in February 1945, started to recreate the structures of the commanding staff by appointing new commanders of the inspectorates<sup>9</sup>.

As from April 1941, Maj. Łukasz Ciepłiński (“Pług” (Plough), “Antek”, “Apk”) was the commander of the Home Army’s Rzeszów Inspectorate until Gen. Okulicki ordered the disbandment of the Home Army<sup>10</sup>. In February 1945, his associate, Maj. Adam Lazarowicz (“Klamra” (Buckle)), who had previously held the position of commander of the Home Army’s Dębica District (codenamed “Deser” (Dessert)), was appointed a “liquidator.” Jan Geroń<sup>11</sup> (“Olek”, “Wacław”), who acted as an aide and head of the staff chancellery, first of the District, and then of the Inspectorate<sup>12</sup>, was the closest associate of “Pług” (Plough) since the beginning of the underground movement in the Rzeszów area. That lawyer also became the first commander of the Home Army’s Outpost “Świerk” (Spruce) (Świlcza-Trzciana) created by him.

### 3. KANGAROO COURTS OF ZWZ (UNION OF ARMED STRUGGLE)

Initially, the entire underground system of courts was reporting to the Main Headquarters of the Union of Armed Struggle. On 16 April 1940, the Country Committee of the Government of the Republic of Poland in France took a resolution on the establishment of court structures across Poland, and in May the “*Kodeks sądów*

<sup>9</sup> G. Ostasz, *Podziemna Armia. Podokręg AK Rzeszów* (Underground Army. The Home Army’s Rzeszów Sub-Region), Rzeszów 2010, p. 276.

<sup>10</sup> The first commander of the Home Army’s Rzeszów Inspectorate was Maj. Władysław Bartosik (“Broda” (Beard)), who held the position from the end of 1939 until his arrest by the Gestapo on 26 April 1940.

<sup>11</sup> Jan Geroń, (“Olek”, “Wiesław”), born 11 August 1908 in Rzeszów – died 11 September 1979 in Jasło, since 1937 head of the Mortgage Department of the Borough Court in Rzeszów; involved in the underground movement since September 1939, one of the founders of the resistance movement in the Rzeszów area, he created underground structures based on his connections mainly within the legal milieu of Rzeszów, founder and first commander (since 1939) of the Home Army’s Outpost “Świerk” (Spruce) (Świlcza-Trzciana) which produced many subsequent members of special courts and members of commanding staff of the Home Army in the Rzeszów area, one of the first persons to have been sworn in by Geroń in the Union of Armed Struggle in December 1939 were: (i) Cadet Master Corporal Józef Koryl (“Piła” (Saw)), other possible nom de guerre: “507”), born 1913, pre-war non-commanding officer of the State Police, deputy commander of the Home Army’s Outpost “Świerk” (Spruce) and non-commanding officer of intelligence and counterintelligence of the Home Army who was carrying out operational invigilation of the Gestapo’s informers, (ii) Józef Kokoszka (“506”), born 1914, graduate of the Law [Faculty] at Jan Kazimierz University (UJK) in Lviv in 1937, pre-war judge, later chairman of the Branch Division of the Military Special Court (WSS) at “Rzemioło” (Craft), (iii) Józef Frankiewicz (“Marcin”, “Wapień” (Limestone), “Korzeń” (Root)), born 1914, trainee notary in the offices of Dr Adam Mazurek, later prosecutor in the inspectorate’s Branch Division of the Military Special Court (WSS) in which Józef Kokoszka was the chairman. In 1945, owing to the assistance of Władysław Pałka and Józef Kokoszka, he took up residence in Rybnik, in 1946 he was arrested by UB (Department of Security), communist secret police, and placed in the Montelupich prison in Kraków, where he underwent atrocious interrogations conducted, among others, by Józef Światło, he was released in 1948, and later worked in the District Court in Sanok.

<sup>12</sup> G. Ostasz, A. Zagórski, *Akcja “Burza” w Inspektoracie AK Rzeszów* (Operation Tempest in the Home Army’s Rzeszów Inspectorate), Kraków 2003, p. 508.

*kapturowych*<sup>13</sup> (Code of Kangaroo Courts) was adopted. It provided for five types of crimes carrying the death penalty (treason, espionage, provocation, denunciation, and harms inflicted on Polish population), and it also created the rules of procedures before courts and appointment of adjudicating panels. The April resolution provided for the establishment of two divisions of criminal jurisdiction: the military division (for judging ZWZ members) and the civil division (for the citizens of the Republic of Poland who were not ZWZ soldiers). It was also ruled that until a civil special court was established within a given territory, as appointed by the Government Delegation for Poland, a special military court was competent to examine any cases, including those concerning civilians.

The kangaroo courts (SK) were to be composed of three judges of which at least one (most frequently the chairman) should meet the requirements of a military judge, but it was allowed to replace such judge by other pre-war lawyers (judges, attorneys-at-law, notaries public, prosecutors, and trainees). The other two members of the adjudicating panel, who did not necessarily have to have legal background, were appointed by the chairman of the Court acting on behalf of the relevant commanders of ZWZ/ AK. Additionally, the composition of the kangaroo court included: a prosecutor, an examining judge and a public defender for each of the accused. The list of rulings passed by the kangaroo courts was extremely short. They could adjudicate either a death penalty or acquittal.

#### 4. WSS'S (MILITARY SPECIAL COURTS) AND CSS'S (CIVIL SPECIAL COURTS)

The kangaroo courts operated until November 1941 when, following the analysis of their operations thus far and common criticism of their name, "*Statut Wojskowych Sądów Specjalnych*" (Statute of Special Military Courts), drafted in Poland, was sent to the Polish Government in exile in London. On the basis of the statutes approved by the Commander-in-Chief, the Military Special Courts (WSS) were started to be established within the military division, and the Civil Special Courts (CSS) within the civil division were created a year later. The statutes of both types of courts were very similar, although the military division reported to the Main Headquarters of ZWZ/ AK and to individual commanders of sub-regions and areas of AK, while the civil division was subjected to the delegate of the Government Delegation for Poland. Thus, there was no competence disputes between courts, since their competences and responsibilities were explicitly separated. A CSS could not pass judgements on ZWZ/ AK soldiers, and a WSS could not do so on civil persons. The first CSS courts were established towards the end of 1942. They were to operate at the sub-region level of Government Delegations, but, from July 1943, such courts started to be created in individual inspectorates, too. After the *Statutes* of WSS and CSS<sup>14</sup> were formally introduced in September 1942, a major simplification of the

<sup>13</sup> "*Kodeks Sądów Kapturowych*" (Code of Kangaroo Courts), and "*Statut Wojskowych Sądów Specjalnych*" (Statute of the Military Special Courts) were issued in the form of an order of the chief commander of ZWZ, and not in the form of an act of law or a decree. In May 1940 the "*Code of Kangaroo Courts*" was executed by "*Józef Goziemba*" as the chief commander of ZWZ (it was the nom de guerre of Gen. Kazimierz Sosnkowski), and was approved by the Commander-in-Chief "*Eugeniusz Strażnica*" (actually Gen. Władysław Sikorski).

<sup>14</sup> Following its approval by the Commander-in-Chief, Gen. Władysław Sikorski, the Statute of the Military Special Courts was sent to the Home Army commander on 3 September 1942.

procedure followed, and it was adjusted to the occupational circumstances. The prosecutor was excluded from the court composition and the position of the examining judge was also eliminated. The procedure was divided into two parts: investigation (in the course of which evidence was collected) and the hearing. It was the prosecutor (accuser), as a body of the system of justice separate from the court, that instituted investigation on the basis of its own information, most frequently obtained from counterintelligence or reported by commanders. Until the appointment of the prosecutor, indictments were directly prepared by counterintelligence. In the course of investigation, the prosecutor co-operated with counterintelligence units of ZWZ/ AK that would collect incriminating evidence for them. Unlike kangaroo courts, WSS's and CCS's had much broader capabilities of administering various penalties: (infamy, whipping, admonition). The Statutes additionally introduced the possibility of having a case re-examined, staying of the penalty or the criminal proceedings themselves, if the penalty involved deprivation of freedom only. Also, after a death sentence was pronounced, it became possible to stay its administration until the war was over. The convicted offender could rehabilitate themselves during that period<sup>15</sup>. "Non-approval of the sentence" by a relevant AK commander (with regard to WSS) and a delegate of the Government Delegation for Poland (with regard to CSS) was a crucial institution provided for in the Statutes, being a substitute of the "appeals." The Chairman of the Court would send the sentence or acquittal, together with the case files, for approval and, in case of conviction, also for execution. None of the *Statutes* provided, however, for a formal institution of appeals. A sentence pronounced by WSS was approved by a military commander at a relevant level. Following approval, it became final and was subject to execution. In case of refusal (such instances occurred many times, e.g. in the notorious case of Tadeusz Towarnicki ("De Vrana"), deputy commander of the 993/W squad<sup>16</sup>, or the case concerning Podlaskie Bishop ordinary Czesław Sokołowski<sup>17</sup>), the case was transferred for re-examination by another adjudicating panel. The second sentence was immediately executable and was not subject to approval again. That institution was a kind of safety valve protecting against any miscarriage of justice by judges. Some of the sentences, mostly those pronounced by CSS's after 1942, were publicly announced in the underground press. Sentences by WSS's concerning AK soldiers were not publicly disclosed for security reasons.

Pursuant to the *Statute of WSS*, the chairman of the court was appointed by a relevant commander. The mode of proceedings whose goal was to find out the objective truth depended solely on the court's discretion. The sentence was passed by an absolute majority of votes cast, and the sentence of death penalty had to be unanimous. The positions of recommended prosecutors were usually taken by counterintelligence officers, most often pre-war lawyers, e.g. Lucjan Milewski ("Baczyński") became a prosecutor at

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<sup>15</sup> By way of example, that institution was used by WSS presided over by Maj. Maciej Kalankiewicz ("Kotwicz") in the case of cavalry Capt Józef Świda ("Lech") from the Niemen River Grouping of the Home Army who was convicted for accepting weapons from the Germans needed for fighting the Soviet troops.

<sup>16</sup> L. Gondek, op. cit., pp. 106-107, the Sub-Region Commander refused to approve the sentence of WSS for the Warsaw Area for the assault on a German shop of Meisl in Warsaw that had not been agreed with the superiors, and the same WSS reexamining it, stayed the case, and the heroic Cadet "De Vrana" was killed in the first days of the Warsaw Uprising.

<sup>17</sup> Ibidem, pp. 106-107

the Main Headquarters of ZWZ, and attorney-at-law Henryk Rajzman (“Kornel”) was a prosecutor at the Regional WSS (codename “Waga” (Scales), “19000”) in the Home Army’s Silesia Region (codename “Kilof” (Pickaxe), “Węgiel” (Coal)). Likewise, positions of chairmen of special courts were held by pre-war lawyers. In Warsaw they included the already mentioned Władysław Sieroszewski (“Sabała”), Dr Konrad Zieliński (“Karol”), pre-war Chairman of the Court of Appeals in Lviv, Antoni Olbromski (“Krauze”), a judge of the Court of Appeals in Warsaw<sup>18</sup>, and attorney-at-law Wiktor Danielewicz (“Grunt” (Land)). According to “Sabała,” special courts were composed of more or less an equal number of representatives of judiciary and the bar, and among attorneys-at-law a major part was accounted for by former judges and prosecutors who were transferred to the bar.

##### **5. CO-OPERATION OF THE PROSECUTOR AND SPECIAL COURTS WITH COUNTERINTELLIGENCE AND INTELLIGENCE OF THE HOME ARMY**

As already mentioned, until the appointment of a prosecutor, actions relating to preparation of indictment were performed by counterintelligence. It was counterintelligence that usually collected incriminating evidence, most frequently from reports by persons operating within counterintelligence and military intelligence. By way of example, Sub-Regional CSS in Rzeszów closely co-operated with Józef Baran (“Motor” (Engine)), district head of intelligence and information of the People’s Security Guard (LSB). Following the appointment of a prosecutor, it was ZWZ/ AK intelligence officers who collected evidence, and the prosecutor would decide whether to discontinue or stay the case, or to file an indictment act. A pre-war policeman, Józef Koryl (“Piła” (Saw))<sup>19</sup>, was one of such intelligence officers in the area of the Home Army’s “Rzemiosło” (Craft) Rzeszów Inspectorate. For example, operational invigilation and provision of evidence in the case of Józef Bugajski (born 1912), a prison guard “at the Lubomirski Castle” in Rzeszów, and another Gestapo informer, Franciszek Miś, who were liquidated on 26 May 1944 in Przybyszówka as part of Operation “Kośba” (Reaping)<sup>20</sup>,

<sup>18</sup> Ibidem, pp. 53-55. After the war, Antoni Olbromski (“Krauze”) was the first Chairman of the Court of Appeals in Wrocław, quoted after: W. Sieroszewski, *op.cit.*, p. 70.

<sup>19</sup> Józef Koryl (“Piła” (Saw)), other possible nom de guerre: “507”), son of Jan and Aniela, née Rączy, born 13 March 1912 in Przybyszówka near Rzeszów, shot by unknown delinquents on Holy Saturday on 31 March 1945, aged 33, for a detailed bio note see J. Forystek, *Koryl Józef, “Piła”* [in:] MSBUDN (Małopolski Słownik Biograficzny Uczestników Działań Niepodległościowych, (Małopolska Biographic Dictionary of Independence Movement Participants)), vol. 17, Kraków 2015, pp. 82-83.

<sup>20</sup> Operation “Kośba” (Reaping) carried out in a period from May 1944 to the end of the German occupation involved the liquidation of dangerous agents and collaborators as part of preparations for Operation “Burza” (Tempest). In the Home Army’s Rzeszów District, 100 informers and traitors were liquidated, also including Polish-speaking Hans Flaschke and Friedrich Pottenbaum, heads of the Gestapo in Rzeszów, who were killed on 25 May 1944. The Home Army carried out similar operations in 1943: Operation “C” (Cleaning) conducted on 20-25 May 1943 and Operation “Wrzód” (Ulcer) carried out from 7 September 1943 that was anti-banditry in nature and Operation “Główka” (Little Head) continued from winter 1943, during which Włodzimierz Halicki, head of kripo, or the criminal police, in Kolbuszowa, was killed on 15 March 1944 in the town’s market square.

was carried out by an outpost of the Home Army's intelligence unit. Soldiers of the intelligence and subversion squad codenamed "Ruch" (Movement), organised and headed by the legendary Capt Józef Lutak ("Dyzma", "Roch"), established in the first half of 1943 the names of 41 persons collaborating with the Gestapo. At least thirteen persons were either liquidated or attempts were made to liquidate them.

Created on 7 February 1944 investigative expertise units (PES) were auxiliary bodies of special courts whose tasks included searching for (through intelligence brigades) and fighting any symptoms of common crimes (banditry, robbery, plunders, extortion payments for non-existing independence organisations, and blackmailing). Their tasks that were actually carried out since mid-1944 included covering the area with a network of intelligence, conducting investigations aimed at identifying perpetrators of crimes, sending results of investigations to special courts and carrying out sentences passed by special courts. It is worth noting that Germans did not succeed in discovering any of the expertise units<sup>21</sup>. Another auxiliary body was the National Security Corps (Państwowy Korpus Bezpieczeństwa (PKB)), an underground force being the core of the future state police, that was mainly composed of pre-war policemen and members of the People's Security Guards (Ludowe Straże Bezpieczeństwa (LSB)) operating in rural areas. PKB reported to the Government Delegation for Poland.

## 6. REGIONAL WSS CODENAMED "WAGA" (SCALES) IN KRAKÓW

Before a Branch Division of the Military Special Court (WSS) had been created in the Home Army's Rzeszów Sub-Region, cases concerning criminal offences committed in that area were examined by WSS in Kraków (codenamed "Waga" (Scales), "201," "0/1," or "7/1"). The Kraków court was then probably headed by Capt. Józef Jachna ("Waga" (Scales)), hence the court's name, while an unidentified person using nom de guerre "Długi" (Long) was its prosecutor. Judges were persons with noms de guerre "Lewart" and "Ton" (Tone)<sup>22</sup>, whose actual names have remained unidentified until today. The first sentences concerning the Rzeszów area were passed in that court as early as in 1941. As P. Szopa established in his publication, during the arrest of Home Army inspector from Jasło, Maj. Witold Obidowicz ("Wit", "Wiktor") in February 1942, three sentences were discovered on him carrying the death penalty for collaboration with the Gestapo.

There were many cases reviewed by the court, since as early as on 14 October 1943 the then commander of the Region, Col. Józef Sychalski ("Luty" (February)), issued an order to improve criminal proceedings pending at that time by means of filing criminal information according to a strictly defined form, including also references to witnesses by their noms de guerre (if they were members of the underground movement) or a code (if they were persons not involved in the underground activities). In the order he indicated the need to have testimonies made by witnesses by their own hand. At the same time, he also noted that "arbitrary and unjustified execution of the death penalty shall be

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<sup>21</sup> T. Seweryn, *Polskie sądownictwo podziemne* (Polish Underground Courts), "Przegląd Lekarski" 1966, issue no. 1, pp. 216-217.

<sup>22</sup> As yet, there has been no detailed information about the composition of WSS "Waga" (codenamed Scales). The above information quoted after: P. Szopa, op. cit., p. 95.



punishable”<sup>23</sup>. Commanders at lower levels formulated their orders in a similar manner. By way of example, the commander of the Home Army's Łańcut District, Capt Ernest Wodecki (“Szpak” (Starling)), in his order No. 4/43 of 22 October 1943, issued a few days later, wrote: “I once again prohibit arbitrary execution of sentences on Poles and Ukrainians. The death penalty sentences may be carried out only after the same have been approved by WSS (Military Special Court)”<sup>24</sup>. That prohibition was reinstated yet again in another order No. 5/43 of 17 November 1943.<sup>25</sup> Those orders seem to confirm an argument that instances of mob law occurred in the Kraków Region, since commanders at various levels had to act as decisively as they did. Every quarter, WSS “Waga” (codenamed Scales) would send reports from its operations to the Home Army's Main Headquarters (KG AK)<sup>26</sup>. P. Szopa described four cases of persons from the Rzeszów area that were brought onto a docket of WSS “Waga”<sup>27</sup> (codenamed Scales), namely: (1) forester Józef Lupa, resident of Łopuszki near Przeworsk, sentenced to death penalty for collaboration with the German military police in tracing Home Army soldiers who on 2/3 March 1942 participated in an operation carried out at the weaponry warehouse in Nienadowa – the sentence was executed on 5 October 1942, (2) Mikołaj Sawicki, a teacher in Pawłokoma near Krosno, a Ukrainian nationalist, sentenced for numerous cases of denouncing the inhabitants of Pawłokoma. The death penalty was executed on 14 October 1942, (3) Stanisław Morawiecki, a Gestapo informer and milk inspector in Rokietnica, who was liquidated in the brick factory in Czelatycy in December 1942, (4) Władysław Kmiecik, a pre-war restaurant operator from Jasło, sentenced for collaboration with the Gestapo, who was executed on 9 January 1943. There were many more such cases, and some of them have been discussed in more detail in the work of P. Szopa.

## 7. REGIONAL CIVIL SPECIAL COURT (CSS) IN KRAKÓW

Kraków's CSS was created at the beginning of 1943, and, most certainly, it was operational already in April 1943. In the quoted work of P. Szopa it is stated that on 27 April 1943 and 2 May 1943 the sentences of CSS passed on Michał Klimończuk (officer of Tramwaje Miejskie (Municipal Trams)) and Karol Bielecki (officer of the so-called Navy-Blue Police) were carried out in Kraków. Rudolf Günter (“Ciupaga” (Shepherd's Axe), “Sylwer”, “Rudolf Sylwer”) [1886-1979] became the Chairman of the Regional CSS, followed by attorney-at-law Jerzy Nasierowski (“Jaszczur” (Lizard), “Tur” (Aurochs)). The members of that CSS also included: Władysław Wójcik (“Czerski”, “Żegota”) and Tadeusz Zygmunt (“Chmiel” (Hop), “Radło” (Ard)).

<sup>23</sup> Archiwum Państwowe w Rzeszowie (APR) (State Archives in Rzeszów), 108/113. *Oryginalne dokumenty AK o treści organizacyjnej* (Original Home Army Documents on Organisation), Order, 14 October 1943, sheet 276.

<sup>24</sup> Ibidem, Order no. 4/43, 22 October 1943, sheets. 219-220.

<sup>25</sup> IPN Rz 105/20 (Institute of National Remembrance in Rzeszów), *Archiwum KW PZPR w Rzeszowie* (Archives of the Voivodeship Committee of the Polish United Workers' Party in Rzeszów), Order no. 5/43 of the Command of the “Łosoś” (Salmon) District, 17 November 1943, sheets 6-8.

<sup>26</sup> Those interested in a detailed description of how the underground system of justice operated in the Region of Kraków should refer to the work by Tadeusz Seweryn, cf. T. Seweryn, op. cit., pp. 1-18.

<sup>27</sup> P. Szopa, op. cit., pp. 102-105.

The prosecutor in that court was Tadeusz Seweryn (“Socha” (Sokha)), “Białowas”, “Maszyński”) [1894-1975], and Jan Kowalkowski (“Halszka”) became the commander of the executive section. According to T. Seweryn, the entire court archives of that CSS were seized in June 1945 by the Soviet authorities<sup>28</sup>, however, according to his findings, during its operations until October 1944 Kraków's CSS pronounced 67 death penalties<sup>29</sup>. In October 1943 (a few months after its creation) Seweryn drafted “*Zasady ogólne postępowania przed CSS*” (General Rules of Procedure in Civil Special Courts), where it was indicated that, due to the fact that in each case referred to CSS pronouncement of the death penalty had to be considered, “it was not allowed to omit the circumstances in favour of the accused”, since “the system of underground justice passing sentences in the Name of the Republic of Poland, despite operating in the underground system, had to safeguard the dignity of the Polish Nation.”<sup>30</sup>

#### **8. BRANCH DIVISION OF THE MILITARY SPECIAL COURT (WSS) CODENAMED “WAŻKA” (DRAGONFLY) IN RZESZÓW – IN THE HOME ARMY'S RZESZÓW SUB-REGION**

The Branch Division of WSS in Rzeszów (codenamed “Ważka” (Dragonfly)) was created in the Home Army's Rzeszów Sub-Region in the first half of 1943. A known notary public from Rzeszów, Dr Adam Mazurek (“Wojbor”), became its chairman<sup>31</sup>. The court was composed of the following persons: Władysław Garnowski (“Lech”), later chairman of the Communist Military Supreme Court, responsible for many sentences pronounced on Home Army soldiers, Tadeusz Migdał, judge of the Supreme Court – Branch Division in Kraków, Bolesław [Józef] Szymański, prosecutor of the Court of Appeals in Kraków, unidentified person, Master of Laws, the then bailiff of the Borough Court in Rzeszów, and Dr Józef Jedliczka (“Rydlewski”) as prosecutor (accuser)<sup>32</sup>. The composition of that court was presented somewhat differently by its Chairman Dr Adam Mazurek. According to him, the composition of the court included Mieczysław

<sup>28</sup> IPN Kr 07/135 (Institute of National Remembrance in Kraków), vol. 2, *Akta śledcze przeciwko Tadeuszowi Sewerynowi* (Investigative files against Tadeusz Seweryn), Report on the hearing of witness Tadeusz Seweryn of 14 December 1953, sheets 20-23.

<sup>29</sup> T. Seweryn, op. cit., p. 214.

<sup>30</sup> IPN Rz 105/5 (Institute of National Remembrance in Rzeszów), *Archiwum KW PZPR w Rzeszowie* (Archives of the Voivodeship Committee of the Polish United Workers' Party in Rzeszów), *Zasady ogólne postępowania przed CSS* (General Rules of Procedure Before the Civil Special Courts), 14 October 1943, sheet 26.

<sup>31</sup> Dr Adam Mazurek (“Wojbor”, “s3”, “42”), captain, notary public, run a notarial office in Rzeszów before the war and during occupation; in 1943 he became Chairman of the Branch Division of the Military Special Court codenamed “Ważka” (Dragonfly) in the Home Army's Rzeszów Sub-Region, in September 1944 he joined the Polish “People's” Army.

<sup>32</sup> Dr Józef Jedliczka (“Rydlewski”), captain, pre-war district judge in Żmigród, since 1928 sub-prosecutor in the regional court in Rzeszów, during the occupation acted as a prosecutor (accuser) since 1943 in the Military Special Court codenamed “Ważka” (Dragonfly) established in the Home Army's Rzeszów Sub-Region, post-war prosecutor of the Regional Court in Rzeszów, and later Chairman of the Regional Court in Rzeszów; IPN Rz 037/8, *Akta kontrolno-śledcze p-ko Władysławowi Piątkowi i innym* (Investigative and control files against Władysław Piątek and others), report on the hearing of witness Władysław Garnowski, 16 September 1949, sheets 127-128.

Rachwał<sup>33</sup>, Tadeusz Migdał and Władysław Garnowski, and Dr Józef Jedliczka and Józef Szymański were the prosecutors. Grzegorz Ostasz, in turn, also mentions Adam Jagielski as a prosecutor of that court<sup>34</sup>.

At the time when the Red Army was approaching Rzeszów, the composition of “Ważka” (Dragonfly) was almost completely disassembled, since Władysław Garnowski left Rzeszów in mid-July and started to live in Iwonicz, and the Chairman himself, Capt Dr Adam Mazurek (“Wojbor”), joined the Polish “People's” Army in September 1944 having consent of his Home Army superiors. Further to that, on 3 November 1944 “Zworny,” the Commander of the Rzeszów Sub-Region, in a document called “X1 to R1,”<sup>35</sup> stated that he was intending to appoint a new composition of WSS, taking into account judges from the “inspectorate's Military Special Court in R” first<sup>36</sup>, which confirms that the inspectorate's Military Special Court of “Rzemiośło” (Craft) chaired by Józef Kokozka (“506”) was already operational. In mid-November 1944, once the archives of the court were handed over by “Wojbor”, WSS “Ważka” (Dragonfly) actually discontinued its operations. It is worth noting that Władysław Garnowski came back quickly to Rzeszów, since the report of the Home Army's counterintelligence for a period of 14 to 21 October 1944 on arrival of the court from “Lublin” read that: “Its composition included District Judge Garnowski of Rzeszów, known for severe sentences on Communists, and currently being an ultra loyal – It is a mil[itary] court.”<sup>37</sup> According to J. Borowiec, Garnowski became a very harsh judge serving the Communists<sup>38</sup>.

According to the estimates by P. Szopa, WSS “Ważka” (Dragonfly) passed some forty to fifty sentences. The author has found twenty persons on whom that court could have passed sentences, but there are no doubts only in one case, where the sentence was preserved in the form of a document.

### **9. BRANCH DIVISION OF THE CIVIL SPECIAL COURT (CSS) CODENAMED “REJON” (REGION) IN RZESZÓW – IN THE HOME ARMY'S RZESZÓW SUB-REGION**

The codename of that Court is not known for certain, but in a letter of 16 June 1944 written by an accuser for the court, attorney-at-law Władysław Martynuska,<sup>39</sup> to regional

<sup>33</sup> G. Ostasz, *Podziemna Armia ...* (Underground Army), p. 88, p. 320.

<sup>34</sup> Ibidem, p. 320.

<sup>35</sup> “X1” is a nom de guerre of Col. Kazimierz Putek, Commander of the Home Army's Rzeszów Sub-Region.

<sup>36</sup> APR, 108/116, *Oryginalne dokumenty AK o treści organizacyjnej* (Original Home Army Documents on Organisation), Report, 3 November 1944, sheet 141.

<sup>37</sup> IPN BU 944/46, *Akta sądowe w sprawie p-ko Łukaszowi Ciepłińskiemu i innym* (Court files in the case against Łukasz Ciepłiński and others), Counterintelligence report for 14 to 21 October 1944, sheet 158.

<sup>38</sup> J. Borowiec, *Aparat bezpieczeństwa a wojskowy wymiar sprawiedliwości. Rzeszowszczyzna 1944-1954* (Security Police and the Military System of Justice in the Region of Rzeszów 1944-1954), Warszawa 2004, p. 27, p. 166, p. 213.

<sup>39</sup> Władysław Martynuska (“Zagroda” (Farmstead), “Ryś” (Lynx), “Nałęcz”) *vel* Władysław Ulanowski (1912-1988), lieutenant, graduate of the Faculty of Law of Jagiellonian University (UJ), attorney-at-law, peasant movement political activist, delegate of the Government Delegation for Poland in exile for the district of Rzeszów; detailed bio note in: G. Ostasz, *Martynuska Władysław, Małopolski Słownik Biograficzny Uczestników Działania Niepodległości*

prosecutor T. Seweryn “Socha” (Sokha) requesting approval of the sentence of the Branch Division of CSS (and, usually, all sentences of that branch division were additionally approved by the Region), it appears that the court could use the codename “Rejon” (Region) and that is the name that P. Szopa favours. In autumn 1943, the first prosecutor in the Rzeszów CSS became attorney-at-law Władysław Martynuska, the then activist of SL “Roch” (Roch Peasants' Party) and a delegate of the Government Delegation for Poland for the district of Rzeszów, a pre-war attorney-at-law trainee in the offices of Dr Czarnek (who died in Auschwitz), and deputy of attorney-at-law Dr Stefan Hakala (who was murdered by NKVD in Kozielsk in spring 1940) during the occupation. At the same time, Martynuska was an organiser of that court, and he acted as an accuser at least until July 1944. Władysław Zimny (“Dunin”), proposed by the peasant movement, became the Chairman of CSS “Rejon” (Region), and the judges were: Jan Mirek (“Drzazga” (Splinter)) from PPS (Polish Socialist Party), and Jan Wiercioch, a peasant movement activist. “Dunin” (the then employee of the tax office) indicated “Drzazga” (Splinter) as the court chairman, who acted as deputy voivode from 18 November 1944 and as voivode of Rzeszów from 1947. These findings are further confirmed in a letter of the Voivodeship Office of Public Security (WUBP) in Rzeszów of 8 March 1951<sup>40</sup> which reads: “During the occupation Martynuska was a prosecutor of the Civil Special Court and organised the composition of that court that included: mgr Władysław Zimny as its chairman on behalf of the peasant movement, Jan Mirek, member of CSS representing the Polish Socialist Party (PPS), and Jan Wiercioch, court member representing the peasant movement, from whom Martynuska took an oath of allegiance to the Polish Government in exile (in London).” The composition of CSS was also confirmed by Dr Andrzej Kuś (1884-1958), a peasant movement activist involved in the operations of the political department of the Government Delegation for Poland, in his testimony of 21 December 1950 made in the Voivodeship Office of Public Security (WUBP)<sup>41</sup>. Sessions of the court were held in the law office of Martynuska in Rzeszów at Grunwaldzka Street<sup>42</sup>.

The Rzeszów CSS ended its operations under the Soviet occupation in February 1945. The court was dealing with many cases<sup>43</sup>, the best known of which is the case of Mieczysław Piątek, a resident of Słocina, accused of complicity with other persons in murdering four Jews, on 22 November 1943 in Słocina, who were being led out of the ghetto in Rzeszów, under the guise of transferring them into Hungary. The case concerning acts performed by three of the perpetrators (who were Home Army soldiers), as not being subject to the jurisdiction of CSS, was excluded and transferred to WSS.

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*ściowych 1939-1956 (MSBUDN) (Małopolska Biographic Dictionary of Independence Movement Participants)*, vol. 4, Kraków 1999, pp. 123-125.

<sup>40</sup> IPN Rz 00 141/919/J, *Akta operacyjne dot. Władysława Martynuski* (Operational Files on Władysław Martynuska), sheets 13-14.

<sup>41</sup> Ibidem, sheet 20, a bio note of Andrzej Kuś in: *Małopolski Słownik Biograficzny Uczestników Działania Niepodległościowych 1939-1956 (MSBUDN)* (Małopolska Biographic Dictionary of Independence Movement Participants 1939-1956 (MSBUDN)), Kraków 1997, vol. 2, pp. 79-81.

<sup>42</sup> IPN Rz 042/927, *Akta operacyjne przeciwko Władysławowi Martynusce* (Operational Files against Władysław Martynuska), Letter to the Head of the 5<sup>th</sup> Division of the Voivodeship Office of Public Security (WUBP) in Opole, 8 March 1951, sheet 22.

<sup>43</sup> P. Szopa, op. cit, pp. 311-328. The author describes many cases run by that CSS, including, among others, the cases of: Andrzej Lewczuk, Franciszek Bełza, Stanisław Gut, Stefan Puka, Władysław Sitek, Michał Krupa, Maria Cz., and Wojciech Sudolski.

According to Martynuska, WSS pronounced the death penalty on them. But, in the case of Mieczysław Piątek, CSS refused to pronounce a death penalty sentence and suspended the proceedings<sup>44</sup>, offering a chance for rehabilitation.

During the Soviet occupation, CSS would also examine the cases of Leopold Toman, Civic Militia (MO) officer, Adamczyk from the People's Army (AL), and Stanisław Marczak, a Communist activist and mayor of Błażowa. The CSS sentence against Stanisław Marczak was carried out on 7 February 1945 by an execution group headed by Stefan Sieńko ("Ikar" (Icarus), "88S")<sup>45</sup>. According to Martynuska, the court passed four death penalties by the end of May 1944.

#### **10. MILITARY SPECIAL COURT (WSS) CODENAMED "RZEMIOSŁO" (CRAFT) AT THE HOME ARMY'S RZESZÓW INSPECTORATE**

From the beginning of 1944, further to the preparations for Operation "Burza" (Tempest), the Branch Divisions of the Military Special Courts (WSS) started to be created. Orders requesting the creation of such branch divisions were appended with the forms of documents to be used, namely: an indictment act, a quarterly report, a judge oath, and a general instruction on operations of WSS.

As from the time when Rzeszów was seized by the Red Army (2 August 1944), the Home Army's Rzeszów Sub-Region was cut off by the front line from the Home Army's Kraków Region. Paradoxically, that circumstance expedited the establishment of underground court system in that area, both at the level of the Sub-Region itself and, primarily, of the Home Army's Rzeszów Inspectorate codenamed "Rzemiosło" (Craft). WSS for the Rzeszów Inspectorate most certainly started its operations under the Soviet occupation, just like other branch divisions of the Kraków Region operating from autumn 1944, for example in the inspectorate of Nowy Sącz, Miechów or Tarnów.

Józef Kokoszka ("506"), a pre-war judge of the Borough Court in Lviv and a close associate of Józef Frankiewicz, the commander of Outpost "Świerk" (Spruce), also a graduate from the Faculty of Law at Jan Kazimierz University (UJK) in Lviv, became the chairman of the Military Special Court (WSS) for the Inspectorate. It may be safely claimed that the court was primarily composed of persons coming from Trzciana or neighbouring towns. The judges from Trzciana were: Jan Draus ("Dym" (Smoke))<sup>46</sup>, Zdzisław Pyziak and Bronisław Kawalec, brother of the later commander of the "Żbik" (Wildcat)<sup>47</sup> District. Władysław Pałka, another judge and associate of Kokoszka from the

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<sup>44</sup> IPN Rz 353/129, *Akta w sprawie karnej przeciwko Władysławowi Piątkowi i towarzyszom* (Files in the criminal case against Władysław Piątek and his companions), according to those files under the sentence of the Court of Appeals in Rzeszów of 31 May 1950, Władysław Piątek and Mieczysław Piątek were sentenced for that act to the penalty of 10 years in prison. The court recognised that since *"they are relatively young people, therefore, a possibility of their improvement may not be all together excluded and that is why sentencing them to death or life-time imprisonment would not be right."*

<sup>45</sup> P. Szopa, op. cit., p. 323.

<sup>46</sup> Jan Draus ("Dym" (Smoke)), son of Stanisław and Zofia née Łagowska, born 21 October 1919 in Trzciana, lawyer, courier, and liaison of the Home Army's Outpost "Świerk" (Spruce) for the Home Army's "Rozbratel" District.

<sup>47</sup> Mieczysław Kawalec ("Iza", "Żbik" (Wildcat), "69"), son of Józef and Katarzyna, born 5 July 1916 in Trzciana, colonel, graduate and assistant to Prof. Władysław Grabski at the Faculty of

Faculty of Law at Jan Kazimierz University (UJK), the later attorney-at-law of the chamber in Katowice, was from the nearby Mrowla. As argued by Mieczysław Wałęga (“Jur”), long-time head of military intelligence and military counterintelligence in the Rzeszów Inspectorate, it was quite unusual, since, as a rule, they tried not to combine functions in intelligence with the work in a special court. It must be remembered, however, that the court was created in extraordinary times, just after Rzeszów had been captured by an “ally of our allies” and following executions of Home Army soldiers by NKVD. The core of the Branch Division was thus formed by Home Army soldiers from the Outpost “Świerk” (Spruce) (Świlcza-Trzciana). The prosecutor was most probably Józef Frankiewicz (“Marcin”, “Korzeń” (Root)), also from Trzciana. According to G. Ostasz,<sup>48</sup> the composition of that Court also included: second lieutenant Franciszek Czajak-Rudnicki (“Maczuga” (Mace)) from Przybyszówka, Józef Nyzio from Trzciana and Stanisław Osetkowski (“Zajac” (Hare)). A Summary Adjudication Group was another operating unit in the Outpost “Świerk” (Spruce) in which the following persons from Trzciana were involved: Mieczysław Łagowski (“Iskra” (Spark)), intelligence officer, Bolesław Jastrzębski (“Jastrzab” (Hawk)), subversion officer, Jan Przybyło (“Marian”), Franciszek Litwin (“Marian”), Michał Frankiewicz (“Kaczor” (Duck)) and, occasionally, Tadeusz Dziedzic (“Grusza” (Pear Tree)). It has not been determined yet whether the members of the group were also judges of WSS for the Inspectorate. That Branch Division of WSS most probably pronounced sentences that were carried out at the end of 1944 and the beginning of 1945, that is already under the Soviet occupation. Probably, that WSS also pronounced the death penalty on Wojciech Kocan (“Mak” (Poppy)), “Czarny Sędzia” (Black Judge), a corrupted Home Army soldier from Przybyszówka, which was subsequently approved personally by Adam Lazarowicz (“Klamra” (Buckle)), an inspector from Rzeszów. The death penalty sentence “in the name of the Republic of Poland...” was carried out on 8 April 1946 by the outpost execution group headed by Franciszek Czajak-Rudnicki (“Maczuga” (Mace)) and composed of: Bronisław Adamiec (“Rak” (Crayfish)), Bronisław Mięgała (“Mauser”), Jan Krupa, probably Kazimierz Ciebiera (“Wiktor”), and two other unknown persons<sup>49</sup>.

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Law at Jan Kazimierz University in Lviv; Home Army intelligence officer, deputy commander, and from November 1944 to 5 February 1945 a commander of the Home Army's Rzeszów district; from 1945 actively involved in Freedom and Independence (WiN); sentenced to four death penalties in a show trial from 5 to 14 October 1950 of the so-called 4<sup>th</sup> management board of WiN, killed with a shot in the back of the head on 1 March 1951. His symbolic grave is located at the Military Cemetery in Powązki in Warsaw in the “Na Łączce” (Meadow) Quarters. Detailed bio note in G. Ostasz, A. Zagórski, *Akcja “Burza”...* (Operation Tempest), pp. 544-545.

<sup>48</sup> P. Szopa, op. cit., pp. 211-213, G. Ostasz, *Okręg Rzeszowski...* (Rzeszów Region), p. 440, Likewise, M. Maruszak, *Działalność żołnierzy AK z plutonu dywersyjnego “Zagłoby” (1944-1952) w dokumentach UB* (Operations of Home Army Soldiers from the “Zagłoba” Subversion Platoon (1944-1952) in the UB Communist Secret Police Documents), *Zeszyty Historyczne WiN-u*, (ZH WiN) (Freedom and Independence Historical Studies) 2005, issue no. 23, p. 40.

<sup>49</sup> G. Ostasz, *Okręg Rzeszowski ...* (Rzeszów Region), p. 462, Wojciech Kocan (“Mak” ((Poppy)) was also accused of the death of his commander, Józef Koryl (“Piła” (Saw)). For detailed description of the execution of W. Kocan cf. M. Maruszak, *Oddział Franciszka Rejmana “Bicza” i Leona Słowika “Uzdę”*. *Geneza, struktury i działalność (1944-1947)* (Squad of Franciszek Rejman “Bicz” (Whip) and Leon Słowik “Uzda” (Headcollar). Origins, Structures and

It seems that he continued the operations also after the formal disbandment of the Home Army, i.e. in a period when the structures of “Nie” (No), the Armed Forces Delegation for Poland operated and the Freedom and Independence (WiN) Association had its beginning, until 1946, when the majority of judges left the Rzeszów area due to the threatened breach of conspiracy and, under false identifications, set out for Silesia or the Regained Territories to hide from the [Communist] security service. Until today, no copy of any of the sentences pronounced by that Court have been found, and many executions carried out by informal groups of Stanisław Piela (“Kościarz”) and Franciszek Rejman (“Bicz” (Whip)), and the band of Wojciech Kocan on the inhabitants of the surrounding towns and villages were attributed to that court by perpetrators in investigations conducted before the Communist law enforcement authorities.

### 11. MISCARRIAGES OF JUSTICE

No legal system is free from the so-called miscarriages of justice, hence a procedure of appeals is applied to verify them. Miscarriages occur event at times of peace and in courts in established democracies (such as USA, UK or Germany), also in cases whereby death penalties are pronounced. Thus, it is one of the key arguments of the death penalty opponents. As I have already mentioned at the beginning, it was because of that reason that attorney-at-law Leon Nowodworski refused to further participate in the works on the establishment of underground special courts before which the “right to defence” was illusory or virtually non-existent due to objective reasons. He rightly anticipated that the cases of miscarriages of justice would all the more so occur in special courts operating by default. Sentences passed by default would have to be based on information provided by Home Army intelligence and counterintelligence officers that was not fully verified. The issue of miscarriages of justice requires further in-depth historic research, and the topic will certainly raise numerous controversies event after the lapse of many decades. It seems that during the Nazi occupation the number of miscarriages of justice was relatively smaller, since the death penalties were passed rarely (e.g. CSS “Rejon” (Region) in Rzeszów pronounced only five death sentences during its period of operations, while WSS in Białystok pronounced only four of them). Such sentences were most frequently passed in cases that were evident and did not raise any doubts.

The situation became quite different, however, when the area was seized by the Red Army and after the formal disbandment of the Home Army, and that period requires further historical research. It cannot be ruled out that during the Soviet occupation and fratricide fights of 1944-46, the cases of such miscarriages of justice were frequent. Many controversies are raised especially by executions carried out under the so-called “self-defence”. Then, the role of a special court was limited only to approval or non-approval of execution that had already been carried out. Cases of the sentences approving such “liquidations” in the Rzeszów area have not been described yet. It has not been examined, either, whether the executed death penalties were necessary, or whether in certain cases it would have been sufficient to give the accused a chance of rehabilitation. It was a time of war, after all. Was it justified in such situation to require heroic and sometimes super-heroic behaviour, and should persons incapable of such behaviour be sentenced to death

penalty? Decisions regarding the pronounced death penalties burdened the conscience of judges of the underground special courts.

## 12. EXECUTION OF SENTENCES OF UNDERGROUND COURTS – CERTAIN CASES

Actions involving the execution of death penalties continue to raise a host of emotions and controversies. All the more so, since the purpose behind the creation of the underground justice system was to countermeasure mob law, and even then that goal was defined as “difficult.” As reported by Stanisław Broniewski, arguing against the use of scouts in sentence-related actions, an assault always carried a “fight” element, while execution of sentence usually involved “killing of a defenceless person.” To protect all-too-young soldiers of ZWZ/ AK, it was prohibited to employ under-age persons in the structures that carried out sentences. A liquidation action could have resulted in psychological devastation of young persons. How severe such trauma could have been is shown in the recently published memoirs of Stefan Dąbski<sup>50</sup>. Therefore, special squads (the so-called hit squads) were appointed as execution bodies of WSS by relevant commands of ZWZ/ AK to be used to carry out execution sentences. As regards execution sentences, CSS hit squads were established by the Government Delegation for Poland. The best known execution squad was a Directorate for Subversion (Kedyw) squad codenamed “993/W” charged with the execution of death penalties mainly in the Warsaw area.

A similar execution “hit squad” in the area of Rzeszów District during the Soviet occupation was established by Mieczysław Kawalec “Żbik” (Wildcat), counterintelligence and subversion officer, and this “hit squad” was headed by Cadet Wiktor Tadeusz Błażewski “Orlik” (Spotted Eagle). Earlier the sentences were executed by “Mohort” special inspectorate subversion and sabotage squad (established in the autumn of 1944) and “Wedeta” squad set up to protect PUL (street propaganda) activities that jointly had as many as some 300 soldiers. An execution team that proceeded to carry out the approved sentence was usually composed of two crews: one of them was to prepare the action by way of observation of the convicted person, selection of the best place and time of execution and preparation of evacuation of the executors after task completion, while the second crew, usually composed of three persons (one shooter and two backers), was involved in the execution of the sentence, usually by shooting and reading to the convicted person the solemn formula saying “In the Name of the Republic of Poland...”<sup>51</sup>.

## 13. SUMMARY

Finally, it is worth noting that in the period from January 1941 to June 1944, Home Army soldiers carried out executions of the total of 5,733 officers of the German Police, Military Police, and the SS. Despite using the formula of the “death penalty sentence executed”, those actions did not actually involve executions of sentences, but were only implementations of decisions of the Home Army command as part of common retaliation

<sup>50</sup> S. Dąbski, *Egzekutor* (Executioner), Warszawa 2010.

<sup>51</sup> P. Ostaszewski, *Podziemna Temida* (Underground Scales of Justice). “Gazeta Policyjna” 2004 (Police Newspaper), issue no. 10, p. 11, B. Szyprowski, *Podstawy...* (The Basis of...), p. 10.



campaigns staged by the Polish underground. Such campaigns against the occupiers did not require court sentences<sup>52</sup>.

Based on the estimated calculations made by historians, it seems that special courts in Kraków and Rzeszów pronounced about one hundred death sentences<sup>53</sup>. Dr P. Szopa has found 470 persons that were liquidated or attempts were made to liquidate them in the area of the Home Army's Rzeszów Sub-Region, which, by deducting one hundred persons sentenced by CSS, confirms that at least 350 cases were referred to a docket of WSS in the Home Army's Rzeszów Sub-Region<sup>54</sup>. T. Seweryn states that in the period from mid-1943 to October 1944, CSS in Kraków pronounced 67 death penalties<sup>55</sup>. For comparison, as stated by Włodzimierz Lewgowd ("Bohdan"), a prosecutor of WSS in Białystok, the court passed only four death penalties in the two years of its operation<sup>56</sup>.

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<sup>52</sup> L. Gondek, op. cit., p. 162.

<sup>53</sup> *W imieniu Polski Walczącej* (In the Name of Fighting Poland) – interview..., p. 14.

<sup>54</sup> P. Szopa, op. cit., p. 239.

<sup>55</sup> T. Seweryn, op. cit., p. 214.

<sup>56</sup> IPN BU 1558/567, *Armia Krajowa, Okręg Białystok* (Home Army, Białystok Region), Report of the WSS prosecutor for 1942 and for 1943, sheets 7-8.

- [8] Ostasz G., *Martynuska Władysław*, [in:] *Małopolski Słownik Biograficzny Uczestników Działań Niepodległościowych 1939-1956 (MSBUDN) (Małopolska Biographic Dictionary of Independence Movement Participants)*, vol. 4, Kraków 1999.
- [9] Ostasz G., *Okręg Rzeszowski Zrzeszenia „Wolność i Niezawisłość”* (The Rzeszów District of the Freedom and Independence Association), Rzeszów 2006.
- [10] Ostasz G., *Podziemna Armia. Podokręg AK Rzeszów* (Underground Army. The Home Army's Rzeszów Sub-Region), Rzeszów 2010.
- [11] Ostasz G., Zagórski A., *Akcja „Burza” w Inspektoracie AK Rzeszów* (Operation Tempest in the Home Army's Rzeszów Inspectorate), Kraków 2003.
- [12] Ostaszewski P., *Podziemna Temida* (Underground Scales of Justice). „Gazeta Policyjna” 2004 (Police Newspaper), issue no. 10.
- [13] Seweryn T., *Polskie sądownictwo podziemne* (Polish Underground Courts), „Przełęcz Lekarski” 1966, issue no. 1.
- [14] Sieroszewski W., *Przyczynek do historii Wojskowych Sądów Specjalnych* (A Contribution to the History of Military Special Courts), Warsaw 1974, msp, Archiwum Wojskowego Instytutu Historycznego (Archives of the Institute of Military History), III/50/66.
- [15] Sieroszewski W., *Organizacja wymiaru sprawiedliwości w Powstaniu Warszawskim i udział w niej adwokatów* (Organisation of the System of Justice in the Warsaw Uprising and Involvement of Attorneys-at-Law), „Palestra” 1977, issue no. 7.
- [16] Szopa P., *W imieniu Rzeczypospolitej. Wymiar sprawiedliwości Polskiego Państwa Podziemnego na terenie Podokręgu AK Rzeszów* (On behalf of the Republic of Poland. System of Justice of the Polish Underground State in the Territory of the Home Army's Rzeszów Sub-Region), Rzeszów 2014.
- [17] *W imieniu Polski Walczącej* (In the Name of Fighting Poland), interview with Dr Bartłomiej Szyprowski, „Do rzeczy – Historia” 2014, issue no. 7.
- [18] Wójcik Z.K., *Kuś Andrzej*, [in:] *Małopolski Słownik Biograficzny Uczestników Działań Niepodległościowych 1939-1956 (MSBUDN) (Małopolska Biographic Dictionary of Independence Movement Participants 1939-1956 (MSBUDN))*, Kraków 1997, vol. 2.

### **PODZIEMNY WYMIAR SPRAWIEDLIWOŚCI W PODOKRĘGU AK RZESZÓW**

Podokręg AK Rzeszów, krypt. „Ogniwo”, „Woda”, obejmujący obszar zamknięty trzema rzekami – Sanem, Wisłą i Wisłoką, a od południa granicą słowacką został wyodrębniony z Okręgu AK Kraków dopiero w kwietniu 1943 r. Podokręg rzeszowski obejmował 4 Inspektoraty, a to: Rzeszów, Przemyśl, Jasło i Mielec, a w każdym z tych inspektoratów utworzono na bazach przedwojennych gmin po kilka Obwodów. W oparciu o zatwierdzone przez Naczelnego Wodza Statuty, powstały Wojskowe Sądy Specjalne (WSS) w ramach pionu wojskowego, a rok później w pionie cywilnym tzw. Cywilne Sądy Specjalne (CSS). Pierwsze wyroki dotyczące Rzeszowszczyzny zapadły już w 1941 r.

Wiele emocji i kontrowersji budzą akcje wykonywania wyroków śmierci. Jako organy wykonawcze WSS-ów powoływane były oddziały specjalne (tzw. bojówki) przeznaczone do ich wykonywania, a odnośnie wyroków CSS bojówki tworzone były przez Delegaturę Rządu na Kraj.

Warto zwrócić uwagę, że w okresie od stycznia 1941 do czerwca 1944 żołnierze AK dokonali likwidacji łącznie 5733 funkcjonariuszy niemieckiej policji, żandarmerii i SS. Akcje takie jako wymierzone w okupanta nie wymagały wyroków sądowych. Z szacunkowych wyliczeń historyków wynika, że sądy specjalne w Krakowie i Rzeszowie wydały około 100 wyroków śmierci.

**Słowa kluczowe:** historia Polski, Polskie Państwo Podziemne, Armia Krajowa, Urząd Bezpieczeństwa, podziemie wojskowe, wymiar sprawiedliwości.

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Jarosław IGNACY<sup>1</sup>

## **THE DEVELOPMENT OF MANAGEMENT CONTROL AS A NEW PUBLIC MANAGEMENT TOOL – DIAGNOSIS OF POLISH MUNICIPALITIES IN THE LIGHT OF EMPIRICAL RESEARCH**

Management control in Polish public sector was introduced in 2009. For this purpose management control standards were introduced as a part of changes aiming at a transition from the culture of law enforcement to the culture of achieving results. From this point of view, it is a rather new instrument of the public management in Poland. The introduction of management control standards can be perceived as an experiment as they provide merely a basis for the development of detailed procedures. They are a part of the “soft type” law and thus don’t have the character of an act of commonly applicable law. Several years after providing applicable legal solutions, the biggest problem faced by the Polish local government units is still the fact that neither the introduced management control standards nor the literature provide solid theoretical concepts or clear, specific instruments to facilitate the development of customised solutions within the approved law standards. Due to existing gap, the aim of this study is to assess the development and functioning of the management control as well as its impact on current activities undertaken by the local government units in Poland. The conclusions were drawn on the basis of a survey. The study preceded by a pilot launch of the research tool, was conducted with the entire population of Polish municipalities (2 489 units) in the years 2013-2014, and further in-depth studies in 2015. The research revealed that there is a considerable dissonance between the formal implementation of management control and ongoing impact on the current functioning of Polish municipalities.

**Keywords:** strategic management, management control, New Public Management, local government units, public administration, public management

### **1. INTRODUCTION**

In the last period there are more and more symptoms of ongoing major socio-economic changes. Military conflicts in the Middle East, the assault on Ukraine and destabilization of the political situation, embargo to Russia, the growing threat of terrorist attacks, lower rate of growth of China's economy or drastic declines in the market prices of raw materials are examples only helping us realize ever more sweeping changes occurring in today's global environment. The modern world is becoming more complex, dynamic and full of interaction and interdependence<sup>2</sup>. These fundamental changes not

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<sup>2</sup> R.M. Grant, *Współczesna analiza strategii*, Oficyna a Wolters Kluwer business, Warszawa 2011; P.F. Drucker, *Praktyka zarządzania*, Wyd. MT Biznes, 2005; R. Krupski, *Zarządzanie przedsiębiorstwem w turbulentnym otoczeniu*, PWE, Warszawa 2005.

only affect companies of all sizes<sup>3</sup>, but also local government as well as public administration. Although the tasks of the local administration units and the methods of their realisation are subject to constant transformations, the essence of the activities of local governments that consist in satisfying the local needs remains unchanged. However, it is worth remembering that the confrontation of limited resources of local government units (LGUs) with the unlimited needs of residents must result in an unavoidable conflict since it is not possible to fully satisfy the needs of all members of the local community<sup>4</sup>. Therefore, the fundamental problem is not setting the main goal of activities undertaken by the local government, but searching for the most effective ways to achieve it<sup>5</sup>. This process is crucial from the social point of view and is still topical. Therefore, it requires a continuous search for the best solutions available. In this context, the purpose of this article is to assess the functioning and development of management control as a New Public Management tool for achieving goals and objectives as well as monitoring the degree of their implementation in municipalities in Poland.

## 2. MANAGEMENT CONTROL AS A PART OF NEW PUBLIC MANAGEMENT REFORMS – THEORETICAL FRAMEWORK

Although the history of administration (and later of the public sector) is very rich, the transformations that took place in the recent past had the greatest impact on its today's image<sup>6</sup>. From this perspective, the most significant changes and transformations of the public administration took place in four basic stages of development<sup>7</sup>:

- stage of "state of law" and administrative law (since the late 18th century) – where public institutions were treated as a tool for executing the law;
- stage of (traditional) Public Administration (since the mid-19th century) – that is an independent apparatus not so much for executing the law but the political decisions behind legal settlements that specify the rules for the application of the law;
- stage of Public Management (including New Public Management, since the early 1980s);
- stage of Public Governance (since the mid-1990s) – an approach to the public sector, especially to the public administration, as to an essential element of the civil society network (in a broader sense), which interacts with members (individuals, groups) of the civil society (in a narrower sense) through appropriate participatory and consultation procedures with stakeholders.

The traditional model of public administration had resisted the impact of time for an extended period of time, but the new social conditions and progressive economic changes

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<sup>3</sup> P. Kotler, J.A. Caslione, *Chaos. Zarządzanie i marketing w erze turbulencji*, Wyd. New Media, Warszawa 2010, s. 12; T.M. Box, *Small firm strategy in turbulent times*, "Academy of Strategic Management Journal" 2011, vol. 10, Issue 1, pp. 115-122.

<sup>4</sup> J. Stiglitz, *Ekonomia sektora publicznego*, Wyd. Naukowe PWN, Warszawa 2010, pp. 69-75, J. Hausner, *Zarządzanie publiczne*, WN Scholar, Warszawa 2008.

<sup>5</sup> J. Ignacy, T. Kopyściański, *Selection criteria of strategic goals for local governments*, "Argumenta Oeconomica" 2011, no. 2 (27), pp. 15-36.

<sup>6</sup> M. Zawicki, *Nowe zarządzanie publiczne*, PWE, Warszawa 2011, pp. 16-17.

<sup>7</sup> H. Izdebski, *Od administracji publicznej do public governance*, „Zarządzanie Publiczne” 2007, no. 1.

in the 1970s exposed many weaknesses of the public administration. The excessive bureaucracy, as well as the low universality and effectiveness of this model of governance, were particularly criticized<sup>8</sup>. Under these conditions, an intensive search for more efficient solutions in the scope of the public sector management was started<sup>9</sup>. The main reasons for undertaking the reforms and for the development of the New Public Management (NPM) can be grouped into three basic categories<sup>10</sup>: a) growth of the public sector, b) economic and political crisis, c) crisis of the value of the traditional public administration. The conviction that the administration is excessively expanded and that the public sector is involved in too many issues gave an impulse to the development of research on the effective use of available resources. Besides, in developed countries, the effects of recurring recessions of the 1970s and related political crises became more and more noticeable<sup>11</sup>. Therefore, an important argument that encouraged for undertaking reforms of public management was the pressure to reduce taxes and public spending in developed countries, while striving to maintain a high standard of living and high quality of public services<sup>12</sup>. As an effect of these persistent social problems, there appeared the conviction that the traditional model of administration was coming to an end, which resulted in calling into question almost all the assumptions and distinguishing features of this model. This situation has become a strong stimulus for searching for new, more efficient ways of governing. One of the proposed solutions was the market order and the use of achievements of the private sector in management. As a result, the term New Public Management (NPM) was coined<sup>13</sup>. Particularly deep reforms were carried out in New Zealand, Australia, United Kingdom and the United States, but interest in them has also expressed in Canada, Sweden, the Netherlands, other Western European countries, as well as some developing countries<sup>14</sup>.

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<sup>8</sup> F. Naschold, C. Otter, *Public Sector Transformation. Rethinking Markets and Hierarchies in Government*, John Benjamin Publishing Company, Amsterdam, Philadelphia, 1996.

<sup>9</sup> H. Izdebski, *Badania nad administracją publiczną*, [in:] *Administracja publiczna*, J. Hausner (ed.), Wyd. Naukowe PWN, Warszawa 2003, pp. 16-17.

<sup>10</sup> M. Zawicki, op. cit., pp. 22-23.

<sup>11</sup> J.L. Brudney, L.J. O'Toole, H.G. Rainey (ed.), *Advancing Public Management: New Developments in Theory, Methods, and Practice*, Georgetown University Press, Washington 2000, pp. 4-6.

<sup>12</sup> Ch. Pollitt, G. Bouckaert, *Public Management Reform. A Comparative Analysis*, Oxford University Press, Oxford 2000, pp. 8-12

<sup>13</sup> C. Hood, *Public Administration and Public Policy: Intellectual Challenges for the 1990s.*, "Australian Journal of Public Administration" 1989, vol. 48, pp. 346-358, C. Hood, *A Public Management for All Seasons*, "Public Administration" 1991, vol. 69, pp. 3-19, P. Aucoin., *Administrative Reform in Public Management: Paradigms, Principles Paradoxes and Pendulums*, "Governance" 1990, vol. 3, pp. 115-117.

<sup>14</sup> T. Lubińska (ed.), *Nowe zarządzanie publiczne-skuteczność i efektywność*, Wyd. Difin, Warszawa 2009, pp. 255-340, D. Osborne, T. Gaebler, *Rządzić inaczej*, Wyd. Media Rodzina, 2005, G. Hammerschmid, R.E., Meyer, *New Public Management in Austria*, "Public Administration" 2005, vol. 83, no. 3, pp. 709-733, K. Mongkol, *The Critical Review of New Public Management Model and its Criticisms*, "Research Journal of Business Management" 2011, vol. 5 (1), pp. 35-43, R. Kluvers, J. Tippett, *The Views of Councillors and Managers on Accountability in Local Government: An Empirical Study in Australia*, "International Journal of Management" 2011, vol. 28, no. 2, pp. 519-527.

The NPM reforms were based on several primary assumptions such as<sup>15</sup>: (i) promoting competition in the area of service delivery, (ii) measuring the activity and focus on results and financial results rather than on inputs, (iii) mission oriented aims and management instead of activities only based on compliance with rules and regulations, (iv) preventing problems by anticipating them. The common denominator of NPM assumptions in the area of public administration was to prioritize the art of management over the art of administration. The new paradigm emphasised the fact that the administration means filling instructions while management means achieving results<sup>16</sup>. Functions of the NPM are therefore convergent with functions of management. According to the theory of management, all these tasks and areas should be covered by control (supervision) activities aimed at improving the effectiveness of the operations of LGUs.

One of the most important instruments that ensure progress in the quality of public management should be management control<sup>17</sup>. In several countries (like New Zealand, Australia, United Kingdom, Sweden, Netherlands, Canada, Denmark) development and implementation of management control procedures are becoming an increasingly important factor for NPM implementation in the public sector<sup>18</sup>. In Poland, the attempt to make up for the lost time in this area was the introduction of new legal and organizational solutions in 2009. In accordance with Art. 68 of the Act of 27 August 2009 on public finance, the management control in units of the public finance sector comprises of all the activities taken to ensure the realization of objectives and tasks in a lawful, effective, prudent and timely manner<sup>19</sup>. In particular, the purpose of the management control is to ensure: compliance of activities with laws and internal procedures; efficiency and effectiveness of activities; reliability of reports; protection of resources; respecting and promoting the principles of ethical behavior; the effectiveness and efficiency of the information flow and risk management. Ensuring the functioning of adequate, efficient and effective management control is the responsibility of commune heads, mayors, presidents of cities, board chairpersons in LGUs, as well as heads of organizational units.

At present, LGUs perform management control based on the standards published in the Official Journal of the Ministry of Finance No. 15 of 2009 divided into five groups<sup>20</sup>: internal environment, objectives and risk management, control mechanisms, information and communication, monitoring and evaluation. However, under these standards, neither

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<sup>15</sup> C. Auriacombe, 2002, *Reflections on the New Public Management*, Journal of Public administration, vol. 134, No.2

<sup>16</sup> O.E., Huges, *Public Management and Administration. An Introduction*, The MacMillan Press Ltd., London 1994, p. 60.

<sup>17</sup> T. Lubińska (ed.), *Kierunki modernizacji zarządzania w jednostkach samorządu terytorialnego*, Wyd. Difin, Warszawa 2011, p. 353.

<sup>18</sup> OECD, *Management Control in Modern Government Administration: Some Comparative Practices*, SIGMA Papers, No. 4, OECD Publishing 1996 <http://dx.doi.org/10.1787/5kml6gb4gn32-en>, (access 14.04.2016), D. Otley, K. Soin, *Management Control and Uncertainty*, Palgrave Macmillan, Basingstoke UK, 2014, I. Grabner, F. Moers, *Management control as a system or a package? Conceptual and empirical issues*. Account. Orga. Soc. 38, 2013, pp. 407-419, D.S. Bedford, T. Malmi, *Configurations of control: An exploratory analysis*. Management Accounting Research, 2015, 27, pp. 2-26.

<sup>19</sup> A. Gumińska, A. Marchewka-Bartokowiak, B. Szelaż (eds.), *Audit and management control. Case Study*. Wyd. CeDeWu, Warszawa, 2012, p. 28.

<sup>20</sup> T. Lubińska (ed.), *Kierunki...*, op. cit., pp. 355-362.



applicable laws nor the current literature of the subject provides clear, detailed instruments that would allow performing the management control<sup>21</sup>. In turn, the experiences associated with the functioning of the local government sector, which are also presented in the literature of the subject, confirm the existence of a vast range of problems that hinder the improvement of the efficiency of the tasks performed<sup>22</sup>.

### 3. METHODS

To yield the necessary theoretical base, the empirical research was preceded by desk research oriented towards systematising the knowledge related to essence and significance of management control as well as historical, cultural factors, and legal and institutional regulations affecting the implementation of management control.

The survey itself, preceded by a pilot launch of the research tool, was conducted with a sample of 2 489 Polish municipalities, in the years 2013-2014, and further in-depth studies in 2015. The entire population of municipalities in Poland constituted the respondents' group. Despite the high level of difficulty of the research, thanks to the effort made, as many as 938 surveys were completed. It is the largest-scale study conducted so far concerning the functioning of the management control in Polish municipalities. The sample and the feedback volume must be considered to be vast and sufficient to develop analyses and reports<sup>23</sup>.

Due to the specificity of the target group and the respondents' time constraints, the number of questions was reduced at the design stage while retaining the comprehensiveness and usefulness of the information on the critical issues within the scope of the study. According to this measures, the survey form included only eight questions: four closed, and three open-ended questions. Additionally, the respondents used a 5-grade Likert scale to express the level of their own judgements' conformity with one survey statement.

The contents of the survey concerned mainly the functioning and importance of management control. Apart from it, the study attempted to determine the impact of management control on current activities undertaken by the LGUs in Poland. The conclusions, drawn on the basis of the survey aimed at finding answers to the following questions:

- How municipalities evaluate the usefulness of management control as a tool for improving performance management of LGUs?
- What sources of information were used to develop procedures for management control?
- What are the links between the conclusions of management control and determination of strategic aims of development of the municipality?
- What are the links between the conclusions of management control and budget planning for the coming years?

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<sup>21</sup> K. Puchacz, *Nowe standardy kontroli zarządczej w jednostkach sektora finansów publicznych*, Gdańsk 2010, pp. 17-18; J. Olejniczak, *Performance budgeting and performance information in Poland and EU countries. Selected issues*, „Nauki o Finansach” 2011, nr 1 (6), pp. 44-55.

<sup>22</sup> T. Lubińska (ed.), *Kierunki...*, op. cit., pp. 21-51.

<sup>23</sup> E. Babbie, *Badania społeczne w praktyce*, Wyd. Naukowe PWN, Warszawa 2004, p. 288.

#### 4. EVALUATION OF THE FUNCTIONING AND IMPORTANCE OF MANAGEMENT CONTROL IN LOCAL GOVERNMENT UNITS – RESULTS AND DISCUSSION

Introduction and starting point for the analysis of the operation and the practical significance of management control are the opinions of municipalities on the usefulness of this tool to improve the efficiency of managing LGUs (Figure 1).

	Complete unsuitable tool	Unsuitable tool	Rather unsuitable tool	Rather suitable tool	Suitable tool	Complete suitable tool	No opinion
<b>% of answers</b>	8,67%	7,99%	24,36%	28,99%	19,07%	2,06%	8,76%

Figure 1. Declared usefulness of management control for improving performance management in the opinion of Polish municipalities

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

Analysis of the information obtained during the survey illustrates very high extremes and discrepancies in the evaluation of management control by the Polish municipalities. Extreme opinions are expressed by almost 11% of municipalities, of which approx. 8.7% believe that management control is an entirely useless tool. The opposite opinion is expressed only by approx. 2.1% of municipalities. In this regard, a distinct advantage, therefore, have municipalities, which negatively evaluate the usefulness of management control. The other ratings tend to be more balanced. Almost 8% of municipalities rated management control as an unsuitable tool while more than 19% of municipalities in Poland considered it as a useful management tool. The percentage of municipalities evaluating management control as a rather useful or rather useless tool is very similar. A slight advantage is made by municipalities who have found management control as a rather useful tool. The percentage of these municipalities amounted to almost 29% while almost 24.4% of the municipalities expressed the opposite opinion. It is worth noting that the overall share of municipalities looking to positively assess the management control amounts to 50,12%. In practice, therefore, it is slightly higher than the percentage of municipalities that negatively evaluate management control. Such opinion was expressed by 41.12% of the municipalities and 8.76% had no opinion on this subject. On the one hand, therefore, it is worth noting that a slight advantage of positive feedback regarding management control is expressed by municipalities, but on the other hand, it is important not to ignore the very clear negative signal, indicating a lack of conviction and willingness to implement management control by executives and employees. Research results indicate that often they do not see the need to create mechanisms of management control or do not fully understand its essence. It is worth remembering that those opinions are declarative in nature. Therefore, it is advisable to further explore the functioning and practical importance of management control in the Polish municipalities. In this regard more reliable basis are the answers to the question about the type and nature of the sources of information which served to develop procedures for management control in municipalities in Poland (Figure 2).

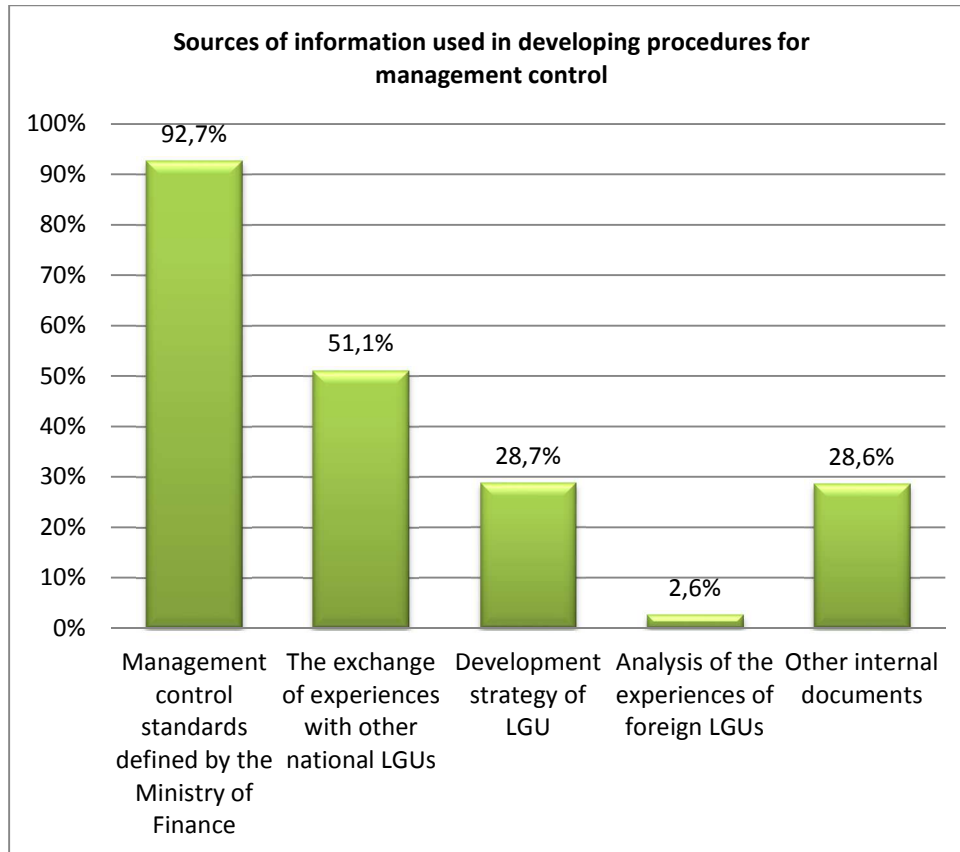


Figure 2. Sources of information used in developing procedures for management control

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

The conducted studies lead to the conclusion that the governing document forming the basis for the creation of procedures for management control of the surveyed municipalities have become the guidelines resulting from the standards of management control published by the Ministry of Finance. They were used by almost 93% of the surveyed municipalities. Another relatively frequently used source of information has become the exchange of experience with other national, LGUs. Such actions were undertaken by over 51% of municipalities in Poland. On this occasion, it is worth noting that at the same time very faint percentage of Polish municipalities benefited from the experience of foreign local governments. Such actions were indicated by as little as 2.5% of the Polish municipalities. Despite the objective difficulties in reaching foreign LGUs, it should be realised that they can provide a rich and useful information regarding implementation methods of management control. It is mainly due to the fact that foreign LGUs are far more advanced in the process of implementing management control and have worked out

efficient, practical solutions to challenges in this regard as described in the subject literature<sup>24</sup>.

It is worth noting, that approx. 28.7% of the surveyed municipalities used the strategy of development as an important basis for creating procedures of management control. Such actions are particularly useful and valuable in the context of determining the objectives and monitoring and evaluating of their implementation. Among other internal documents included in the development of procedures and implementation of management control, the most commonly used were: documentation of the quality management system, e.g., ISO, the statute and other organizational regulations, codes of ethics, internal instructions and various other regulations, among others, periodic evaluation of employees, reports and records of internal audits carried out, the conclusions of external controls (including the Supreme Chamber of Control) and materials from internal and external training sessions and workshops.

Analysis of previously presented responses allows drawing significant conclusions on the functioning and importance of management control in the Polish municipalities. A legal obligation to implement management control system in municipalities forced them to evaluate the previously used procedures for their adaptation to the amended law - the Public Finance Act. An in-depth analysis of the activities of municipalities in the creation of management control system, however, shows that the solution adopted by the municipalities show a very significant similarity which often expresses itself in rewriting the guidelines described in the management control standards published by the Ministry of Finance. Duplicating the mentioned guidelines should be considered as hazardous because of many threads connected with this approach. Particularly striking is a dangerous and widespread lack of detailed regulations on management control system taking into account the legal and financial conditions for the development of the municipality (number of inhabitants, type of municipality, economic and financial situation, development strategy). When creating a management control system, it is important not to forget that the published standards of management control should be only a starting point to develop detailed solutions. The conducted research also confirms that there are still not many municipalities that have developed specific procedures for management control adapted to their specific situation. The functioning and practical importance of management control are determined not only by indicated aspects including the opinions of the municipalities covering the suitability and sources of information used for the creation of management control system. The real litmus test of the progress in the development of management control is its integration with the current activities undertaken by the municipality. The larger impact on current actions have procedures for management control, the greater the chance that it will contribute to the improvement of efficiency regarding setting and implementing long-term goals of LGUs while increasing control over public spending. For the assessment of the development and practical functioning of management control, it is crucial to verify the extent to which the results of the control activities are modifying the strategic objectives of the municipality or

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<sup>24</sup> N. Berland, B. Drevetton, *Management control system in public administration: beyond rational myth*, [in:] J.C. Scheid (ed.), *Accounting Reform in the Public Sector: Mimicry, Fad or Necessity*, Paris 2006, pp. 21-37; A. Shah, *Local public financial management, Public sector governance and accountability series*, Washington D.C. 2007.

influence the decisions taken in the framework of budget planning for the coming years (Figure 3 and 4).

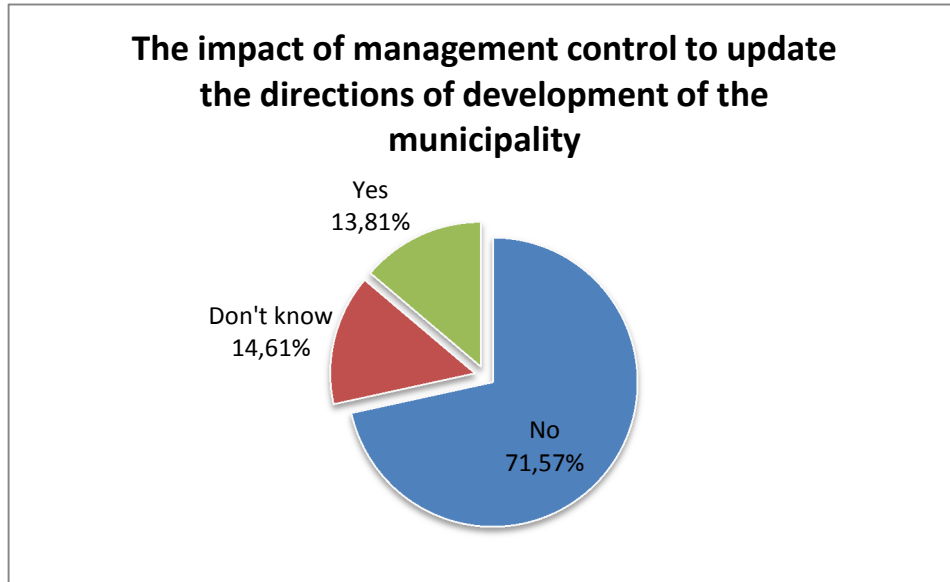


Figure 3. The impact of management control to update the directions of development of the municipality

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

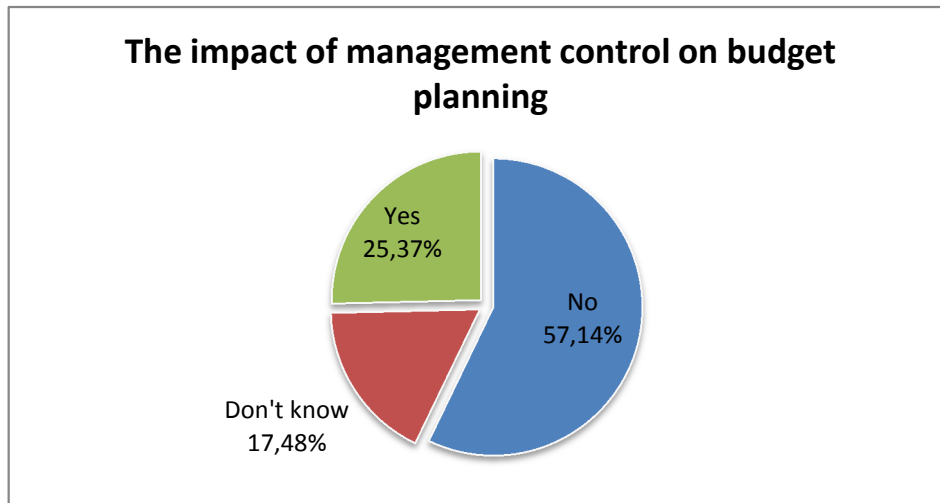


Figure 4. The impact of management control on budget planning for the following years

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

During the analysis of the presented results of the research, it is hard to resist the impression that the management control procedures are poorly integrated with the current activities undertaken by the municipalities. The results confirm the presence of a disturbing phenomenon, consisting in the fact that management control is usually restricted to the role of another bureaucratic procedure. The responses confirm that in the vast majority of municipalities management control does not have a major impact on the functioning of the municipality. The responses evidence this approach. There is a small percentage of municipalities that declare the use of audit conclusions of management control in the development of future budgets (a little over 25%). Interestingly, an even more difficult situation occurs concerning the impact of management control on adjusting the development strategy and updating strategic directions of development. Such links are confirmed only by less than 14% of municipalities in Poland. Conducted studies confirm that the functioning of management control in the vast majority of municipalities is detached from current activities both regarding the budget and updates of the development strategy. It is worth noting, however, that in such case is it difficult to expect an improvement in the efficiency of the management of the municipality and an increase in the efficiency of budget spending. The conducted research indicates that the imperfections and practical problems with the management control revealed by the study are mainly the results of negligence in the development of standards for management control and lack of adjustments to the specifics of a given municipality. These difficulties are particularly clear and troublesome in the area of goal setting, risk management as well as monitoring and evaluation activities. The research indicates that the main problem is the difficulty of the designation of targets associated with the procedures for implementing the tasks, and especially the lack of adequate measures aimed at documenting the results of management control. In practice, the need for preparing reports on the implementation of the objectives and tasks to be implemented in a given year is often neglected. However, such documents could provide additional important information necessary for budget planning, as well as for verification of long-term goals of the municipality. In practice, this function is not met by a statement of management control published by most Polish municipalities. The conducted research confirms that this document is mostly a subjective declaration of the head of the unit, not taking into account a list of the actual activities undertaken in the implementation of management control<sup>25</sup>.

Summing up the discussion on the functioning and practical importance of management control in municipalities in Poland, it is worth noting that a few years after the introduction of the legal obligation of the management control it still remains one of the least recognised tasks imposed on local government administration. At present, in this organisational and legal form, management control is an exhaustive list of acceptable solutions, which encourages municipalities to conduct experiments with implementation tools and procedures on their own. The results of empirical studies, however, negatively assess the effectiveness of such an approach. It turns out that in practice the lack of clear and transparent interpretation of what is and what should be the management control means that apart from not many proven and effective solutions for its implementation,

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<sup>25</sup> J. Ignacy, T. Kopyściański, *Functioning of the second level management control in light of the declarations submitted by the Polish local self-government bodies*, "Littera Scripta" 2014, 7 (1), pp. 39-49.

much more widespread are solutions which are distorting the thrust of management control. The research results indicate very limited effects of management control on the functioning of municipalities in Poland.

## 5. CONCLUSIONS

The introduction of management control in the context of the reform of public finances is one of the manifestations of the changes that can be described as the transition from the culture of law enforcement to the culture of achieving results. For this purpose, management control standards were introduced. Their experimental nature lies in the fact that they do not have the character of an act of commonly applicable law, as they are part of the “soft type” law and are not absolute. Therefore, they are not ready-made, universal solutions suitable for every municipality. In this respect, they can be considered rather as good practice cases as they provide merely a basis for the development of detailed procedures. The lack of full understanding of the intervention logic among the surveyed municipalities in Poland leads to serious problems. The most important of them are:

- the significant dissonance between the formal implementation of management control and its actual impact on the functioning of municipalities;
- in practice, management control in Polish municipalities is based on general standards, which are not adapted to the specifics of a given municipality;
- (Exact adherence) Reproduction of the guidelines contained in the standards is a manifestation of the dominant culture of law enforcement over the culture of achieving results;
- functioning for several years, management control has so far usually failed to initiate common factual and organisational changes aimed at improving the quality of public management (as part of the reform trends of NPM);
- -limited effects the functioning of the management control compared to the theoretical foundations and practical experience of other countries.

The research confirms that there is a very clear dissonance between the formal implementation of management control and its actual impact on the functioning of Polish municipalities. Its manifestation is, among others, low level or even no use of the results and conclusions of management control to update the strategic objectives or at least to plan the following municipal budgets. The obligation to develop and implement procedures for management control is extensively regarded as a separate, legally imposed task which has to be executed. These activities are rarely accompanied by wider reflection which includes an analysis of the benefits which can be achieved by comprehensive application of individualised procedures. This approach leads to a specific paradox. On the one hand, the internal regulations of municipalities on management control almost exactly replicate the guidelines set out in the standards, and on the other hand, representatives of local government stress that unclear and ambiguous nature of the standards is one of the main barriers to implementation and functioning of management control. In practice, entities obliged to implement the management control usually prefer to use the vague general guidelines that allow meeting the formal requirement than self-develop customised solutions appropriate to the specific needs and local conditions for the functioning of the municipality.

When analysing the relationships and regularities, it is advisable to keep in mind the unavoidable limitation of the research. They are intimately linked to the nature of the conducted research. The responses reflected the views and opinions of respondents but due to the size of the population it, was not possible to verify them in agreement with available source materials and documents. Another certain limitation is that in the investigation it is impossible to avoid a certain amount of subjectivity associated among others with the interpretation and understanding of statements and research questions. However, it should be emphasised that these inevitable limitations do not nullify the essence and meaning of the conducted study and identified empirical regularities.

Practical problems and difficulties associated with the operation of management control mean that it is important to provide stable theoretical concepts to facilitate the development of customised solutions for management control in municipalities. Representatives of municipalities confirm that very noticeable is the lack of detailed guidelines for the functioning of the management control and formalisation of monitoring the effects of management control in the context of the objectives of the local government. From a practical point of view, it is crucial, therefore, to search for instruments to achieve consistency between the strategic objectives and current activities. Another significant challenge is to define the conditions conducive to satisfying the needs of local communities by increasing the effectiveness of achieving long-term goals in connection with the rationalisation of current expenditures. These aspects should constitute directions for further research on the management control.

The results of the study confirm the fact that the current approach to the standards and functioning of management control has not allowed initiating actual and organisational changes aimed at improving the effectiveness of activities in line with the expectations of the initiator of the changes which is the Ministry of Finance. The conducted research confirms that in the municipalities the culture of law enforcement dominates over the culture of achieving results characteristic for New Public Management.

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#### **ROZWÓJ KONTROLI ZARZĄDCZEJ JAKO NARZĘDZIA NEW PUBLIC MANAGEMENT (NOWEGO ZARZĄDZANIA PUBLICZNEGO) – DIAGNOZA POLSKICH GMIN W ŚWIETLE BADAŃ EMPIRYCZNYCH**

Kontrola zarządcza w Polsce została wprowadzona w 2009 roku. Opublikowane standardy kontroli zarządczej stanowiły część zmian mających na celu przejście od kultury egzekwowania prawa do kultury osiągnięcia wyników. Wprowadzenie standardów kontroli może być postrzegane jako swoisty eksperyment, ponieważ nie stanowią one gotowych, uniwersalnych rozwiązań, a są jedynie podstawą do opracowania szczegółowych procedur przez każdą z gmin. Nie mają charakteru aktu prawa powszechnie obowiązującego, są natomiast normami typu soft law. Kilka lat po wprowadzeniu stosownych rozwiązań prawnych, największym problemem dla polskich gmin jest nadal fakt, że ani wprowadzone standardy kontroli zarządczej, ani literatura przedmiotu nie wskazują stabilnych podstaw koncepcyjnych i jasnych, konkretnych instrumentów, które ułatwiają rozwój niestandardowych rozwiązań w ramach zatwierdzonych standardów prawnych. Ze względu na istniejącą lukę, celem niniejszego opracowania jest analiza rozwoju i funkcjonowania kontroli zarządczej, a także jego wpływu na bieżące działania podejmowane przez gminy w Polsce. Badania, poprzedzone pilotażem narzędzia badawczego, przeprowadzono na całej populacji polskich gmin (obejmującej 2 489 jednostek) w latach 2013-2014, a pogłębione badania miały miejsce w 2015 roku. Badania wykazały, że istnieje znaczny dysonans pomiędzy formalnym wdrożeniem kontroli zarządczej a jej realnym wpływem na bieżące funkcjonowanie polskich gmin. Odpowiedzi ankietowanych potwierdzają, że kontrola zarządcza jest nadal często traktowana jako odrębne, narzucone ustawowo zdanie, które należy wykonać. Praktycznym efektem takiego podejścia jest fakt, że większość gmin nie wykorzystuje wyników kontroli zarządczej przy aktualizacji celów strategicznych czy przynajmniej planowaniu kolejnych budżetów gminy. Wyniki badań ankietowych potwierdzają, że obecne podejście do standardów i funkcjonowania kontroli zarządczej nie pozwoliło na zainicjowanie faktycznych i organizacyjnych zmian mających na celu poprawę

efektywności działań gmin zgodnie z oczekiwaniami inicjatora zmian tzn. Ministerstwa Finansów. Przeprowadzone badania wskazują, że w większości polskich gmin kultura stosowania reguł prawa wciąż dominuje nad kulturą osiągnięcia wyników charakterystyczną m.in. dla reform New Public Management.

**Słowa kluczowe:** zarządzanie strategiczne, kontrola zarządcza, New Public Management (Nowe Zarządzanie Publiczne), jednostki samorządu terytorialnego, administracja publiczna, zarządzanie publiczne.

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## **HUMAN CAPITAL INVESTIGATION AND IDENTIFICATION ITS KEY CRITERIA OF THE ARTICLE**

In the knowledge-based economy the crucial elements are people, holders of valuable human capital, the key corporate asset and driving force of progress and innovation. With the growth of importance of knowledge and quality requirements the demands on the knowledge, skills and abilities of the workforce are increasing, competition in the labour market is growing and the ways and methods of working with people have lost their functionality.

Experts believe that the knowledge economy is in the third stage of the human civilization development. Its onset and gradual formation of accompanying material changes after the agrarian and industrial revolution. Human society is facing many serious changes in their understanding of previously unknown phenomena and learns the appropriate action. Globalization, rapid technological progress, expansion of information and communication technologies, a constant change, the need for lifelong learning and other features of this new economic environment were crucial to change perhaps all areas of human activity.

**Keywords:** human activity, industrial revolution.

### **1. INTRODUCTION**

In the knowledge economy the crucial elements are people, holders of valuable human capital, key corporate asset and driving force of progress and innovation. With the growth of importance of knowledge and quality requirements are increasing the demands on the knowledge, skills and abilities of the workforce, growing competition in the labour market and established way and methods of work with people at work have lost their functionality.

Despite the seriousness of the issues related to the impact of the formation of the knowledge economy and the future of each individual, this issue is not in the literature adequately treated. Although the government in its official statements quite often proclaims efforts to build a strong and competitive knowledge based economy, public awareness of the characteristics and manifestations of the knowledge economy remains low. It is these reasons were the impetus for further exploration of the issue of the knowledge economy.

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## 2. THE NEW ECONOMY AND HUMAN SOCIETY

Rapid changes of fundamental importance that occur in the world in recent years, inevitably led to the current transition economies to a whole new quality. Gradually forming global economy accelerates, dynamically changing and evolving in parallel with the growth of insecurity and instability. The resulting changes are increasing the intensity of competition, the product life cycles shorten, in many markets dominated by supply over demand. The processes of globalization and integration so significantly influenced the course of the various economic processes, but also the principles of nature and functioning of the market economy. The main driver of economic growth is no longer material resources, but the information in a usable form. Material Industriale oriented economy replaced a new phenomenon which experts refer to the concept of the new economy.

While the phrase "new economy" in economic theory associated with the theory of rational expectations, and also by N. Kaldor, JR Hicks and welfare theory (ISA 2008), "new economy" than the current stage of development, mainly due to dynamic changes socio-economic situation. It has become a matter of concern not only the object of much research, but also a source of controversy. In the context of the significant changes that have occurred in the economic sphere, there were different views on the nature of the changes, as well as different views on naming the new economic reality.

## 3. THEORETICAL CONCEPTS OF THE HUMAN SOCIETY CHARACTERISTICS

The most important characteristics of a new stage of development of human society considered:

1. Producer determinants are no longer labor, land and capital, but knowledge and information in any usable form.
2. For determining the market value of the company is not based on the value of fixed assets, but the company's ability to strategically manage, generate and use information.
3. Innovation is imperative to maintain a competitive.
4. Greater segmentation of markets, the production strictly according to customer needs, and thus to the extreme heterogeneity.
5. Priority communication is to build effective functioning of electronic communications channels allowing managing the increasing flow of information in society (attempt to create "information superhighway")
6. The increasing importance of time in business, accelerating operations.
7. The increasing specialization and the growing demand for skills and knowledge decreases interchange ability of employees in jobs that require a highly skilled workforce<sup>3</sup>. The famous "father of management", by P. Drucker, marked a watershed in the second half of the 20th century notion of discontinuity. Drucker and other authors noticed the increasing role of information and knowledge. The most significant discontinuity believes that critical capital, cost factor and developing economies have become a source of knowledge.

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<sup>3</sup> P. Baláž, P. Verček, *Globalizácia a nová ekonomika*. Bratislava, SPRINT vfra, 2002.

In these theoretical concepts, the authors highlighted the role of information and knowledge. A different view of the new economy brought B. Lev<sup>4</sup> as pointed out fundamental changes in the direction of investment. Author calculated that while in 1929 went 70% of US investment in tangible goods and intangible 30%, in 1990 this ratio reversed.

Despite the diversity of concepts outlined domestic and foreign authors, it is possible to identify certain common features. In the above theories can be the dominant character of the new economy considered recognition of information and knowledge as the most important factor of production and source of economic growth. Although the role of information in business was also important in the past, in a globalizing world, there is far greater importance. Gradual elimination of borders has led to the growth of the intensity of competition, to accelerate the pace of innovation and quality improvement efforts and to companies of all sizes, not only to maintain but also to increase their market share. Under these conditions, it is necessary to make timely and appropriate information on current industry trends, competition and the intentions of the needs and expectations of customers. Obtaining relevant and necessary information in advance of the undertakings in the same line of business and adequate quality is the first step to success and prosperity. The actual obtain adequate information is not sufficient for success. Information is becoming an important source of competitive advantage until the time of their adoption and effective, purpose-oriented applications in favour of. Thus, the information used is knowledge.

#### 4. HUMAN CAPITAL KEY CRITERIA IDENTIFICATION

Knowledge and innovation have become the focal inputs of the new economy. Successful businesses in the modern economy owe their development right application of knowledge and production of intangible assets. Even J. Welch of General Electric once said, "an organization's ability to learn and apply learned on their activities in trade the single greatest competitive advantage"<sup>5</sup>. Theoretical concepts point to the emergence of the global economy as one of the most important breakthroughs in the development of human society, and in connection with it and the whole range of new opportunities and threats for businesses. This issue was addressed also by other authors as Baláž-Verček, Lesáková. Considerable changes associated with the onset of the new economy theory referred to classify and rapid technological progress, the rapid development of modern (especially information) technology, increase the number of innovations in their various forms, and thus the growing demand for skilled labour. An essential element of the new economy is also intense competition and resulting growing role of time, increasing the speed of all processes and operations. It also strengthens the role of the customer in the process and growing demands on the quality of outputs.

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<sup>4</sup> Z. Dvořáková, et al., *Management lidských zdrojů*. Praha, C.H. Beck, 2007.

<sup>5</sup> K.A. Nordström, J. Ridderstråle, *Funky business*. Praha, GRADA, 2005

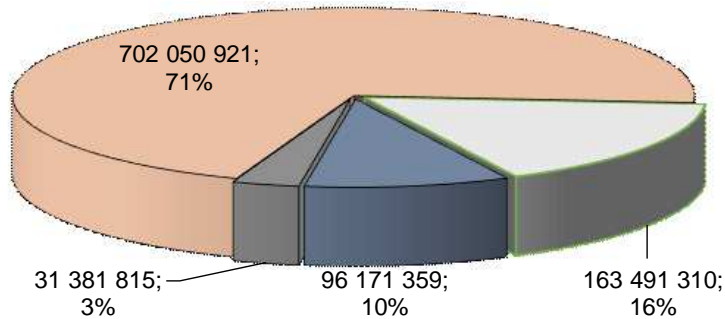


Fig. 1 Strategy of the Operational Programme Information Society

Formation of the knowledge economy is extremely complex and difficult process, which in addition to the increasing role of knowledge linked to a variety of other transformations. Indeed it may be new, that is also called knowledge economy global economy, networking, digital, innovation, internet, or simply post-industrial, depending on the character, which we regard as dominant. In doing so, the essence remains exactly the same; just different bodies attach greater importance to different aspects, as well as the positive and negative impacts.

Several studies conducted in recent years (eg. Ernst & Young) led to the identification of key human capital criteria that predict future business performance and reduce the risk for investors. According to many authors we identified following criteria (Table 1).

Since 2003, Slovak Republic used empirically validated concept of human capital management, the methodology developed by the Saratoga Institute.

Table 1. Key criteria for human capital

<b>Critical point</b>	<b>Key criterion</b>
The stabilization of key employees	Percentage of key personnel in the company acquired last year
The ability to acquire talent	Percentage of jobs requiring a higher level of education and considerable experience, occupied last year
Literacy in information technology	Technology Percentage of employees with basic user skills standard computer equipment
Expenditure on education as% of total wage	Expenditure on education last year in% of annual payroll enterprise
Cost of replacing key employees	Average cost of acquisition, employment and training staff to fill an important job in the company
Employee satisfaction	High percentage of employees satisfied with their jobs and businesses
The involvement of employees	Percentage of employees of highly dedicated and committed



The concept is based on measuring the return on investment in human capital, the evaluation focuses on three areas: the involvement of employees (total staff costs, the amount of time allowances, the rate of absenteeism, voluntary turnover), the function and structure of the company (number of employees accounted for one personnel staff subordinates per manager) and financial performance (productivity, value added per employee). Methodology for measuring return on investment in human capital, analyzes the relationship between profit before tax and the cost of salaries and employee benefits.

Dvorakova et al<sup>6</sup> distributed measurement method of intangible assets of the company into two groups. The aim is to enable external access to external parties (shareholders, investors, analysts, etc.) This includes for example approach using the ratio of market and book value of the enterprise, or Tobin indicator that compares the value of the company and the cost of replacing its assets. The objective of internal approaches is to provide business management information to support management and decision making. This group can include their own models of some private companies (eg. Model Skandia Navigator, available on [www.skandia.com](http://www.skandia.com) as well as a general method type Intangible Assets Monitor (monitors growth, renewal, efficiency and stability, or the risk of external structures, internal structures and individual competences) and Balanced Scorecard. Just last of these methods with respect to its comprehensive and balanced approach, is very useful because help eliminate the shortcomings of the traditional user-based financial accounting. Although still in use financial indicators and criteria, stating about past performance, adds the new variables called. drivers of future performance. It is a balanced assessment methods with fairly analyse short- and long-term goals, both financial and non-financial indicators, internal and external performance factors. The rating is then focused on four interrelated areas: financial perspective, customer perspective, internal process perspective and the perspective of learning and growth.

## 5. CONCLUSION

The knowledge economy is one of the important issues of the 21st century. Its onset and gradual formation of various pillars (the information society, science, research and innovation, education and investment in people and the business environment) significantly changes the established way of life of the society and individuals. Nevertheless, the possible information on the state and development of the knowledge economy in Slovak Republic considered insufficient. The final beneficiaries and users of information on various aspects of the new economy receive more or less in isolation, rarely, without explanation together, the specific impacts or opportunities and threats associated with them. It is this reason lead us to the decision examine the issue in detail and provides a clear view on its merits. With respect to the width of the research problems we have center stage this contribution stood identify the key human capital criteria.

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### **BADANIA NAD KAPITAŁEM LUDZKIM ORAZ IDENTYFIKACJE JEGO KLUCZOWYCH KRYTERIÓW**

W gospodarce opartej na wiedzy kluczowymi elementami są ludzie, posiadacze cennego kapitału ludzkiego; są oni głównym atutem firmy i motorem postępów i innowacyjności. Wraz ze wzrostem znaczenia wiedzy i wymagań jakościowych rosną wymagania dotyczące umiejętności i zdolności siły roboczej. Rosną ca konkurencja na rynku pracy oraz ustalony sposób i metody pracy z osobami pracującymi utraciły swoją funkcjonalność.

Eksperci uważają, że gospodarka oparta na wiedzy znajduje się w trzecim etapie rozwoju ludzkiej cywilizacji. Społeczeństwo ludzkie napotyka wiele poważnych zmian w ich zrozumieniu zjawisk nieznanych wcześniej i dowiaduje się o odpowiednich działaniach. Globalizacja, szybkie postępy technologiczne, poszerzanie technologii informacyjnych i komunikacyjnych, stała zmiana, potrzeba uczenia się przez całe życie i inne cechy tego nowego środowiska gospodarczego miały decydujące znaczenie dla zmiany, a może i dla wszystkich dziedzin działalności człowieka.

**Słowa kluczowe:** działalność człowieka, rewolucja przemysłowa.

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## **SOME REMARKS ON THE MEANING OF "SECURITY"**

Security in the era of ever increasing threats, is a very important element in the proper functioning entities. It should examine, control and develop the phenomenon at various levels, because safety is the purpose and need, pursued by all units. The difficulty in making progress to ensure the safety or peace, absence of risk and the possibility of survival and development, is associated with the dynamic development of this phenomenon and the diversity of its comprehension. In the literature, still there is no uniform definition of the term "security" and yet this phenomenon affects every area of life. Since the increased military disputes many new risks that have to deal with people to protect themselves and future generations the appropriate entity. Accordingly, the "security" can connect not only the lack of other war or armed conflict and analyzed in the different categories. Currently, a kind of security which hears and speaks far more often than before is environmental safety. The environment is an area important for every human being and connects to all areas of life. Therefore, you should take care of the ecosystem and make it very sensibly, because the changes in nature are often irreversible dimension. Presented in the article topics related to security is interdisciplinary. It covers many areas of science, ie. Social sciences, administrative and sometimes in broad terms, and even theological thus providing a very interesting source of information.

**Keywords:** safety, ecology, threats.

### **1. INTRODUCTION**

The apparent recent widespread aggression, especially caused by the terrorist attacks in which innocent people are killed, often provokes discussions about the nature and meaning of safety. Due to the interdisciplinary nature of the term, it clears its determination to be impossible, the more that appearing in the public area, more recent threats trigger the need to assess the safety of other categories than just the military, as it is intuitively understood. At the same time, bearing in mind that there are many definitions of security, it is worth mentioning the most distinctive, especially that most of them have a common designations. The following article presents the characteristic defining the concept of security, in order to show the universal meaning of the term.

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## 2. THE ESSENCE OF THE CONCEPT OF "SECURITY"

It is not easy to clearly define the term security. It occurs in all areas of life as well as literature and on the ground. For example, the concept of security can be defined as: lack of threats (called danger) and confidence (called safety), which is a general need of human and social groups<sup>3</sup>.

A broader definition of the concept takes into account human needs points out that security is a condition that gives a sense of certainty and guarantees its preservation as well as a chance to improve. It is one of the basic human needs or situation characterized by lack of risk of losing something that man particularly appreciated; for example: work, health, affection, respect and material goods<sup>4</sup>.

In this perspective, the phenomenon worded security are the most important values for each subject, among other things for people, countries and social groups. So security for all, at various levels of age and includes protection needs: existence, security, survival, stability, identity, independence, protection level and quality of life<sup>5</sup>.

Further definition of the concept of security has been shown in the publication Fri. National security institutions, which mention that security means: a condition that gives confidence and ensures that its behavior, and an opportunity for improvement. It is one of the basic human needs, distinguished by a lack of risk of loss of what man particularly appreciated<sup>6</sup>.

Given the above, please note that security is one of the imperatives of each individual and of the specific state of mind or psyche entity. The latter issue came to a Swiss political scientist, Daniel Frei. The author stated after analyzing various security threats following his distinguished states:

- a) the state of insecurity - occurs when there is a large real threat and compliance with this threat is correct;
- b) the state of obsession - occurs when a threat is perceived slight as large;
- c) the state of false security - occurs when the threat is serious and is seen as negligible;
- d) the security status - occurs when an external threat is not significant and its perception correct<sup>7</sup>.

In that defining the present phenomenon is important how they perceive the security situation different entities and that it is irrational - it can not be measured in fixed criteria.

In addition to the perception of security as a necessary and state security must be understood as a process. According to S. Kozieja this is: ensuring the survival, development and freedom to pursue their own interests in specific circumstances, through the use of favorable circumstances (opportunities), addressing the challenges, reducing the

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<sup>3</sup> M. Jurgilewicz, *Bezpieczeństwo zgromadzeń. Komentarz praktyczny*, Warszawa 2015, s. 17. Por. A. Sekściński, *Bezpieczeństwo wewnętrzne w ujęciu teoretycznym. Geneza i współczesne rozumienie w naukach politycznych*, w *e-Politikon*, Kwartalnik Naukowy Ośrodka Analiz Politologicznych Uniwersytetu Warszawskiego, nr IV, Warszawa 2012, s. 43.

<sup>4</sup> *Słownik terminów z zakresu bezpieczeństwa narodowego*, pod red.: J. Kaczmarka, W. Łepkowski, B. Zdrodowski, Warszawa 2008, s. 14.

<sup>5</sup> E. Nowak, M. Nowak, *Zarys teorii bezpieczeństwa narodowego*, Warszawa 2011, s. 13.

<sup>6</sup> *Instytucje bezpieczeństwa narodowego*, pod red.: M. Paździora, B. Szmulika, Warszawa 2012, s. 2.

<sup>7</sup> J. Stańczyk, *Współczesne pojmowanie bezpieczeństwa*, Warszawa 1996, s. 17.

risks and preventing (prevention and opposition to) any threat to the company and its interests<sup>8</sup>. Thus, the process as a specific event, it is very dynamic and variable over time.

After analyzing the presented phenomenon can be seen that safety is the goal pursued by all the concerned individual. However, individual needs or environment of each organism are different and this can lead to misunderstandings and conflicts of interest. This behavior would result in undermining the joint application security. It follows that operators must work together if they want to prevail order, harmony and tranquility.

### 3. TYPES OF SECURITY

In the literature, the phenomenon of security is classified according to different types. The most popular security division occurs according to the following criteria:

- a) subjective: national security and international security;
- b) concerned: political security, military, social, cultural, ideological, informative, ecological;
- c) spatial: the safety of local, regional and global<sup>9</sup>.

Subjective criterion refers to the social life of people, groups, organizations and countries. In literature, instead of the concept of national security, we can find internal or state and instead the concept of international security, external security. It can be considered that internal security is a condition in which ensured internal stability and security of the entity external security concerns countering threats of external nature.

In order to safeguard national security, therefore, should in particular be protected territory of the State to take care of economic and political interests of the country and protect the food. In contrast, international security is to provide each Member of the international system, the region, ensure the undisputed existence, survival and development liberties. It covers not only, or primarily, existential values of individual countries but also values common to the system such as: stability, prudence, peace and cooperation<sup>10</sup>.

National security is very close to international security. In both the explanations of these terms you see a lot of similarities, however, there is at least one difference, which can be seen already in the nomenclature. International security concerns relations between countries or other entities and national security covers situations that take place within the boundaries of the country. International security broadly be defined as: protection system of international relations from the threats and destabilization, confrontation, armed conflicts and wars, ensuring joint and unilateral security for the operators of the international system in which they operate mechanisms to prevent and reduce risks accepted by the international community on the basis of respect for the principle of non-force in international relations<sup>11</sup>. Of particular wording can be concluded that the international security must strive by all members of the international community.

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<sup>8</sup> S. Koziej, *Wstęp do teorii i historii bezpieczeństwa*, Warszawa, 2010, s. 2.

<sup>9</sup> *Słownik terminów z zakresu bezpieczeństwa narodowego*, pod red.: J. Kaczmarka, W. Łepkowskiego, B. Zdrodowskiego, Warszawa 2008, s. 15. Por. M. Jurgilewicz, *Bezpieczeństwo...*, s. 17-18.

<sup>10</sup> K. Grosicka, L. Grosicki, P. Grosicki, *Organizacja i kierowanie instytucjami bezpieczeństwa wewnętrznego państwa*, Pułtusk-Warszawa 2013, s. 15.

<sup>11</sup> <http://stosunki-miedzynarodowe.pl/bezpieczenstwo/954-typologia-bezpieczenstwa-nowe-wyzwania> (dostęp: 07.12.2015).

The subject criterion is complementary to a subjective criterion, because it affects the development and detailed description of national and international security.

One of the most widely reported type of security in the literature is political security, which mainly refers to the political interests of the entity. For example, E. Nowak and M. Nowak explained that political security concerns threats to the sovereignty, social stability of states and governments and ideologies that legitimize them<sup>12</sup>.

In addition, the authors believe that this kind of security should be considered in two aspects:

- a) risks threatening the independence of politics by the state, or as a threat to the policy;
- b) risks resulting from the policy, which is a threat policy<sup>13</sup>.

Another type of security for the analysis is the safety of the military, also called military. This variety of phenomena understood as freedom from violence for political purposes, refers to threats to the territorial integrity of the state, its population and resources. It includes such threats as armed aggression, terrorism, nationalist tendencies and ideological divisions that could be used by opponents<sup>14</sup>.

Therefore, the most important elements of military security are: the borders of the state, the armed forces, training and military science and the defense industry. Describing this type of security is easy to understand and remember its definition, as the name suggests military or military action which it relates.

Social security is another type of this phenomenon. It concerns the nature and essence of the person and of society. Social security is understood as: survival, prosperity, sustainable development of society by providing high-quality of life of citizens, families and vulnerable people, their living conditions, leisure, work and access to goods of common use, as well as combating unemployment, social exclusion and conflict social<sup>15</sup>.

Another type of security is the safety culture. Some believe that this variety should be combined with social security but it applies to all other issues. Security cultural concerns: the general conditions for nurture and preserve the value of determining the national identity and at the same time opportunities to learn from the experience of other nations and societies<sup>16</sup>. Thus, cultural safety refers indirectly to the public and in particular to the traditions, symbols of national and spiritual values.

Another type of security among those listed in the present criterion is the safety of ideology. Ideology is associated with beliefs and value system. In developing this thesis it can be concluded that the safety of ideological concerns both the confidence and freedom to profess as well as survival, operation and development of secular and religious ideologies not considered harmful. Therefore, freedom of speech and freedom of religion, which does not aspire to the formation threats are valid elements of ideological security.

The next type of security terminology are: safety information. Some theorists believe That information is one of the most important things in the world, because it is through

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<sup>12</sup> E. Nowak, M. Nowak, op. cit., s. 47.

<sup>13</sup> Ibidem, s. 48.

<sup>14</sup> J. Czaputowicz, *Bezpieczeństwo międzynarodowe - współczesne koncepcje*, Warszawa 2012, s. 39.

<sup>15</sup> *Instytucje bezpieczeństwa narodowego*, pod red.: M. Paździora, B. Szmulika, Warszawa 2012, s. 9.

<sup>16</sup> K. Grosicka, L. Grosicki, P. Grosicki, op. cit., s. 16.

communication and communicating a rapid development of human civilization and operate a variety of organisms. Information Security include protecting information against unauthorized disclosure, modification, destruction or disabling of its processing. State free from threats, which include the bridge: the transmission of information that unauthorized parties, espionage, subversive activity or sabotage<sup>17</sup>.

The last type of security referred to in the literature is the ecological security. The environment and its elements are essential for the safety and security aspects, both internally and externally. Continuous human activities as well as natural factors increasingly affect the security of various entities threatening their continued existence.

The smallest has a local security coverage and often talks about this kind of as a local security. These names indicate the undifferentiated and uniform area for which this type of security and on matters that relate to the selected community. Thus, local security covers only part of the territory of the state and social community in the territory. This area can be a separate territory within the state, or involve several entities<sup>18</sup>.

The next type of security that their size includes more space and takes care of the interests of large groups of actors is regional security. A brief definition of this variety of security is in the Glossary of Terms in the field of national security. The authors suggest that regional security is the security of states located in the region. Its stability and quality certify unity of interests, political analysis, geopolitical interests and cultural proximity<sup>19</sup>.

The area of the region is nowhere fixed, it is a conventional size characterized by such common links economic or cultural traits. It follows that the safety of the region may cover a huge area and also a small area.

The last and most extensive concept that refers to the spatial criterion is global security. In the era of globalization events have occurred even in a small community echo around the world. So this phenomenon of global security and safety processes for the whole of humanity, including in many ways the globe, involving decisive player on the world stage and most other entities (including organization) international<sup>20</sup>.

#### 4. SUMMARY

Given the above it can be seen that the concept of security is a term ambiguous, vague, and also examined in terms of the particular area concerned because of the different categories of risks in the public space. Therefore, as a safety divisions distinguished by their different types, that were designed to provide protection in the area.

The beneficiary of security is undoubtedly human, and security assurance enables free development and basic needs. The emergence of newer, more and threats in the public sphere means that security has become for a long time an important element of state policy, the international dimension should be a priority and provide a platform for enhanced cooperation.

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<sup>17</sup> E. Nowak, M. Nowak, op. cit., s. 101-102.

<sup>18</sup> Por. O. Niemiec i in., *Wybrane zagadnienia ochrony środowiska w turystyce*, Rzeszów–Nowy Sącz 2010, s. 29.

<sup>19</sup> Słownik terminów z zakresu bezpieczeństwa narodowego, pod red. J. Kaczmarka, W. Łepkowskiego, B. Zdrodowskiego, Warszawa 2008, s. 19.

<sup>20</sup> Ibidem, s. 16.

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**KILKA UWAG NA TEMAT POJĘCIA „BEZPIECZEŃSTWO”**

Bezpieczeństwo w dobie ciągle narastających zagrożeń, jest bardzo ważnym elementem w prawidłowym funkcjonowaniu podmiotów. Należy badać, kontrolować i rozwijać to zjawisko na różnych płaszczyznach, ponieważ bezpieczeństwo jest celem i potrzebą, do którego dążą wszystkie jednostki.

Trudność w zmierzaniu do zapewnienia bezpieczeństwa, czyli spokoju, braku zagrożeń oraz możliwości przetrwania i rozwoju, wiąże się z dynamicznym rozwojem tego zjawiska oraz różnorodnością jego pojmowania. W literaturze przedmiotu ciągle brak jest jednolitej definicji terminu „bezpieczeństwo” a przecież to zjawisko dotyczy każdego obszaru życia. Od czasu wzmożonych sporów militarnych powstało wiele nowych zagrożeń, z którymi muszą uporać się ludzie aby zabezpieczyć sobie i przyszłym pokoleniom odpowiedni byt. W związku z tym „bezpieczeństwa” nie możemy powiązywać tylko z brakiem wojen czy innych zbrojnych konfliktów a rozpatrywać je w różnych kategoriach.

Obecnie, rodzajem bezpieczeństwa, o którym słyszy i mówi się zdecydowanie częściej niż wcześniej jest bezpieczeństwo ekologiczne. Środowisko jest obszarem istotnym dla każdego człowieka i łączy się ze wszystkimi dziedzinami życia. W związku z tym należy zadbać o ekosystem i zrobić to bardzo rozsądnie, ponieważ zmiany zachodzące w przyrodzie mają często wymiar nieodwracalny.



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Zaprezentowana w artykule tematyka związana z bezpieczeństwem ma charakter interdyscyplinarny. Obejmuje wiele obszarów naukowych tj. nauki społeczne, administracyjne a niekiedy w szerokim ujęciu nawet i teologiczne stanowiąc tym samym bardzo ciekawe źródło informacji.

**Słowa kluczowe:** bezpieczeństwo, ekologia, zagrożenia.

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## **AN APPROACH TO GEOTHERMAL RESOURCES AS A REGIONAL DEVELOPMENT DRIVER IN POLAND**

Geothermal energy has engaged researchers from various disciplines largely because it provides significant advantages over other renewable resources and has become one of the most extensively used renewable resource worldwide. In addition to these technical parameters, geothermal resources are of an endogenous character i.e. their exploitation takes place where they are located. The aim of this article is to examine a possible scenario relating to the impact of geothermal resources on local development, based upon their primary energy-producing function. Geothermal energy exploited locally can positively influence the economic situation of a region in direct and indirect ways. Moreover, interest in this source of energy has been motivated by the desire to integrate sustainable development into national energy plans and the European Union's ambition to enhance its significance in community energy balances. Thus local production and consumption of geothermal heat and water should be a principle of local energy security for municipalities or regions with appropriate geological conditions. However, in the existing literature, its local development impact has been marginalized and insufficiently discussed by practitioners. This article attempts to close this gap and to establish development indicators that measure local development associated with the use of geothermal resources. Notwithstanding the relatively marginal importance national authorities have given geothermal resources to date, Poland was chosen as the main object of the research reported on here because of its particularly high geothermal potential. Empirical analysis of selected Polish municipalities with ongoing exploitation of geothermal energy allows us to assess the contribution of geothermal resources to municipal-level development indicators. The theoretical conceptualization underpinning this analysis is provided by endogenous growth theory as well as reflections on the precise definition of local development.

**Keywords:** geothermal resources, renewable resources, local development, endogenous growth

### **1. INTRODUCTION**

Discussions about sustainability and energy security targets dominate the current approach to renewable resources. Nevertheless, the market for renewable resources is still relatively independent and state-decentralised while remaining connected to regional distribution networks and rather locally sourced. The literature on this theme has already recognized a positive relation between the use of renewable resources, the creation of employment and increases in local budgets. These potential benefits combined with the reliability of renewable resources weigh heavily in favor of continued investment and

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development of the sector. This paper focuses on geothermal resources which, compared to all other renewables, remain predominantly under the control and competence of regional or local authorities. The aim of this study is to make an initial assessment of the local component in the geothermal resource management and subsequently discuss the relation between renewable resources (specifically geothermal energy) and local development. A leading argument is that geothermal resources have a positive impact on the performance of the community that exploits them; consequently, the core part of this paper consists of an attempt to identify indicators to measure the impact of geothermal resource use on local development. If the use of geothermal renewables induces quantitative and/or qualitative changes in the development trajectories of local economies, indicators depicting such changes need to be constructed. The present article examines the principle development indicators discussed in the literature with a view to establishing an approach that will contribute to the characterization of the relation between renewable resource exploitation and local development performance indicators. As a result of the multi-criteria comparative analysis conducted in this research, a matrix of indicators was formulated that can be applied to the impact assessment of geothermal resources at the level of a local/regional administrative unit.

In spite of rare attempts to analyze the contribution of geothermal resources to the regional and/or local economy, the subject remains under-researched and much scope for new interpretations remains.

## 2. RESEARCH AIMS AND LITERATURE REVIEW

Unlike other renewables that provide power on an intermittent basis, geothermal energy is continuous and independent of the weather or climatic conditions. Geothermal energy technologies have been found optimal as substitutes for coal-generated energy discuss Asif and Munner<sup>2</sup>. At the present stage of expansion of this resource, it saves an equivalent of around 77 million barrels of oil worldwide used for electricity generation and the production of heat<sup>3</sup>. This study is dedicated to examining geothermal energy in Poland, which was chosen both because of its technical potential and the fact that its widespread character makes it a potential resource that can be locally regulated. Polish geothermal potential is calculated to be present under almost 80% of the earth's crust in the country, one of the highest levels in Europe; technically 40% of this potential is ready to deliver economically attractive geothermal heat and energy. Poland is capable of producing 625.000 PJ of geothermal energy, whereas the annual energy consumption is around 4000 PJ<sup>4,5</sup>. Furthermore, this technical potential corresponds to 30% of the

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<sup>2</sup> M. Asif, T. Muneer, *Energy supply, its demand and security issues for developed and emerging economies*, „Renewable and Sustainable Energy Reviews”, 2007/11(7), pp. 1388-1413.

<sup>3</sup> P.M. Wright, S.H. Ward, H.P. Ross, R.C. West, *State-of-the-art geophysical exploration for geothermal resources*, „Geophysics”, 1985/50(12), pp. 2666-2696.

<sup>4</sup> R. Ney, *Zasoby energii geotermalnej w Polsce i możliwe kierunki jej wykorzystania*, [w:] *Materiały z seminarium naukowego pn. „Problemy wykorzystania energii geotermalnej i wiatrowej w Polsce”*, Wyd. IGSMiE PAN. Kraków–Zakopane 1997.

<sup>5</sup> W. Bujakowski, *Wykorzystanie wód termalnych w Polsce (stan na rok 2009)*, „Przegląd Geologiczny”, 2010/58(7), pp. 580-588.

domestic demand for heat calculate Turski and Sekret<sup>6</sup>. Geothermal energy is applied for the purposes of communal heating, drinking water, provision of water-based recreational centres, and there exist credible perspectives for increased application in cooling, food processing, farming and industry<sup>7</sup>. Since geothermal resources are a natural resource located on public land, public utilities and authorities are in a position to develop it. By proposing that endogenous resources constitute a major source of development Romer<sup>8</sup> initiated the theoretical debate over natural resources exploitation as a driver of endogenous growth.

One aspect of the endogenous growth model addresses the way in which natural resources in particular and the environment in general, with the former seen as endogenous public goods. Thus, following Brander and Taylor<sup>9</sup>, Dalton *et al.*<sup>10</sup>, Plummer *et al.*<sup>11</sup>, and the US Environmental Protection Agency<sup>12</sup>, endogenous resources can be seen as a core element in regional specialization and a stimulus to growth in small-scale economies, with local communities identified as the primary recipients of the benefits and externalities connected with the exploitation of renewable resources. Rybach<sup>13</sup>, Szymańska and Chodkowska-Miszczuk<sup>14</sup> suggest that developing renewable resources enhances and revitalizes the economic potential of a locality. Geothermal energy considered as an endogenous resource is produced and exploit locally and it therefore generates added value for local communities find Andritsos, *et al.* 2003<sup>15</sup> and Lund<sup>16</sup>. The fact researchers have found that its use has minimal negative environmental impact, its influence on inhabitants' health are positive and it has significant capacity to create direct and ongoing benefits for local residents has stimulated the desire to exploit this resource. Jarczewski *et al.*<sup>17</sup> argue that optimal conditions for geothermal exploitation are found in

<sup>6</sup> M. Turski, R. Sekret, *Konieczność reorganizacji systemów ciepłowniczych w świetle zmian zachodzących w sektorze budowlano-instalacyjnym*, „Rynek Energii”, 2015/4(119), pp. 27-34.

<sup>7</sup> B. Kępińska, *Geothermal energy country update for Poland, 2010-2014*, „Proceedings World Geothermal Congress”, 2015, (p. 11).

<sup>8</sup> P.M. Romer, *The origins of endogenous growth*, „The journal of economic perspectives”, 1994/8(1), pp. 3-22.

<sup>9</sup> J.A. Brander, M.S. Taylor, *The simple economics of Easter Island: A Ricardo-Malthus model of renewable resource use*, „American economic review”, 1998, pp. 119-138.

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<sup>12</sup> <https://www.epa.gov/sites/production/files/2015> (accessed 10.07.2016).

<sup>13</sup> L. Rybach, *The future of geothermal energy and its challenges*, „Proceedings World Geothermal Congress April 2010”, 2010, (vol. 29).

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<sup>16</sup> J.W. Lund, Freeston D.H., *World-wide direct uses of geothermal energy 2000*, „Geothermics”, 2001/30(1), pp.29-68.

<sup>17</sup> Jarczewski W., Huculak M., Dej M., *Wykorzystanie Energii Geotermalnej w Polsce /The use of geothermal energy in Poland*, „Prace Geograficzne”, 2015(141), p. 87.

locations that are at or in close proximity to the source of renewable geothermal energy, namely in relatively small and medium sized municipalities with a dense network of housing and supporting infrastructure. Since the resource is exploited locally, it directly or indirectly promotes the local job market. Indeed, Johansson *et al.*<sup>18</sup> have observed socioeconomic development associated with this type of energy generation. Consequently, Fridleifsson<sup>19</sup>, Kagel<sup>20</sup> and Sanchez-Velasco *et al.* 2003<sup>21</sup> felt able to argue that geothermal exploitation stimulates local development by creating new economic opportunities and allowing pre-existing social boundaries to be transcended. According to Akella *et al.*<sup>22</sup> and Wei *et al.* 2009<sup>23</sup> besides direct benefits such as energy generation, geothermal resources produce induced benefits consisting mostly of employment and income circulation in domestic markets. The International Renewable Energy Agency estimates that over 160,000 direct geothermal jobs were created worldwide in 2015<sup>24</sup> and that local employment creation would experience double-digit growth in the coming decade. Lehr *et al.*<sup>25</sup>, Ragwitz *et al.*<sup>26</sup> and Panwar *et al.*<sup>27</sup> have argued that geothermal energy's substitution of fossil fuel use would induce additional economic effects in domestic markets. Indications from the literature review suggest that **the use of geothermal resources positively impacts on local socio-economic development**. Its endogenous character<sup>28</sup> permits us to conclude that local communities and domestic markets are potentially the initial recipients and beneficiaries of harnessing this resource.

<sup>18</sup> T.B. Johansson, H. Kelly, A.K.N. Reddy, R.H. Williams, *Renewable Fuels and Electricity for a Growing World Economy: Defining and Achieving the Potential*, „Energy Studies Review”, 1992/4(3), pp. 201-212.

<sup>19</sup> I.B. Fridleifsson, *Geothermal energy for the benefit of the people*, „Renewable and sustainable energy reviews”, 2001/5(3), pp. 299-312.

<sup>20</sup> A. Kagel, *A handbook on the externalities, employment, and economics of geothermal energy*. Geothermal Energy Association, Washington DC, October 2006.

<sup>21</sup> R. Sánchez-Velasco, M. López-Díaz, H. Mendoza, R. Tello-Hinojosa, *New CFE geothermal village power plant in Mexico bestows local residents with prosperity - and children with ice cream*, Comisión Federal de Electricidad, Mexico 2003.

<sup>22</sup> A.K. Akella, R.P. Saini, M.P. Sharma, *Social, economical and environmental impacts of renewable energy systems*, „Renewable Energy”, 2009/34(2), pp. 390-396.

<sup>23</sup> M. Wei, S. Patadia, D.M. Kammen, *Putting renewables and energy efficiency to work: How many jobs can the clean energy industry generate in the US?*, „Energy policy”, 2010/38(2), pp. 919-931.

<sup>24</sup> [http://www.irena.org/DocumentDownloads/Publications/IRENA\\_RE\\_Jobs\\_Annual\\_Review\\_2015.pdf](http://www.irena.org/DocumentDownloads/Publications/IRENA_RE_Jobs_Annual_Review_2015.pdf) (accessed 10.07.2016).

<sup>25</sup> U. Lehr, J. Nitsch, M. Kratzat, C. Lutz, D. Edler, *Renewable energy and employment in Germany*, „Energy policy”, 2008/36(1), pp. 108-117.

<sup>26</sup> M. Ragwitz, W. Schade, B. Breitschopf, R. Walz, N. Helfrich, M. Rathmann, G. Resch, C. Panzer, T. Faber, R. Haas, C. Nathani, *The impact of renewable energy policy on economic growth and employment in the European Union*, European Commission, DG Energy and Transport, Brussels, Belgium 2009.

<sup>27</sup> N.L. Panwar, S.C. Kaushik, S. Kothari, *Role of renewable energy sources in environmental protection: a review*, „Renewable and Sustainable Energy Reviews”, 2011/15(3), pp. 1513-1524.

<sup>28</sup> U. Chakravorty, J. Roumasset, K. Tse, *Endogenous substitution among energy resources and global warming*, „Journal of Political Economy”, 1997/105(6), pp. 1201-1234.

The present article focuses on local development that is based on the identification of the potentialities of the endogenous resources of a given community or area. According to Szewczuk *et al.*<sup>29</sup> local development is a process of making changes within a territory that comprises cities, municipalities or counties and the research reported on here would include the use of geothermal resources as an important change factor. While the literature presents a wide range of definitions of local development, recent findings emphasize two key concepts: sustainability and economic welfare. The classical approach, as presented by Coffey and Polèse<sup>30</sup> defines local development in terms of sustainable economic growth as measured by the expansion of entrepreneurship, and the growth of firms and the overall economic wellbeing of a community. According to these authors, endogenous elements i.e. any local advantages, contribute to a local spirit of entrepreneurship. Pike *et al.*<sup>31</sup>, Walker *et al.*<sup>32</sup> and Del Río and Burguillo<sup>33</sup> stress the importance of using endogenous resources to promoting the sustainability of local development as measured by their socio-economic impact on communities. Complementary work by Kożuch<sup>34</sup>, Strojny and Baran<sup>35</sup> and Pires *et al.*<sup>36</sup> refer to four factors that are essential to assessing the possibilities for sustainable local development: social potentialities, economic opportunities, environment conditions and/or constraints, and institutional capacity. Such assessments deploy development indicators, the observation of which serves to verify the hypothesis that local exploitation of geothermal resources can have positive socio-economic impacts. The literature also recommends the construction of indicators that capture changes in local development. Following Weisbrod and Weisbrod<sup>37</sup>, Malecki,<sup>38</sup> Olewiler<sup>39</sup> and Scipioni *et al.*<sup>40</sup> a set of measures reflecting the level of economic

<sup>29</sup> A. Szewczuk, M. Kogut-Jaworska, M. Ziolo, *Rozwój lokalny i regionalny. Teoria i praktyka*, Wydaw. CH Beck, Warszawa 2011.

<sup>30</sup> W.J. Coffey, M. Polese, *The concept of local development: a stages model of endogenous regional growth*, „Papers in Regional Science”, 1998/55(1), pp. 1-12.

<sup>31</sup> A. Pike, A. Rodríguez-Pose, J. Tomaney, *Local and regional development*, Routledge NY 2006.

<sup>32</sup> G. Walker, S. Hunter, P. Devine-Wright, B. Evans, H. Fay, *Harnessing community energies: explaining and evaluating community-based localism in renewable energy policy in the UK*. „Global Environmental Politics”, 2007/7(2), pp. 64-82.

<sup>33</sup> P. Del Río, M. Burguillo, *Assessing the impact of renewable energy deployment on local sustainability: Towards a theoretical framework*, „Renewable and sustainable energy reviews”, 2008/12(5), pp. 1325-1344.

<sup>34</sup> A. Kożuch, *Rola samorządu terytorialnego we wspieraniu rozwoju lokalnego*, „Instrumenty zarządzania rozwojem w przedsiębiorczych gminach”, 2011, pp. 9-26.

<sup>35</sup> J. Strojny, M. Baran, *Przedsiębiorczość i innowacyjność w zarządzaniu rozwojem JST*, „Przedsiębiorczość-Edukacja”, 2014/10, pp. 187-198.

<sup>36</sup> S.M. Pires, T. Fidélis, T.B. Ramos, *Measuring and comparing local sustainable development through common indicators: Constraints and achievements in practice*, „Cities”, 2014/39, pp. 1-9.

<sup>37</sup> G. Weisbrod, B. Weisbrod, *Measuring economic impacts of projects and programs*, Economic Development Research Group, 10 (1997).

<sup>38</sup> E. Malecki, *Jockeying for position: what it means and why it matters to regional development policy when places compete*, „Regional studies”, 2004/38(9), pp.1101-1120.

<sup>39</sup> N. Olewiler, *Environmental sustainability for urban areas: The role of natural capital indicators*, „Cities”, 2006/23(3), pp. 184-195.

activities and social conditions in a given area could include, for example, economic opportunities, local environmental conditions, the demographic profile and dynamics of the society, levels of technological integration, and local budgetary resources.

### 3. RESEARCH METHOD

The object of the empirical analysis conducted in this research is a set of nine Polish municipalities that have a minimum 10 years' experience of accessing geothermal reserves and operating within a functioning energy network: Szaflary, Zakopane, Biały Dunajec, Poronin, Bukowina Tatrzańska, Mszczonów, Uniejów, Stargard Szczeciński and Pyrzyce, subsequently referred to as the geothermal municipalities<sup>41</sup>. Although there are about 25 Polish municipalities that are in various phases of using geothermal energy and water, only this sample has exploited it long enough for changes in the development indicators to be appropriately observed<sup>42</sup>.

Multi-criteria analytical methods allow us to conduct an impact assessment – in this case, the impact on domestic markets of the harnessing of geothermal resources. The process of verifying the research question begins by formulating a research criterion, in this case a descriptive one, summarizing the demographic, socio-economic and technical dimensions of development.

Empirical observation of development indicators provides a measure of the development gap. In effect a synthetic indicator is delivered that allows us to compare trends in various development indicators. The expected results would be that a high value of the calculated synthetic variable would reflect a high level of development i.e. a positive change. However, the possible alteration requires a comparison, thus benchmarking is employed to compare each geothermal municipality with a matching group of municipalities. This is a common method used in regional economics to assess trends in performance indicators<sup>43 44</sup> and is therefore appropriate and relevant for determining the extent of Polish geothermal municipalities' competitive advantage.

### 4. DATA ANALYSIS AND RESULTS

The local development effects assumed to be associated with the use of geothermal resources are tested by way of an analysis focusing on the performance dynamics of key development indicators. Drawing upon the literature review above, Table 1 presents

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<sup>40</sup> A. Scipioni, A. Mazzi, M. Mason, A. Manzardo, *The Dashboard of Sustainability to measure the local urban sustainable development: The case study of Padua Municipality*, „Ecological indicators”, 2009/9(2), pp. 364-380.

<sup>41</sup> Geothermal establishments in municipalities: Szaflary (1993), Biały Dunajec (1996), Pyrzyce (1997), Mszczonów (1999), Uniejów (2001), Zakopane (2001), Poronin (2001), Stargard Szczeciński (2005), Bukowina Tatrzańska (2005).

<sup>42</sup> Estimation of geothermal municipalities based on the information from Polish Geothermal Society (<http://www.energia-geotermalna.org.pl>).

<sup>43</sup> U. Kobylińska, E. Glińska, *Wykorzystanie benchmarkingu w doskonaleniu systemów zarządzania placówkach samorządu terytorialnego*, [w:] B. Plawgo (red), „Polska Wschodnia – zarządzanie rozwojem”, WSAP, Białystok 2008.

<sup>44</sup> S. Gędek, J. Strojny, M. Kościółek, *Wykorzystanie benchmarkingu w zarządzaniu strategicznym administracją publiczną*, „Przedsiębiorczość i Zarządzanie”, 2013/14(12), cz. 2 Zarządzanie w XXI wieku. Menedżer innowacyjnej organizacji. Część II), pp. 127-142.



a matrix of 24 diagnostic variables (sub-indicators) grouped in six thematic categories (indicators) generated from data provided by the Central Statistical Office of Poland (Główny Urząd Statystyczny- GUS). The standardized database stretches back over the last 20 years, with geothermal operations in Poland being observed in the same time frame i.e. 1995-2015. In choosing the most relevant indicators, it was necessary to take into consideration both the date of observations and the limitations of the GUS database.

Table 1. Local development categories and their indicators

Categories of local development indicators					
Population Resources	Local Economy	Local government	Tourism	Infrastructure	Quality of Life
Internal migration/ 10.000 inhabitants	% of employed inhabitants	Municipal income/inhabitant	Polish tourists accommodated/1000 inhabitants	Industrial and domestic water consumption /inhabitant	Outpatient healthcare facilities/10.000 inhabitants
Natural increase/ 10.000 inhabitants	No of private economic activities	Municipal investment expenditure/inhabitant	Foreign tourists accommodated/1000 inhabitants	Cubic volume of delivered buildings /inhabitant	Environmental protection investment/inhabitant
% of population in productive age	No of national commercial companies	PIT income/employed inhabitant	Tourism accommodation units/1000 inhabitants	Km of water-supply and sanitation network/inhabitant	Primary and Lower secondary education expenditure/pupil
Birth rate	No of commercial companies with foreign capital	Budget deficit/inhabitant	No of overnight stays	Residential water system connections /inhabitant	% of population connected to wastewater treatment plants

Source: Elaborated by the author based on GUS data.

Benchmarking methods were applied to capture the expected change in indicators between geothermal municipalities compared to a matched group of municipalities without geothermal resources. Using the benchmark concept deployed by Davis and Davis<sup>45</sup> and Rondo-Brovetto and Saliterer<sup>46</sup>, each of the nine geothermal municipalities were examined in relation to a benchmark group of five municipalities of a similar size (population and km<sup>2</sup>), administrative profile and geographical location. There were 54 observations in total (6 indicator categories x 9 benchmark groups) with the average performance of the five benchmark municipalities being compared with the corresponding geothermal municipality. On the basis of this benchmarking model, the following steps

<sup>45</sup> R.J. Davis, R.A. Davis, *Framework for Managing Process Improvement: Benchmark Tutorial*, „System Research and Applications”, Corp. Arlington VA 1994.

<sup>46</sup> P. Rondo-Brovetto, I. Saliterer, *Comparing regions, cities, and communities: local government benchmarking as an instrument for improving performance and competitiveness*, „The Innovation Journal: The Public Sector Innovation Journal”, 2007/12(3).

were followed to assess the extent to which local development measures had been impacted: each variable was identified as either having stimulated or suppressed local development; data were then normalized, and a synthetic indicator generated.

Since the resulting diagnostic variables would consist of a set of local development stimulants, the aim of multi-criteria analysis is to compare all the stimulants from multiple perspectives. It does so by exploring a complex phenomenon that, while it cannot be measured directly, can be assessed by way of a synthetic indicator which is able to capture changes in the development performance indicators for geothermal and benchmark municipalities.

The Zero Unitarization Method (ZUM), a widely used method of examining the impact of stimulants to (or destimulants of) regional and local growth, was used to normalize all 24 diagnostic variables. In this specific case, the ZUM is used to discover if the fact of having geothermal resources activities is the cause of a socio-economic growth in the municipalities, compared to other municipalities from the same region. To normalize the variables, Kukuła's<sup>47</sup> ZUM formula for stimulant variables was applied. The resultant scores are placed within a closed interval [0,1] with values closer to "1" indicating that the stimulant variable under scrutiny is associated with a positive change in overall local development. Similarly, the synthetic indicator – the arithmetic mean of the aggregation function with all diagnostic variables normalized – is also represented by a value in the [0,1] interval. The higher the value of the resultant synthetic indicators, the higher the level of the geothermal municipalities' local development potential compared to the benchmark municipalities. Moreover, the adopted methodology allows the results to be ranked, i.e. indicating which variables (or combination of variables) are associated with higher and lower levels of local development performance. For practical reasons, the study adopted the assumption that each of the variables analyzed has the same effect on the level of the complex phenomenon under scrutiny i.e. local socioeconomic development<sup>48</sup>, giving all variables equal weights. The resulting synthetic measure of development is represented in Table 2.

The score for each category summarizes the results for all four variables defining it. The total performance indicator is arrived at by averaging the final score for the six indicator categories, thereby permitting a comparison to be made between the dynamics of local development for each geothermal municipality and its benchmark group, including observations relating to year-on-year changes in the variables. Since the statistical observation addresses the 24 diagnostic variables that were applied to the 54 municipalities used for benchmarking purposes, it is possible to confirm our hypothesis that the higher the value of the indicator the greater is the contribution to local development. In this study, all indicators consist of socio-economic development measures (see Table 1) and, in line with its initial research questions, the scores should be higher in the case of geothermal municipalities than the benchmarked municipalities that

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<sup>47</sup> K. Kukuła, *Metoda unitaryzacji zerowanej*. Wydaw. Naukowe PWN. Warszawa 2000.

<sup>48</sup> Appenzeller D., *Metodologiczne problemy opisu i prognozowania kondycji finansowej*, [w:] Dittmann P., Szandula J. (red.), „Prognozowanie w zarządzaniu firmą”, Indygo Zahir Media, Wrocław 2008.

Table 2. Compilation of ZUM results for the development indicators categories

Indicator categories 1995-2015								
Municipality	Population Resources	Local economy	Local government	Tourism	Infra-structure	Quality of life	Total development	Average annual change (%)
<b>Mszczonów</b>	0,39	0,62	0,54	0,22	0,2	0,6	<b>0,43</b>	1,08
Benchmark	0,47	0,38	0,47	0,31	0,36	0,38	<b>0,39</b>	0,05
<b>Uniejów</b>	0,28	0,45	0,71	0,8	0,58	0,3	<b>0,52</b>	0,77
Benchmark	0,5	0,38	0,37	0,18	0,4	0,36	<b>0,36</b>	0,03
<b>Zakopane</b>	0,49	0,83	0,8	0,89	0,81	0,82	<b>0,77</b>	0,04
Benchmark	0,57	0,43	0,43	0,12	0,21	0,39	<b>0,36</b>	-0,22
<b>Bukowina Tat.</b>	0,49	0,6	0,51	0,94	0,32	0,45	<b>0,55</b>	1,16
Benchmark	0,44	0,36	0,46	0,06	0,36	0,4	<b>0,34</b>	0,57
<b>Biały Dunajec</b>	0,66	0,5	0,47	0,85	0,38	0,35	<b>0,53</b>	0,28
Benchmark	0,44	0,46	0,44	0,07	0,42	0,33	<b>0,36</b>	0,76
<b>Poronin</b>	0,47	0,54	0,41	0,92	0,45	0,44	<b>0,54</b>	0,09
Benchmark	0,46	0,39	0,46	0,13	0,37	0,33	<b>0,36</b>	0,04
<b>Szaflary</b>	0,67	0,42	0,39	0,21	0,31	0,29	<b>0,38</b>	0,20
Benchmark	0,41	0,39	0,28	0,31	0,31	0,25	<b>0,33</b>	0,17
<b>Stargard Szcz.</b>	0,21	0,33	0,28	0,06	0,32	0,37	<b>0,26</b>	-0,27
Benchmark	0,31	0,48	0,31	0,38	0,47	0,4	<b>0,39</b>	0,25
<b>Pyrzyce</b>	0,59	0,52	0,27	0,21	0,34	0,47	<b>0,4</b>	-0,40
Benchmark	0,5	0,43	0,57	0,44	0,41	0,38	<b>0,45</b>	0,65

Source: Elaborated by the author

have no such resources. The likely impact of harnessing geothermal energy on diverse aspects of local development would therefore include:

- *Local economy.* The relation was strongest in the case of the local economy indicator, with 8 out of 9 geothermal municipalities scoring higher than the corresponding benchmark group; this indicates that there exist opportunities for direct and induced economic activities related to the harnessing of geothermal energy. It is likely that the impact on job creation, investment attractiveness and induced entrepreneurship would derive from the multipurpose application of geothermal energy products and accompanying economic activities. Additionally, the aspect of having green energy generated by geothermal plants is an attractive proposition for potential investors both national and foreign.
- *Quality of Life.* There was a significant result in the quality of life indicator category, with 6 out of 9 scores higher than the benchmarked municipalities; investment in geothermal projects and related ventures had resulted in improvements in both environmental and human aspects of life.
- *Public Finance.* There was also an observable impact on the size of local government budgets in 6 out of 9 municipalities, since geothermal-driven activities

(both direct and induced) are able to stimulate public income growth and investment.

- *Population.* The relatively positive result of in the category of population resources (5 out of 9 cases) indicates that inhabiting a locality that benefits from the exploitation of geothermal resources is likely to promote local demographic stability by helping both to retain the existing population and to attract new residents.
- *Tourism.* The tourism indicator also was higher in 5 out of 9 municipalities. This outcome is explained by visitors to the geothermal spas, health centers and the creation of associated services. However, optimism regarding this effect should not be exaggerated because Zakopane, Bukowina Tatrzańska, Biały Dunajec and Poronin are all have a long historical tradition of spa tourism. On the other hand, in Mszczonów, Uniejów and Szaflary tourism was nonexistent before the launch of their geothermal energy projects and the subsequent flourishing of associated health and recreational facilities.
- *Infrastructure.* Somewhat contrary to expectations (based on the fact that geothermal water and heat is distributed to the local recipients throughout collective systems), the lowest indicator growth was in the infrastructure category with only 4 out of 9 municipalities having higher scores than the corresponding benchmark cases. However, it should not indicate a neutral or negative relation between infrastructure development and geothermal resource since limitations in the database prevented all the relevant features of local infrastructure from being tested.
- *Total development.* In 7 out of 9 cases, the total development indicator (the synthetic indicator) depicting the scale of local development progress over the 1995-2015 period was higher for the geothermal municipalities than the corresponding benchmarked municipalities. Only Pырzyce and Stargard Szczeciński had scores lower (albeit only slightly) than the benchmark. This result can be interpreted as a general trend of faster growth and development among geothermal municipalities compared to benchmarked municipalities without access to this energy source. As discussed above, aside from the absence of geothermal energy, the benchmark groups have very similar characteristics to the corresponding geothermal municipalities. It is therefore accurate to use the synthetic indicator to compare variations in the accumulated performance indicators. The synthetic indicator provides a means of identifying and measuring the development gap attributable to the exploitation of geothermal energy, based upon the selected development indicators.
- *Average annual change.* The annual change score represents the percentage growth in a municipality's development each year, based on the average of the differences between each year's total development indicator score. Here, the results reflect those provided by the synthetic indicator, underlining the advantages of geothermal municipalities over their benchmarked comparators. In the majority of cases, the geothermal municipality experience faster and more positive growth, with the exception of three municipalities: Stargard Szczeciński and Pырzyce (municipalities that had already scored below their benchmarks in the total development category) and Biały Dunajec (which had not). The bigger the difference between

the scores of geothermal municipalities and benchmark group the greater the development impact of local geothermal-based activities is likely to be.

Visualization of the above-mentioned scores helps to illustrate changes in the local development performance from the launch date of the local geothermal industry. In Figures 1 and 3 below, this base year (different in each of the geothermal municipalities) provides an index of 100 for all the indicators of each geothermal municipality and its benchmark group; the total development score is superimposed (since it summarizes all 24 diagnostic variables), and a trend line traces the growth of the total performance indicator. In the case of six geothermal municipalities (Mszczonów, Uniejów, Zakopane, Bukowina Tatrzańska, Szaflary, and Pyrzyce), the total development indicator deviates positively from the year of initiation of the geothermal network and therefore a tendency for development indicators growth is confirmed. In contrast, Biały Dunajec, Poronin and Stargard Szczeciński do not display a significant growth tendency from the launch of their

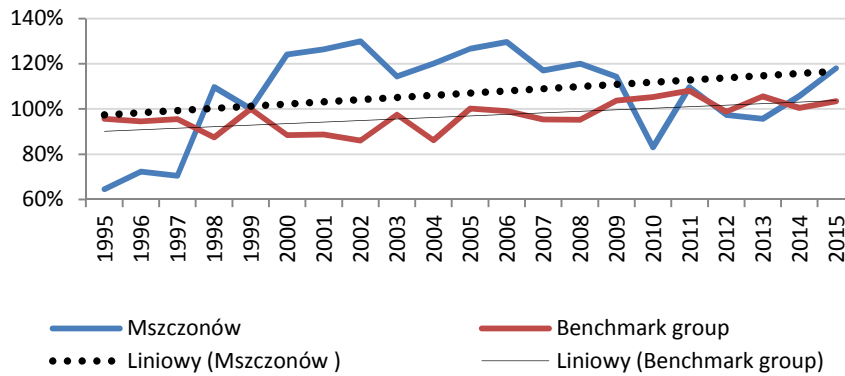


Figure 1. Mszczonów – score of total development indicator vs. benchmark group (1999 = 100)

Source: Elaborated by the author

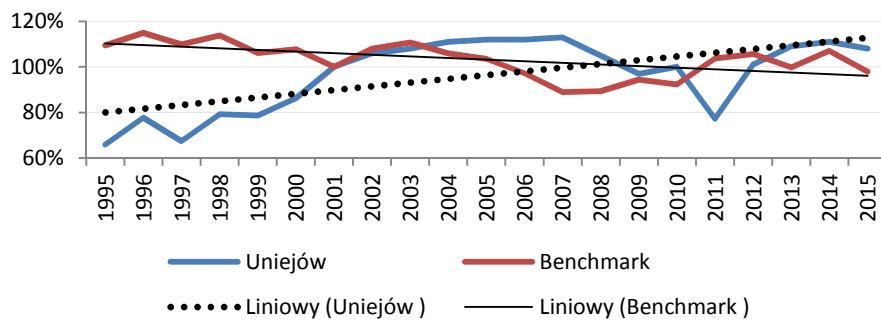


Figure 2. Uniejów – score of total development indicator vs. benchmark group (2001 = 100)

Source: Elaborated by the author.

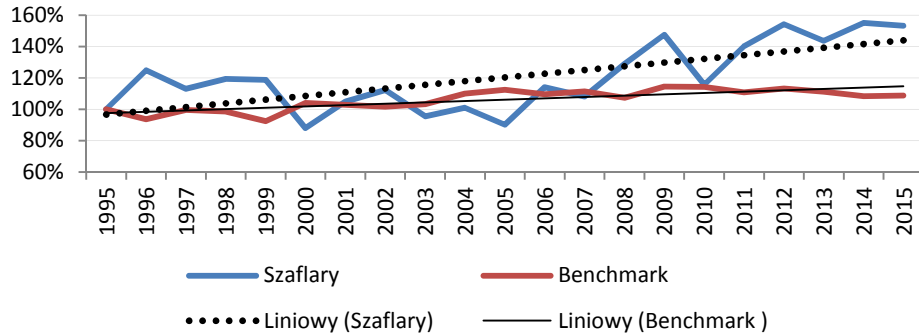


Figure 3. Szaflary – score of total development indicator vs. benchmark group (1995 = 10)

Source: Elaborated by the author.

geothermal networks. It should be noted that, while not quantitatively presented below, we cannot reject the hypothesis that these municipalities also enjoyed some (albeit more modest) local socio-economic benefits as a result of harnessing geothermal resources. Due to the fact that they display the most marked relation between the growth of development indicators and the establishment of geothermal installations, the results for Mszczonów, Uniejów and Szaflary have been used in the figures below. Though the geothermal municipalities of Zakopane and Bukowina Tatrzańska display the same trend, they have not been visualized here.

From the launch year of geothermal resource exploitation, each of the geothermal municipalities exhibits a significant upward gradient in the total development indicator line, a phenomenon not observed for the benchmarked municipalities. The dashed line for the geothermal municipality and the solid line for the benchmark group capture the general development trend. The dashed lines are steeper than the solid ones, indicating faster growth in the development indicators in the case of those municipalities (and the respective local economies) exploiting geothermal power.

## 5. CONCLUSIONS

The aim of this paper has been to ascertain if geothermal resource exploitation generates effects that reflect in local development indicators. From the data analysed, the variables constructed and the results observed, it can be concluded that significant positive changes in local development can be triggered by the harnessing of geothermal resources. The strongest impact is observed in the local economy in the form of employment generation. Additionally, the geothermal resource industry appears to contribute to local government budgets and positively influences the quality of life in a municipality. The positive effects can also be verified in the way in which geothermal heat and water promote tourism expansion and by retaining population in and attracting new residents to geothermal areas. However, it should be stressed that these results depend upon the specific development indicators adopted, the data that was available and the choice of the geothermal municipalities and benchmarked municipalities. The main findings appear to confirm the hypothesis that harnessing geothermal power stimulates local development,

since high scores for indicators of local economic development, improvement in the quality of life and demographic sustainability were observed for geothermal municipalities, while no significant changes in the same indicators were found in the case of the benchmarked groups. This conclusion reflects the accepted definition of local development as socio-economic progress, achieved via the improvement of livelihoods and living conditions, the sustainable exploitation of endogenous resources, and the progressive empowerment of the local population. Seen from this perspective, geothermal resources harnessed in and by the local community can become an important driver of local development. The advantage of this energy source has attracted the attention of national and local policymakers, since its effective utilization relies above all in the competences of local authorities, and the capacity of this renewable endogenous resource to stimulate local development is still underexploited.

On the basis of this initial study, further research can be conducted into the potential value added that the exploitation of geothermal resources could generate for localities. However, the crucial importance of having an adequate time frame in which to observe trends in local development indicators cannot be underestimated. It would be perfectly feasible to apply the methodology adopted here to other sets of municipalities with geothermal resources. Indeed, the same methodology could be adapted for use with other renewable resources that are relatively place-specific i.e. are currently produced and consumed in a specific locality and that may have some potential for future market expansion.

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### PODEJŚCIE DO ZASOBÓW GEOTERMALNYCH W KONTEKŚCIE ROZWOJU REGIONALNEGO W POLSCE

Studia nad energią geotermalną angażują różne dyscypliny naukowe ze względu na przewagę niewyczerpalności zasobów geotermalnych nad innymi zasobami odnawialnymi oraz na fakt powszechności jej wykorzystania na całym świecie. Oprócz tych parametrów technicznych zasoby geotermalne cechują się endogennym charakterem. Oznacza to, że optymalna eksploatacja zasobu odbywa się w miejscu w jego lokalizacji. Celem tego artykułu jest zbadanie możliwego scenariusza wpływu zasobów geotermalnych na rozwój lokalny, który wywodzi się z jego pierwotnej funkcji energetycznej. Energia geotermalna wykorzystywana lokalnie może pozytywnie wpływać na gospodarkę regionu w bezpośredni i pośredni sposób. Zainteresowanie tym zasobem wpływa również z założeń zrównoważonego rozwoju krajowych planów energetycznych i ambicji Unii Europejskiej, aby znacząco uwzględnić energię geotermalną w bilansach energetycznych. Lokalna produkcja ciepła geotermalnego i wody powinna zatem stać się priorytetem lokalnego bezpieczeństwa energetycznego dla gmin lub regionów, które posiadają dogodne warunki geologiczne dla eksploatacji geotermii. Jednakże, lokalny aspekt geotermii jako czynnika rozwojowego jest wciąż marginalizowany w istniejącej literaturze i przez praktyków. Ten artykuł podejmuje próbę odpowiedzi na tą lukę i ustalenia lokalnych wskaźników rozwoju powiązanych z lokalnym wykorzystaniem energii geotermalnej. Analizę przeprowadzono na przykładzie miejscowości użytkujących geotermię w Polsce ze względu na wysoki potencjał zasobu, mimo niskiego wykorzystania i znaczenia dla władz w skali kraju. Empiryczna analiza wybranych gmin ma doprowadzić do określenia udziału potencjału zasobu geotermalnego w wskaźnikach rozwoju gmin. Teoretyczna koncepcja tematu została zawarta w teorii rozwoju endogenicznego i definicjach rozwoju lokalnego.

**Słowa kluczowe:** zasoby geotermalne, odnawialne źródła energii, rozwój lokalny, endogeniczne czynniki wzrostu.

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## **IMPACT OF ENVIRONMENTAL KNOWLEDGE AND VALUE OF THE ENVIRONMENT ON WORK COMMITMENT**

Employee commitment is among quality indicators for human resource management. Previous studies on determinants of the commitment level have focused on individual's personal characteristics (age, sex) and organizational circumstances (incentive scheme), ignoring factors related to environmental management. Meanwhile, adoption of environmental orientation in a company affects organizational culture and consequently, human resources. The paper presents the results of the study on the relationship between environmental orientation of a company, environmental knowledge, value of the environment and employee commitment. The main purpose of this study is to examine the relationships between these factors. Therefore, the results enrich findings of the previous studies on employee commitment with knowledge about other factors concerning environmental management. We assume that employee commitment has three multi-dimensional components namely: affective commitment, continuance commitment, and normative commitment. Questionnaires responses from 433 Polish workers were analyzed confirming the importance of environmental knowledge and awareness of the value of the environment as factors influencing both affective and normative commitment. But the results didn't confirm the correlations with calculative commitment. From the point of view of pro-environmental orientation, it serves the role of moderator relative to the analyzed variables. The managers can use the findings as an argument to support implementation of environmental orientation.

**Keywords:** employee commitment, value of the environment, environmental knowledge.

### **1. INTRODUCTION**

Environmental orientation is the "recognition of the legitimacy and importance of the biophysical environment in the formulation of organization strategy, and the integration of environmental issues into the strategic planning process"<sup>2</sup>. It is reflected in the environment strategy and, what is the most important, in undertakings related to environmental protection. Eco-orientation involves changes in the organizational culture, human resources, skills in managing environmental activity. Its maintenance is dependent on having appropriate financial resources enabling fulfillment of tasks and engagement of the executives in the process of making the organization more environmentally friendly. Moreover, some studies have shown the significance of employee motivation and

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<sup>2</sup> S.B. Banerjee, *Corporate environmentalism: The construct and its measurement*, Journal of Business Research 2002, 55(3), 177-191.

engagement in the implemented undertakings. Studies confirm that commitment facilitates the implementation of pro-environmental efforts<sup>3</sup>. Employee knowledge, concern, system of values are regarded as one of the basic sources of taking eco-friendly activities<sup>4</sup>. Previous empirical studies were devoted to incentives for adopting environmental orientation, its benefits and barriers to implementation. To a minor extent they addressed the questions of employee attitudes or the impact of undertakings promoting eco-friendly approach on their behaviour. Antecedents and outcomes of employee commitment are conceptualised in just a few models<sup>5</sup>. This paper intends to contribute towards the understanding of the antecedents of employee commitment by emphasizing the role of environmental knowledge and value and ecological orientation of organization. Does therefore, eco-orientation (or its absence) induce higher/lower employee commitment? What is the role of employee environmental knowledge and the value of the environment? Subsequent sections of the paper will present the question of work commitment, the research method and empirical findings related to the aforementioned relationships.

## 2. RESEARCH PROBLEM

Commitment has been defined as a lasting wish to retain a relationship which is considered valuable. It is a willingness to make sacrifices in the short term in order to attain long-term benefits. In the research context a distinction is usually made according to whether commitment is attitude-based or behaviour-based. An attitude-based commitment relates to the way in which a party to a relationship views a relationship or this person's intention to commit himself or herself in a particular relationship, while the behaviour-based relationship is more concerned with what one actually does<sup>6</sup>. According to Meyer and Allen<sup>7</sup>, there are three bases of commitment: affective (AOC), normative (NOC), and continuance (COC) organizational commitment. The affective component is strongly linked to the concepts of common values, trust, benevolence and relationships. Affective commitment arises when the committed person has feelings for, identifies himself or herself with and feels psychologically bound to the person he or she has a relationship with. The calculative component is based on the committed person feeling more or less compelled to continue the relationship in question. From organizational point of view this kind of commitment is derived from the perceived costs of leaving the organization such as the loss of economic investments and difficulties in finding a new job. The normative component is concerned with the committed person feeling a more or less moral duty and

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<sup>3</sup> C.J.C. Jabbour, F.C.A. Santos, *Relationships between human resource dimensions and environmental management in companies: proposal of a model*, Journal of Cleaner Production, 2008, 16(1), 51-58; D.W.S. Renwick, T. Redman, S. Maguire, *Green human resource management: a review and research agenda*, International Journal of Management Reviews, 2013, 15(1), 1-14.

<sup>4</sup> E.S.W. Chan, A.H.Y. Hon, *An Empirical Study of Environmental Practices and Employee Ecological Behavior in the Hotel Industry*, Hospitality, Leisure, Sport, 2014.

<sup>5</sup> B. Shuk, K. Wollard, *Employee engagement and HRD: a seminal review of the foundations*, Human Resource Development Review, 2010, 9(1), 89-110.

<sup>6</sup> R.T. Mowday, L.W. Porter, R.M. Steers, *Employee-organization linkages: The psychology of commitment, absenteeism, and turnover*, Academic Press, New York 1982.

<sup>7</sup> J.P. Meyer, T.E. Becker, R. Van Dick, *Social identities and commitments at work: Toward an integrative model*, Journal of Organizational Behavior, 2006, 27, 665-683.

feeling a responsibility for the relationship to continue<sup>8</sup>. It is based on a perceived obligation to maintain membership in the organization, which is grounded in a sense of morality<sup>9</sup>. Organizational commitment is a psychological state that binds an employee to an organization. While referring to environmental orientation, one should think whether such approach influences employee commitment. Some studies have been conducted regarding the relation of pro-ecological orientation and its relationship with the employees increase of identification and commitment to the organisation, organisational citizenship behaviours and meaningfulness of work<sup>10</sup>. Other studies refer that this orientation could also enhance firms' ability to attract and keep top talent<sup>11</sup>. The literature points out to a gap of theoretical consolidation on how and why environmental orientation impacts on employees. From the literature review a gap related to the relationship between employee commitment and different environmental orientation was identified. Taking into account the results of studies on job satisfaction and eco-orientation<sup>12</sup>, it appears that such a relationship is likely exist. Therefore, it was assumed that:

H1: Employee commitment presents statistically different levels when exposed to different environmental orientation.

Individual employees are instrumental in creating and realizing activities which focused on the environment<sup>13</sup>. Behavior of workers is determined by their attitude and also – by the organizational strategy, culture and relationship with the staff. Personal values explain the choice and taste, and they are extremely difficult to change. A healthy ethics system and moral code ensures grounded decision making and efficient operation of the company<sup>14</sup>. The higher they value the environment and the more extensive their environmental knowledge, the more likely they are to engage in environmental undertakings. Taking into consideration ecological knowledge Huang and Shih<sup>15</sup> find that the China Steel Corporation – which has applied environmental knowledge circulation process – improves its environmental and financial performance through environmental knowledge creation, environmental knowledge accumulation, environmental knowledge

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<sup>8</sup> J.P. Meyer, T.E. Becker, C. Vandenberghe, *Employee commitment and motivation: A conceptual analysis and integrative model*, Journal of Applied Psychology, 2004, 89, 991-1007.

<sup>9</sup> M.U. Taing, B.P. Granger, K.W. Groff, E.M. Jackson, R.E. Johnson, *The Multidimensional Nature of Continuance Commitment: Commitment Owing to Economic Exchanges Versus Lack of Employment Alternatives*, J. Bus. Psychol., 2011, 26, 269-284.

<sup>10</sup> R.V. Aguilera, D.E. Rupp, C.A. Williams, J. Ganapathi, *Putting the S back in corporate social responsibility: a multi level theory of social change in organizations*, Academy of Management Review, 2007, 32(3), 836-863.

<sup>11</sup> C.B. Bhattacharya, S. Sen, D. Korschun, *Using corporate social responsibility to win the war for talent*, MIT Sloan Review, 2008, 49(2), 37-44.

<sup>12</sup> A. Leszczyńska, *Wiedza i wartości ekologiczne a satysfakcja z pracy*, Marketing i rynek 2016, 3, 490-501.; J. Spanjol, W.Y.L. Tam, V. Tam, *Employer-employee congruence in environmental values: an exploration of effects on job satisfaction and creativity*, Journal of Business Ethics, 2015, 130 (1), 117-130.

<sup>13</sup> S.C. Bolton, R. Kim, K.D. O'Gorman, *Corporate social responsibility as a dynamic internal organizational process: A case study*, Journal of Business Ethics, 2011, 101(1), 61-74.

<sup>14</sup> S. Janis, *Employees' values orientation in the context of corporate social responsibility*, Baltic Journal of Management, 2008, 3(3), 346-358.

<sup>15</sup> P. Huang, L. Shih, *Effective environmental management through environmental knowledge management*, International Journal of Environmental Science and Technology, 2009, 6 (1), 35-50.

sharing, environmental knowledge utilization and environmental knowledge internalization. Moreover, Branzei<sup>16</sup> find that specialized environmental knowledge increases firms' environmental innovation. The authors suggest that specialized knowledge may be a critical component of environmental performance. It can be ventured that in the case of a pro-environmentally oriented enterprise, the higher the level of such orientation, the greater employee commitment, especially in terms of initiatives related to environmental protection. It was therefore assumed that:

H2: There is a relationship between employee environmental knowledge and their commitment.

H3: There is a relationship between the value employees assign to the environment and employee commitment.

### 3. METHOD

A questionnaire presented to employees of selected Polish enterprises served as the research tool. It featured questions concerning the types of knowledge, frequency with which it is broadened, personal values and work commitment. The Likert scale (1-5) was used. Environmental knowledge was taken as declared by the respondent. The value of the environment was evaluated based on the individual concern for the natural environment and care for its condition. Environmental orientation of firms was determined through the analysis of company reports. It was measured by specific pro-environmental activities taken by and within the organization. Orientation was therefore determined using factors, such as e.g. corporate environmental responsibility, the scope of activities promoting environmental protection, funds assigned for environmental protection. Consequently, studied companies were divided into two groups: firms with high or low environmental orientation. Work commitment was determined using its components: affective, normative and calculative commitment. Affective commitment is based on the emotional connection to the organization, an employee identifies him- or herself with problems of the company. Normative commitment was assessed through loyalty to the organization, responsibility towards colleagues, e.g. I believe that one needs to be always loyal to their organization. Continuance (calculative) commitment is related to benefits gained by an employee at the workplace, e.g. The company offers me so many benefits that for the moment I find it unnecessary to look for a new job. Demographics, such as sex, age, position were the control variables.

The research process entailed the following stages:

1. Defining the aim, research scope
2. Compilation of the questionnaire
3. Verification of the questionnaire with a group of 20 employees (working students), questionnaire improvement
4. Sample design
5. The study
6. Compilation of results, drawing the conclusions

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<sup>16</sup> O. Branzei, P.D. Jennings, I. Vertinsky, *A knowledge-based view of environmental performance in different cultural contexts: Canada, Japan, and China*, paper presented at the Academy of Management Conference, Organizations and the Natural Environment Division, Denver, CO, 9-14 August 2002.

The sample was composed of 433 respondents representing different enterprises, 55% of whom were women. The group was dominated by employees working as specialists (55%), executives (25%). Distribution of respondents by type of position is presented in Fig. 1. 25% of the respondents were under 30 years of age, 34% were aged 31-40 and 21% aged 41-50.

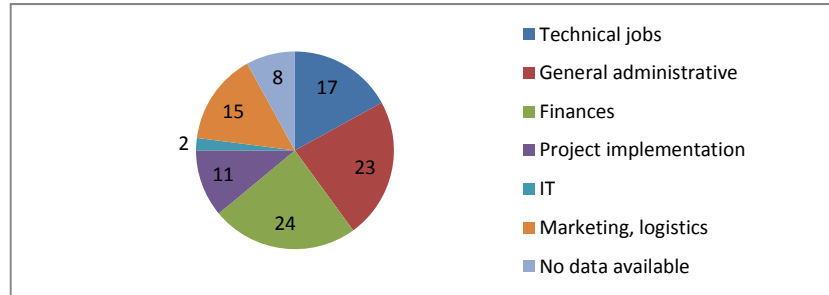


Fig. 1. Respondents by type of position

Source: own study.

#### 4. RESULTS

Mean values were compiled in Table 1. According to the results, the fact of having environmental knowledge and average employee commitment exceed the mean value. Respondents ascribed the highest value to the normative commitment (3.9), which indicates a high level of employee responsibility. They are committed to the organization because they find it to be their duty.

Table 1. Descriptive statistics

	Mean	Standard deviation
Environmental knowledge	3,14	1,14
COM_AFE	3,37	1,09
COM_CALC	2,92	1,27
COM_NORM	4,00	,97
COM average	3,46	,84

Source: own study

The level of environmental knowledge grows among older employees. Its significance was confirmed by 48% of respondents aged 51-60 and subsequent 68% of respondents aged 60+. The level of this knowledge is higher in male employees (41%). It is of the highest significance for managerial positions, which was confirmed by 45% of managers in the sample (54% of the respondents in technical positions, 39% in administrative positions). A significant position of the environment in the hierarchy of values was indicated by 27% of the respondents. The value ascribed to the environment is higher in men (72% of total responses in that group); in individuals working as managers, 87%. The

value ranked high among employees aged between 41 and 50 years (80%) and over 60 years old (100%). As far as commitment is concerned, it is age- and position-related (Tab. 2). The same is corroborated by earlier studies<sup>17</sup>. The relationship between sex and work commitment was found to be statistically insignificant. It should be concluded, that the average commitment level grows systematically across consecutive age groups, reaching its peak value in the group aged 50+. The level of this variable also grows in the case of managerial positions (50%).

Table 2. Results of Spearman's correlation analysis

		Commitment
Age	Correlation coefficient	,213**
	Significance (bilateral)	,000
Sex	Correlation coefficient	,048
	Significance (bilateral)	,110
Position	Correlation coefficient	,230**
	Significance (bilateral)	,000

\*\* Correlation is significant at the 0.01 level

Source: own study.

In the examined population, employee commitment was related to the fact of having environmental knowledge to an average degree  $r = 0.17$  (Tab. 3). The correlation occurs for affective commitment  $r = 0.15$  and normative commitment  $r = 0.21$ . A low degree relationship was found between knowledge and calculated commitment. This means that environmental knowledge provides no employment alternatives; it fails to generate any new job offers. On the other hand, it leads to higher employee identification in case of environmentally oriented organizations, which may result in the growth in affective commitment.

Table 3. Results of Pearson's correlation analysis environmental knowledge - commitment

		Environmental knowledge
Commitment	Correlation coefficient	,179**
	Significance (bilateral)	,000
COM_AFF	Correlation coefficient	,152**
	Significance (bilateral)	,00
COM_CALT	Correlation coefficient	,097**
	Significance (bilateral)	,001
COM_NORM	Correlation coefficient	,218**
	Significance (bilateral)	,000

\*\* Correlation is significant at the 0.01 level

Source: own study.

<sup>17</sup> M. Juchnowicz, *Zarządzanie przez zaangażowanie*, PWE, Warszawa 2010.



The conducted research confirmed the correlation between the value of the environment and employee commitment (tab. 4). It should be emphasized, however, that only 1/3 of the respondents ascribed significance to that value.

Table 4. Results of Pearson's correlation analysis ecological value - commitment

		Ecological value
Commitment	Correlation coefficient	,522**
	Significance (bilateral)	,000
COM_AFF	Correlation coefficient	,497**
	Significance (bilateral)	,00
COM_CALT	Correlation coefficient	,452**
	Significance (bilateral)	,001
COM_NORM	Correlation coefficient	,355*
	Significance (bilateral)	,013

\*\* Correlation is significant at the 0.01 level

\* Correlation is significant at the 0.05 level

Source: own study.

As seen above, there is a statistically significant correlation between the respective types of commitment and the value of the environment. Said value influences organizational decision making processes, course of action as well as time and resources devoted to the same, and consequently employee commitment. Thus, environmental values complement primary values necessary to ensure such commitment, i.e. justice, trust and respect. The greater the concurrence between employee and company values, the deeper the commitment. Therefore, further analysis pertained to companies with or without environmental orientation (Tab. 5-7). It showed similar mean results with respect to commitment in both groups. Obtained values do not differ significantly from each other. The general results show that, there is very little difference in employee commitment when facing different environmental orientation. This is not consistent with previous research that demonstrates the linkage between that orientation and HR practices and outputs<sup>18</sup>. The mean scores differences are quite small. Thus, although the differences are not significant it does not mean that orientation has no influence whatsoever in work commitment.

The t-Student test was performed in the respective groups, while the homogeneity of group variance was confirmed using Levene's test. The significance level indicates that the respective populations have equal variance. The t test was therefore completed for variance equality. The results indicated that hypothesis 0 ought to be rejected ( $p < 0.05$ ). Consequently, the environmentally oriented group varies from the group with no such orientation in terms of commitment.

<sup>18</sup> I. Buciuniene, R. Kazlauskaitė, *The linkage between HRM, CSR and performance outcomes*, *Baltic Journal of Management* 2012, 7(1), 5-24; J. Shen, *Developing the concept of socially responsible international human resource management*, *International Journal of Human Resource Management* 2011, 22(6), 1351-1363; J. Shen, C.J. Zhu, *Effects of socially responsible human resource management on employee organizational commitment*, *International Journal of Human Resource Management* 2011, 22(15), 3020-3035.

Table 5. Mean commitment relative to orientation

	Environmental orientation		No environmental orientation	
	Mean	Standard deviation	Mean	Standard deviation
Commitment	3,34	0,65	3,99	0,80

Source: own study.

Table 6. T test on independent samples

	Levene's homogeneity of variance		T test on mean values					
	F	Significance	T	Significance (bilateral)	Mean difference	Standard error of difference	95% confidence interval for mead difference	
							Lower	Upper
Equal variance assumed	1,353	,251	2,671	,010	,65126	,24380	,160	1,142
No equal variance assumed			2,920	,007	,65126	,22301	,195	1,106

Source: own study.

Further studies included an analysis of correlation for the variables of environmental knowledge, environmental value and work commitment in the populations of companies with and without pro-environmental orientation.

Table 7. Pearson correlation coefficient relative to respective populations

	Environmental orientation	No environmental orientation
Commitment - knowledge	,059 (.383)	,246**(.000)
Commitment - COM_AFF	,116 (.083)	,18** (.000)
Commitment - COM_CALT	,06 (.343)	,155** (.000)
Commitment - COM_NORM	,139* (.03)	,234* (.00)
Commitment – values	a	,113**(.009)
Values - COM_AFF	a	,043**(.000)
Values - COM_CALT	a	,077*(.015)
Values - COM_NORM	a	,023* (.061)

\*\* Correlation is significant at the 0.01 level

a – due to the low number of indications of environmental significance in this group, the correlation could not be calculated

Source: own study.

The analysis revealed the statistical insignificance of the correlation between commitment and environmental knowledge in non-environmentally oriented companies,

with the only exception of normative commitment. Employees tend to perceive the obtainment of such knowledge as a form of obligation or duty. No correlation in terms of the value of the environment was observed given the low number of respondents identifying said value as significant in this group. Conversely, in the group of environmentally oriented companies, a statistically significant relationship was identified between environmental knowledge and values on the one hand and employee commitment on the other. Therefore, it can be concluded that pro-environmental orientation serves the role of moderator. It determines the conditions, under which the analyzed correlation may occur by conditionally differentiating the relationships between variables in the studied groups.

## 5. SUMMARY

The level of employee commitment is rightly regarded as an indicator of operational efficiency. It is the key driver of organizational efficiency and workforce performance.

Considering the fact that values influence assessment of employee expectations, they may be regarded as the source of commitment. Personal values influence the process of making decisions in the organization and selection of activities in which employees invest their time and energy<sup>19</sup>, therefore they affect the level of commitment and employee performance (effective commitment). However, in order for them to activate commitment, it is important for employee personal values and organizational values to converge. Building of an organization based on values shared by the employees strengthens affective commitment, and is likely to trigger the effective commitment as well<sup>20</sup>. In light of the obtained results, one should take note of the high incidence of individual respondent indications of environmental value in pro-environmentally oriented companies. The conducted studies partially corroborated the correlation between environmental value and work commitment, as stipulated in hypothesis 3.

Supporting the development of employee knowledge (e.g. by offering trainings) and its use also constitute determinants of the level of work commitment. If the organization fails to use employee knowledge, this leads to decreased job satisfaction and professional fulfillment, and consequently to decreased employee commitment. During the research, hypothesis 2 that assumed existence of a relationship between environmental knowledge and commitment was partly positively verified. Said relationship proved statistically significant in the entire population, as well as in the group of environmentally oriented firms. In particular, the relationship between knowledge and affective and normative commitment was confirmed. In line with the growth of environmental knowledge, employee identification with the organization and the feeling of duty in relation to the organization grows as well.

Environmental orientation of a company is not linked to commitment, which allows to reject hypothesis 1. Commitment level fails to significantly change as a result of adoption or failure to adopt this orientation. Also, it does not influence the correlation coefficients between the examined variables. This stems from the fact that employees are not offered

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<sup>19</sup> B.Z. Posner, *Another Look at the Impact of Personal and Organizational Values Congruency*, Journal of Business Ethics, 2010, 97.

<sup>20</sup> J. Stankiewicz, M. Moczulska, *Wartości jako czynnik warunkujący zaangażowanie pracowników w organizacjii (w świetle badań empirycznych)*, [http://zif.wzr.pl/pim/2013\\_4\\_1\\_26.pdf](http://zif.wzr.pl/pim/2013_4_1_26.pdf)

any benefits due to adoption of environmental orientation, therefore it does not translate into their level of commitment. To strengthen this level, it would be reasonable to relate more strongly the company's environmental orientation with the value ascribed to the environment by the employees, and with an incentive scheme. The conducted research confirmed that pro-environmental orientation serves the role of moderator relative to the analyzed variables. It is the decisive factor that determines the occurrence (or non-occurrence) of the correlation by influencing its strength. Our study contributes to management practice by providing evidence that the value of the environment and environmental knowledge are (to some extent) associated with workers' commitment. Managers can use these findings as an argument to support implementation of environmental orientation. On the other hand, it is possible to increase the commitment of employees who value the environment by emphasizing the pro-environmental orientation of the company and the implementation of various related initiatives.

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### WPLYW WIEDZY EKOLOGICZNEJ I WARTOŚCI ŚRODOWISKA NATURALNEGO NA ZAANGAŻOWANIE W PRACĘ

Publikowane uprzednio wyniki badań empirycznych wskazują, że wdrożenie strategii środowiskowej generuje korzyści dla organizacji tj. wzrost udziału w rynku, poprawa wizerunku, poprawa przyszłych wyników finansowych. Dotychczasowe publikacje koncentrują się jednak na finansowych efektach działań proekologicznych. W niewielkim zakresie prowadzone są natomiast badania ich wpływu na zachowania pracowników. Tymczasem wprowadzenie orientacji proekologicznej w przedsiębiorstwie wpływa na kulturę organizacyjną, a przez to na zasoby ludzkie. Z punktu widzenia badania zaangażowania pracowników identyfikacja czynników, które wywierają wpływ na jego poziom pozwala na wyciągnięcie wniosków dotyczących optymalnych działań w zakresie zarządzania zasobami ludzkimi w konkretnej organizacji. W artykule przedstawione zostały wyniki badania zależności pomiędzy orientacją ekologiczną przedsiębiorstwa, wiedzą ekologiczną pracowników, wartością środowiska naturalnego oraz zaangażowaniem pracowników. Próba badawcza objęła grupę 433 osób. Uzyskane wyniki uzupełniają dotychczasowe badania nad zaangażowaniem pracowników o nowe czynniki dotyczące zarządzania środowiskowego. Wyniki badań uzupełniają zatem dotychczasowe badania nad zaangażowaniem pracowników o nowe czynniki dotyczące zarządzania środowiskowego. Potwierdziły one znaczenie wiedzy ekologicznej pracowników oraz wartości środowiska naturalnego dla zaangażowania afektywnego i normatywnego. Negatywnie zweryfikowano natomiast te relacje w odniesieniu do zaangażowania kalkulacyjnego. Orientacja ekologiczna przedsiębiorstwa pełni rolę moderatora, decydując o wystąpieniu (bądź nie) zależności pomiędzy badanymi zmiennymi. Możliwe jest zwiększanie zaangażowania pracowników ceniących wartość środowiska naturalnego poprzez podkreślanie proekologicznej orientacji przedsiębiorstwa oraz realizację inicjatyw w tym obszarze.

**Słowa kluczowe:** zaangażowanie pracowników, wartość środowiska, wiedza ekologiczna.

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## **THE FEMALE CONSUMER, WHO SHE IS, WHO SHE WANTS TO BE AND WHO SHE CANNOT BE AS A CONSUMER**

This article demonstrates who a woman is as a consumer and how she strives to fulfill the requirements of the world of consumption. The world of consumption is a form of living according to the new moral imperative of a "fun reality." For the female consumer professional success is very important. The family becomes secondary because a family represents many forms of limitation and restriction and this is not seen as something good in the world consumption. A woman - consumer, always beautiful and well-dressed has no time for a deepened reflection over her life. She is buying her happiness – any purchase of a beautiful object should make her happy; the same as a man – consumer. In the world of consumption there is not much place for the reflection over important matters. The world of consumption is limited to things and material values, the emphasis is put on what is useful and beautiful. This is why a woman is being all the time under a pressure of being beautiful and young, she cannot be tired and she is not allowed to look badly, thus she loses too much then. To have a significance in the world of consumption a woman should be beautiful, i.e. slim and young. A woman in the world of consumption is defined by her body, not by her knowledge, abilities or skills. Subordination to the principles of the world of consumption makes a woman a beautifully wrapped object. A happiness in terms of the world of consumption can be achieved by a woman – consumer only temporarily, while with the time passing by and natural process of aging there would be fewer and fewer place for a woman – consumer in the world of consumption.

**Keywords:** woman, consumer society, beauty.

Who is the female consumer? Who does she want to be and who is it that she cannot be? This is the question that, in the context of the modern society of consumption, has a different answer than is normally formed in this type of society. A woman consumer is subject to the principles and rules of the world and society of consumption. The purpose of this text is to show who the woman is that has become a consumer. At the same time the answer to this question will show who the female consumer should not be if she wants to remain in compliance with the requirements of the world and society of consumption. A separate question is whether in becoming a consumer a woman is able to be happy? Happiness is recognized as one of the main values of the world of consumption. Is the woman consumer the woman who she would like to be? Does consuming provide long-lasting happiness for her? We can to begin with the hypothesis, that a woman as a consumer is happy in the world of consumption but for only a certain amount of time which, in comparison to her entire lifetime, is quite short. What's more, being a consumer

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can deprive a woman of being herself in the fullest possible sense. The woman consumer seems to be limited and subordinated to the demands of the world of consumption, which is not always good for her. To answer these questions and prove the above hypothesis first an overview of the world of consumption must be presented and then a description of the woman who is living in this world and is or becomes a consumer.

The world that surrounds the person living in modern Europe is one that is rich and full of diverse goods. The world of affluence and consumption is accessible to all who have sufficient financial resources. The most important thing in this world is consumption, and the level at which one consumes speaks to the value and social status of the individual. Because the value of the individual is determined by the level of consumption, that is, property, clothing, etc. it is hardly surprising that in the world and society of consumption what one has to show is what counts above all else. External things are preferred - everything should be on display. The old adage: "fine feathers make fine birds" is more and more significant in the world of consumption. Packaging, what you see on the outside, is important, even more important than what is unseen or intangible. Zygmunt Bauman simply says that in a world and in a society of consumption aesthetics appears in the place of ethics<sup>2</sup>, which means that aesthetic values play a major role. At the same time it should be noted that aesthetic values have always been prized, people like beautiful things, they like to surround themselves with them and derive pleasure from them. It seems that there is nothing wrong with that. The problem begins when aesthetic values prevail over ethical values and aesthetics displaces ethics. This means that rather than seek the broadly understood "good" a person strives for beauty instead. In other words, we can say very simply, something can be pretty and not necessarily good. This means the entire world has had a change in perception. Also, what it means to be a woman and how a woman should fulfill her role has changed as well.

One of the new values that has appeared in the esthetics of the world of consumption is entertainment, or a specialist who tells the consumer in what way to be entertained or whether the entertainment is suitable<sup>3</sup>. Spontaneous fun is not considered valuable because fun must be appropriate to the world of consumption. In accordance with the principles of the world of consumption, fun is based on pleasure<sup>4</sup>. The principle of pleasure, which has been known for centuries, is strongly associated with fun and has become one of the leading values in the world of consumption<sup>5</sup>. Fun must be had in accordance with a plan that has been prepared by a specialist, it might be very extravagant and exclusive, that is, expensive.

A characteristic of the world in which fun is an important value, is the emergence of an ethos of free time in place of the ethos of hard work for the common good. This free time is a time devoted to fun, which is very valuable and continues to become more valuable. Hard work is permitted only if it brings the financial resources to enable a person to have fun during their free time.

When it comes to work, according to the requirements of the world of consumption, it should be primarily interesting because interesting is a new value. Those who have

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<sup>2</sup> Z. Bauman, *Praca konsumpcjonizm i nowi ubodzy*, WAM, Kraków 2005, p. 67 i n.

<sup>3</sup> J.E. Combs, *Świat zabawy. Narodziny wieku ludycznego*, UW, Warszawa 2011, p. 76-77.

<sup>4</sup> Ibidem, p. 18.

<sup>5</sup> J. Baudrillard, *Spółczesność konsumpcyjna. Jego mity i struktury*, Sic! Warszawa 2006, p. 179.



reached the appropriate level of consumption can do this<sup>6</sup>. Virtue in the world of consumption is spending money not making it, because if a person has money they do not need to work and should have fun. Women have always been good at spending money! In the world of the consumption they are allowed to spend money and in this respect they can do it calmly and in the same way men do. In the world of consumption this behavior is strongly supported and encouraged - in this way the fundamental value of the world of consumption is realized: spend with all your might.

Who is a woman in the world of consumption? She is certainly a consumer. It seems to be that a female consumer is different from a male consumer.

First, a woman - as a consumer, is to pursue the fundamental task that the world of consumption poses to a person, that is, to consume, and preferably by not thinking too much about it because any reflection may endanger carefree consumption. In the course of reflection one may ask whether a purchase makes sense or if an object is needed, etc.

Second, a woman who wants to meet the requirements of the world of consumption must be pretty. What counts above all else is that which is external and the female consumer fulfills this requirement. What it means to be beautiful is also precisely defined. The canon of beauty in the world of consumption is not nice to the woman who has been given a full figure. A symbol of beauty in the world of consumption is the Barbie doll. She is very thin, with extremely long legs, a narrow waist and large breasts. According to this canon of beauty a woman is beautiful if she is slim (not too skinny), young or at least looks young, free (that is, without obligations), happy and has a career. A beautiful woman is one who works, she is definitely not a housewife or mother. Female beauty seems to be related to occupational activity.

In the world of consumption appearance is very important. Joel Bakan highlights this when he writes:

- (...) the value of the person is evaluated solely on the basis of her sexual allure or behavior, without other characteristics;
- the obligatory standard for the physical attractiveness of a person (narrowly defined) is equal to being sexy;
- a person is objectified from the sexual point of view - this is done for the benefit of serving someone else's sexual desires and is not seen as a person capable of independent action and decision-making;
- sexuality is imposed in an inappropriate manner (this applies especially to children)<sup>7</sup>.

In the world of consumption, according to the above citation, one must look good, that is thin, young and healthy<sup>8</sup>. A beautiful woman is sexy and if she isn't sexy she's not beautiful.

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<sup>6</sup> D. Grabowski, *Miejsce pracy w kulturze konsumpcji. Etos pasjonującej i interesującej pracy jako forma jej konsumpcji*, [in:] M. Górnik-Durose, A.M. Zawadzka, „W supermarkecie szczęścia. O różnorodności zachowań konsumenckich w kontekście jakości życia”, Difin, Warszawa 2012, p. 56-77.

<sup>7</sup> J. Bakan, *Dzieciństwo w obłączeniu. Łatwy cel dla wielkiego biznesu*, Muza, Warszawa 2013, p. 73, cf. J. Mysona Byrska, *Dobry konsument – zły obywatel*, [in:] ed. D. Probuca, „Etyka i dobro”, UP, Kraków 2015, p. 213-221.

<sup>8</sup> J. Baudrillard, *Spółczesność konsumpcyjna. Jego mity i struktury*, op. cit., p. 189-191.

Who is the pretty, thin, forever young female consumer? She may be a fashionable trophy wife who is next to an equally attractive man - the female consumer provides beauty to his high status and does not speak, because she only has to look a certain way. It is not received well when the trophy wife speaks up, it is not her job to speak her opinion, she should admire her wonderful man, next to whom she gets to stand and be pretty.

A woman in the world of consumption can also be a wonderful businesswoman who looks stunning and has a wonderful career thanks to her highly specialized skills.

According to Lesława Hostyńskiego a woman, and especially her femininity, manifests itself in contemporary culture in several forms. A woman is seen according to these forms: sexpot, anorexic, bodybuilder, cyber-girl, feminist, businesswomen, femme fatale, artist and, finally, patroness of the hearth. In the world of consumption, only the first four count<sup>9</sup>. A sexpot is a woman who is waiting for her macho man. While waiting she takes care of herself by spending time in luxurious spas, at the beautician, hairdresser, etc. The anorexic strives for perfection and wants to look like a fashion icon, like Angelina Jolie for example. She never feels slim enough and this is the most important thing for her. She is always on some kind of fashionable diet and is eager to visit the organic store. She does not have to actually suffer from anorexia it is sufficient that she is extremely sensitive about her weight and lean appearance. The bodybuilder is as strong as a man in everything she does and wants equality in every respect. At the same time she is dreaming about a strong man who will be able to meet her expectations and is as great as she is.

All of the examples given by Hostyński have one thing in common. A woman in the world of consumption is defined by her body and not her soul<sup>10</sup> and, therefore, must strive with all her might to take care of her body. This body, specifically its appearance, decides who the woman is as a consumer. Therefore, she will spend a lot of time on her body.

The essence of femininity, that is the ability to be a mother, is problematic in the world of consumption because pregnancy "spoils the body." A pregnant woman gets fatter and for a female consumer this can be a problem. The woman who becomes a mother, finds out from the mass media, as well as her colleagues, that she should immediately get back to her former weight. Immediately, that is, the sooner the better, but it should not take longer than three months. There are always photos of celebrities just after childbirth who look even thinner than before. A female consumer is subject to the opinion of the media - the world is a world of consumption externality and the woman tries to meet that ideal. When she fails she is unhappy.

According to Hostyńskiego the quintessential female consumer is Ally McBeal, the heroine of the famous TV show. Ally has a career, is independent financially, slim and pretty all in line with the requirements of the world of consumption. As she says in one episode, she doesn't need a man she wants one. She does not need a man because she is an independent, post-feminist woman - the epitome of the female consumer. However, she is single, not because she wants to be, she doesn't consciously choose to be single. She meets the requirements of the world of consumption perfectly. But she has not found the right man who will stay with her permanently. She has many partners who prove to be no match for her. And this is not a feminist choice<sup>11</sup>. Ally is the victim of her own success as

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<sup>9</sup> L. Hostyński, *Karnawał czy post? O moralnych zagrożeniach w świecie konsumpcji*, PWN, Warszawa 2015, p. 246.

<sup>10</sup> Ibidem, p. 246.

<sup>11</sup> Ibidem, p. 245.

a woman, as an ideal consumer, before which men flee, despite the fact that she is what every woman dreams of becoming, because she is too perfect in the world of consumption.

The woman consumer is confident, liberated, independent, and determined. She is also self-centered and thus is able to achieve success. It seems that to present a masculine attitude and complement it with feminine beauty can be used as a tool for success. A beautiful appearance gives one confidence - or so preaches the media.

The woman consumer consumes. She should, after all, do nothing else - this is the basic task of every consumer and therefore it is also hers. The integral element of identity is the body and the body determines who the woman is as a consumer. Hostyński believes that the woman lives in a world of a new moral imperative. It is the imperative of a "fun morality" - used to frame the possibilities of free time<sup>12</sup>. Living under the pressure of such an imperative seems to be very easy - one should play and who doesn't like that? In actual practice a life that requires constant fun, looking great and smiling all the time turns out to be tiresome. Ordinary lying on the hammock with my aunt in the garden does not meet the basic requirement of uniqueness - and this should be the entire life of the female consumer.

The female consumer, like Ally McBeal, is looking for a partner. Selecting the right partner in the world of consumption is also subject to certain rules. First of all, remember that this is also a consumer choice and should be safe. Risks and changes in the world of consumption are undesirable. According to Zygmunt Bauman, the other person is also a commodity, an object for selection, like everything else. He or she is designed to raise the status of the person choosing him or her. What matters is the external, the other person is fully objectified and commodified<sup>13</sup>. Finances determine the relationship between two people in the world of consumption - both sides in the relation are to reap certain benefits by being together so that their status in society increases. Selecting the right partner should not be risky, it is a choice like a purchase and if the product does not meet the requirements it can be returned; or if it's broken, discarded<sup>14</sup>. The subjective treatment in this world is not typical and does not fit with existing rules.

For this reason, there are more and more heterosexual relationships, which strongly differ from what was formerly the typical marriage but meet the requirements of the world and society of consumption. The first of this type is a new type of relationship referred to as "dinks" - double income no kids<sup>15</sup>. This is a married couple with no children where both partners are developing careers and a child is seen as a limitation to both spouses. It should be emphasized very strongly that the childlessness is due to a conscious decision and not because of problems with procreation. Childless marriages are not necessarily to be immediately considered as "dinks" it depends on how they perceive having children. The second relationship characteristic of the world of consumption is called LAT - living apart together - spouses live separately but they are married. They have two separate

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<sup>12</sup> Ibidem, p. 234.

<sup>13</sup> Z. Bauman, *Konsumowanie życia*, UJ, Kraków 2009, p. 22.

<sup>14</sup> Ibidem, p. 20-21.

<sup>15</sup> E. Markowska-Gos, *Konsumeryzm a symptomy dezorganizacji rodziny współczesnej. Wybrane aspekty*, [in:] ed. M. Dziura, E. Wolanin-Jarosz, „Homo consumens”, KUL, Lublin 2014, p. 108.

homes and thus remain independent, but at the same time they are connected with each other. In this type of marriage neither one is limited, at least that is the goal<sup>16</sup>.

Undoubtedly, for a female consumer children are a problem. It is a natural desire to have children. But the child for a female consumer constitutes a threat to her consumer status. It is not only that pregnancy spoils the body in many cases the appearance of a child in the world results in troubles at work or loss of work. A child may pose the threat of poverty for a woman, and not only to the female consumer, if there are no suitable legal protections<sup>17</sup>. According to statistical surveys in Poland, the cost of maintaining a child is about 1000 zloty a month<sup>18</sup>. What is more interesting is that for a man a child does not create the threat of poverty.

The female consumer does not want to become a mother. This has a variety of causes most of which are generated by the characteristics of the world of consumption. Just like Ally McBeal, the woman consumer cannot find a partner who matches her high social status, is a partner / husband who can provide the stability necessary to be able to decide on a child. It is not only financial stability but also life and the broadly understood certainty of tomorrow.

Another anxiety the female consumer faces is the problem of finances. Children cost money and a pregnant woman no longer meets the basic requirements of beauty. She also isn't able to implement the aforementioned imperative of the "fun reality." In thinking about the future it becomes more and more difficult for her to play and certain types of fun are not allowed. For the woman consumer the conception of a child means limitations.

Another problem is the attitude of world of the consumption toward mothers and toward young mothers in particular. It is quite surprising, however, that the value of women as mothers seems to have fallen in the eyes of society, a woman who works has greater value. Professor Zbigniew Mikołajko wrote about what he terms "pram-mothers," described as a young mother with a small child who spends her time in front of the apartment block shouting and smoking cigarettes. For the "pram- mother," the child is her excuse for having a job and doing nothing. She has no better idea for what to do with her life in mind and so, as a result of her desire to escape from the necessity of work and the normal development of a young woman, she decides to have a child. She uses the child as an excuse to demand specific rights<sup>19</sup>. What Mikołajko describes, of course, is only a marginal phenomenon present among young mothers, but the text has some social concerns. The mother of a small child may demand special treatment. Every privilege for one person means restrictions for someone else, and the consumer does not like restrictions. Mikołajko<sup>20</sup> writes that anxiety about their ranking in the circle of "pram-mothers" is described as a "warlike, wild and expansive segment of Polish motherhood." It also has an impact on the female consumer's desire to have children since, without a child she is independent, admired, respected and free.

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<sup>16</sup> E. Markowska-Gos, *Konsumeryzm a symptomy dezorganizacji rodziny współczesnej. Wybrane aspekty*, op. cit., p. 108.

<sup>17</sup> Ibidem.

<sup>18</sup> Ibidem, p. 110.

<sup>19</sup> Z. Mikołajko, *Wózkowe - najgorszy gatunek matki*, [in:]: „Wysokie obcasy. Gazeta Wyborcza”, 05.09.2012, [http://www.wysokieobcasy.pl/wysokie-obcasy/1,96856,12429251,Wozkowe\\_\\_\\_najgorszy\\_gatunek\\_matki.html?disableRedirects=true](http://www.wysokieobcasy.pl/wysokie-obcasy/1,96856,12429251,Wozkowe___najgorszy_gatunek_matki.html?disableRedirects=true) (accessed: 04.012.2015).

<sup>20</sup> Ibidem.

According to Bauman the next concern is job loss, which threatens, each worker who is not a "non-resistance"<sup>21</sup> employee. That is, an employee without obligations, who is completely at the disposal of the company and has no expectations about company loyalty or long lasting stable employment. For an employer, a woman who has a child or plans to have one is not and never will be this type of employee. The employee is the one who is responsible for the quality of her work and her behavior. However no one can guarantee that the child will be healthy, which means that the mother may not be available to work.

Finally, in the era of gender another concern appears. It is a fear backed by messages from the media, a fear, which can be put into the following words: "Is this really a grown man? Or is this really a big baby who is looking to be cared for by a wife / partner?" This is the female consumer's question. She is a liberated, independent, beautiful woman, who is looking for a responsible partner, who meets his as well as her expectations. In the world of consumption the family is also changing radically due to the changes of the female consumer. The family has become as Ewa Markowska - Gos writes, "a contractual relationship of an emotional nature"<sup>22</sup>. The marriage contract is consistent with the requirements of consumerism - all consumer choices are to be safe and bear as little risk as possible. Marriage is seen as a contract between two people that is preceded by a prenuptial agreement, which is there to protect the interests of both parties in the event of a possible divorce. As a result of the prenuptial agreement both sides feel safe financially. Also buying two small apartments rather than one big one is becoming popular. The apartments have separate land and mortgage registers and in case of divorce can easily be divided and the wall, which was originally knocked down, can be rebuilt to separate them. As a result of this, credit is no longer limiting or a reason to prevent divorce. Formally, every apartment has a separate existence and its own credit.

In the world of the consumption there has been a change in the perception of divorce and women are the ones effecting this change. Not so long ago divorce was considered as a final exit, the defeat of life plans. Divorced woman aroused negative feelings and at best pity. Currently, they serve as statistical studies. Women understand divorce as the right to a dignified life, a more interesting studies show that 75% of women who get divorced are about 24 years old<sup>23</sup>. There is also a growing number of applications in Poland for the annulment of sacramental marriages. Female consumers who do not want to sacrifice at any cost increasingly appreciate freedom and lack of restriction.

If a woman decides to become a wife and mother she must reckon with the fact that her possibilities and freedom to consume and the type play that goes with it will change. As Thorstein Veblen noted, through consumerism woman are able to reach a higher social status, other women are jealous of her; do not give her a family and children as these will only hold her down<sup>24</sup>. Maybe we are dealing with the woman who belongs to the consumer aristocracy, who has enough financial resources that nothing will be a limit for her. The above-described concerns are characteristic of the normal, average consumer, often living on credit, in order to maintain the appropriate status. Of course, we must omit

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<sup>21</sup> Z. Bauman, *Konsumowanie życia*, op. cit., p. 15.

<sup>22</sup> E. Markowska-Gos, *Konsumeryzm a symptomy dezorganizacji rodziny współczesnej. Wybrane aspekty*, op. cit., s. 111-113.

<sup>23</sup> *Ibidem*, p.114.

<sup>24</sup> T. Veblen, *Teoria klasy próżniaczej*, Literackie Muza, Warszawa 1998, p. 68-69.

all the values that are implemented in family life. In the world of consumption tangible, measurable and external values come first<sup>25</sup>.

As regards the family, an additional problem for female consumers is that the external perception of the family determines her social status. The children must go to the right school and all members of the household as well as the house should look good<sup>26</sup>. She, as the woman is responsible for this.

Also daily newspapers and in media targeted at the female consumer provide information and recommendations as to how she should look, what she should do and eat, as well as how she should spend her time if she is to be fashionable, that is pretty, slim and happy. There isn't any information about what her intellectual development should look like. Most women's magazines promote the ideal woman from the perspective of her body - to be slim, young and well groomed<sup>27</sup>. As to the intellectual development of the woman no one, or almost no one, cares. *Nihil novi sub sole* in the world of consumption, is a basic requirement for women consumers. But an analysis of women's media shows that "the potential reader gets (...) a kind of recipe - knows what is fashionable, where to buy and how much she will have to pay"<sup>28</sup>. In other words, a reader gets exact instructions on how to behave when making her consumer choices, which is dominated by attention to being thin and looking young as the main values<sup>29</sup>. Taking care to ensure a slim silhouette has moved so far, that the fashionable (slim and beautiful) consumer is able to bake two dishes for dinner in one oven - "something light for her, something satisfying for him" - as seen in an advertisement for the duel cook oven by Samsung. Thus she won't get fat, and he won't go hungry. Moreover, it doesn't matter that she doesn't have time to cook the oven is so great that she cannot resist it...

The woman as a consumer (which is the same for a male consumer) is controlled by advertising, which suggests what is worth purchasing and what should be purchased<sup>30</sup>, in order to remain in compliance with the requirements of the world of consumption. For the holidays it is necessary to buy as many gifts as possible, for a vacation, sunscreen, sunglasses, etc., etc.

What women's magazines promote as most important is that a woman should be beautiful. Cosmetics require constant change from season to season as this gives a woman a new beautiful look and the products receive a pseudo-scientific name in order to sell better. The female consumer is created - she is one who is supposed to care about her appearance, to wear the appropriate clothing and accessories - fashionable shoes, bags and jewelry, to use cosmetic innovations and diverse methods of the dieting, because she is certainly too fat<sup>31</sup>. Jean Baudrillard shows that the body becomes subject to repressive

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<sup>25</sup> Odnosnie wartości świata konsumpcji zob. J. Mysona Byrska, *Nove hodnoty v magickom svete konzumpcie*, [in:] ed. I. Mihalikova, „Fyzika a etika VIII. Veda ako kulturny fenomen”, UKF, Nitra 2013, p. 283-291.

<sup>26</sup> E. Markowska-Gos, *Konsumeryzm a symptomy dezorganizacji rodziny współczesnej. Wybrane aspekty*, op. cit., p. 100.

<sup>27</sup> S. Królikowska, *Kreowanie postaw konsumpcyjnych przez prasę kobiecą*, [in:] ed. Marian Golka, „W cywilizacji konsumpcji”, UAM, Poznań 2004, p. 146.

<sup>28</sup> S. Królikowska, *Kreowanie postaw konsumpcyjnych przez prasę kobiecą*, op. cit., p. 146.

<sup>29</sup> Ibidem, p. 147.

<sup>30</sup> Ibidem, p. 152.

<sup>31</sup> Ibidem, p. 154-155.

preoccupation - it must be slim and only as a result of that, is it beautiful<sup>32</sup>. When reading articles about women it is possible to get the impression that the woman who looks like she should does not exist. There is always something to fix even if, as a last resort, it is just to do her making up quickly.

Women's magazines and media present the successful woman as having a professional career and financial success; the role of women as wives, mothers, and housewives seems to be secondary. This is entirely consistent with the principles of the world of consumption. Success in a woman's life is defined primarily as material and professional success. Family roles are only complementary to the image of the woman, who is primarily an active professional. For Baudrillard work at home and dealing with children are not within the "magic white numbers", which prevails in the world of consumption. The "magic white numbers" mean that everything should be profitable, sellable and countable by financial means<sup>33</sup>. The woman should in a magical way, and shortly after returning from work, cook up a wonderful two-course dinner plus desert.

The guaranteed formula for success at work is: young, slim, and beautiful with fashionable clothes and makeup. Women should also eat appropriately, that is according to the prevailing fashion. This also ensures her success because a woman by eating what she is supposed to (and not eating what she isn't supposed to) is showing her modernity and usefulness in the labor market<sup>34</sup>.

In order to achieve success the woman is supposed to concentrate on her body! Baudrillard argues that the contemporary body has become an object of worship, tactic and social ritual - beauty and eroticism are the guiding themes<sup>35</sup>. The beauty of a woman is becoming a religious order, a fundamental value, "a sign of being chosen"<sup>36</sup>. Beauty in the world of consumption is a form of capital, and therefore an unconditional imperative<sup>37</sup>. It depends upon taking care of one's body unconditionally and with all one's power.

What occurs is a mandate to have as many things as possible, the more the better: a woman should have a lot of cosmetics, because proving she is a better employee, the more they are used the better she is. It is clearly understood that more adds to the quality<sup>38</sup> of beauty. Everybody knows more doesn't necessarily mean quality, but the world of consumption adores excess, so for it more, despite everything, is better.

A happy female consumer is a woman who is free, independent, not tied to the kitchen, clean windows or crying children. She is beautiful and sexually liberated. She is a woman of success. She is looking for a partner to help her build a home and will also help in caring for the children and doing the household chores. And this, for the male consumer, may be too difficult because by definition it limits his consumption.

The woman as consumer seems to be a kind of empty shell - only the packaging counts and it is always outdated. Who will the woman consumer be in a few years? Probably because of "packaging" external change is not esteemed by anyone. Of course

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<sup>32</sup> J. Baudrillard, *Spółeczeństwo konsumpcyjne. Jego mity i struktury*, op. cit., p. 189-190.

<sup>33</sup> Ibidem, p. 33.

<sup>34</sup> S. Królikowska, *Kreowanie postaw konsumpcyjnych przez prasę kobiecą*, op. cit., p. 157-158.

<sup>35</sup> J. Baudrillard, *Spółeczeństwo konsumpcyjne. Jego mity i struktury*, op. cit., p. 174.

<sup>36</sup> Ibidem, p. 175.

<sup>37</sup> Ibidem.

<sup>38</sup> S. Królikowska, *Kreowanie postaw konsumpcyjnych przez prasę kobiecą*, op. cit., p. 159, J. Baudrillard, *Spółeczeństwo konsumpcyjne. Jego mity i struktury*, op. cit., p. 9-10.

there are exceptions. This has nothing to do with discrimination against women, male consumers have a very similar process and the external is becoming more and more important for them as well. However, it is only men who become increasingly attractive with age that is not a possibility for women in the world of consumption.

A woman - apparently liberated, elegant and reaching for success, in fact, is subordinated to the rules of the world of consumption, which are kind to her as long as she is able to remain young and beautiful. She would like to always be beautiful, eternally young and unique. She would like to be a successful woman. But in most cases she is unremarkable, normal, average, and the colorful world of consumption constantly shows her that she should step up her efforts in the pursuit of external perfection. A woman is not able to reach the consumer ideal of the sexy women, because it remains constantly at her fingertips, just out of reach for the moment. It is temporary, extremely fleeting, and in a season the ideal has changed.

Compliance to the rules of the world of consumption makes a woman flat figured and limited in how she looks, fashionably dressed with a studied smile on her face. Is the female consumer happy, or can she achieve real success in the world of consumption? It seems that she can under the condition that she is good enough on the outside. But it is a momentary success that is fragile. Just like everything in the world of consumption it is transient.

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### **KOBIETA – KONSUMENTKA. KIM JEST, KIM CHCE BYĆ I KIM NIE MOŻE BYĆ KONSUMENTKA**

W artykule omawiam kim jest kobieta jako konsumentka oraz jakie wymagania stawia przed kobietą świat konsumpcji. Świat konsumpcji wymaga od jednostek realizacji nowego imperatywu moralnego zwanego “fun reality” (rzeczywistość zabawy). Dla kobiety konsumentki bardzo ważny jest zawodowy sukces, rodzina staje się czymś drugorzędnym, ponieważ oznacza konieczność ograniczania własnej konsumpcji, co nie jest dobrze widziane w świecie konsumpcji. Kobieta konsumentka powinna być wiecznie piękna, młoda i osiągać sukces na polu zawodowym. Kobieta konsumentka zawsze piękna i odpowiednio ubrana nie ma czasu na refleksję nad swoim życiem. Poczucie szczęścia kupuje – każdy zakup pięknego przedmiotu powinien czynić ją szczęśliwą; podobnie zresztą jak mężczyznę – konsumenta. W świecie konsumpcji nie ma zbyt dużo miejsca na refleksję nad sprawami ważnymi. Świat konsumpcji ogranicza się do rzeczy i wartości materialnych, nacisk kładziony jest na to co użyteczne i piękne. Dlatego kobieta stale jest pod presją bycia piękną i młodą, nie może być zmęczona i nie wolno jej źle wyglądać, ponieważ bardzo dużo wówczas traci. Aby mieć znaczenie w świecie konsumpcji kobieta powinna być piękna, czyli szczupła i młoda. Kobietę w świecie konsumpcji określa ciało, a nie wiedza, umiejętności i kompetencje. Podporządkowanie zasadom świata konsumpcji czyni z kobiety ładnie opakowany przedmiot. Szczęście na miarę świata konsumpcji kobieta konsumentka osiąga jedynie chwilowo, wraz z upływem czasu i naturalnymi procesami starzenia się będzie dla kobiety – konsumentki w świecie konsumpcji coraz mniej miejsca.

**Słowa kluczowe:** kobieta, społeczeństwo konsumpcyjne, piękno.

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## **AN IMPLEMENTATION OF THE HACCP SYSTEM IN MILITARY UNITS IN 2004**

Hazard analysis and Critical Control Points (HACCP) was originally developed in the early days of the American space program of manned flights in order to ensure the microbiological safety of food for astronauts. The system was developed (in the 60s) by the Pillsbury Company cooperating with NASA and the US Army Research Laboratory in Matic. Then the Pillsbury company applied HACCP to their food products and introduced the system for the food industry. Polish striving for integration with the European Union requires a lot of adjustment measures, including the dissemination of the principles of GMP (Good Manufacturing Practice in Food) and the implementation of HACCP in food processing. Food safety system applies to the entities producing, storing and distributing food<sup>2</sup>. The obligation was introduced by the Act of May 11, 2001 on health conditions of food and nutrition (Journal of Laws No. 63, item 634) and the Act of 30 October 2003 amending the Act on health conditions of food and nutrition, and some other acts. All entrepreneurs who deal with food production are obliged to implement the conditions.

Requirements for the smooth implementation of the HACCP system have been presented on an example of the 21st Brigade of Riflemen (21 BSP) military unit, which started the implementation of rules based on the "Framework for the preparation and implementation of the HACCP system in canteens and military bars" issued on 22 April 2004 by Land Forces Logistics. According to the above mentioned principles, the basic stages of the system in most military units was completed on 31 December 2005. Specialized external companies participated in the implementation process.

**Keywords:** food safety, HACCP system

### **1. INTRODUCTION**

Quality has been of interest since the year dot. Already during the major projects of ancient Egypt, the construction of temples, palaces and tombs, the level of quality of work performed by workers processing stones was checked. In modern times, works in small handicraft workshops were initially carried out under the supervision of an owner. An increase in the size of the workshop made a shift of control from the owner to the master. Such organization of control lasted until the outbreak of the First World War.

As the methods and forms of production developed, the master was not able to oversee planning, technical, organizational, personnel, training, financial and commercial, managerial and control operations. As a result, an inspector-checker authorized for a quality control - sorting good from defective products was employed. This phase, which developed in the interwar period, was called the inspection quality control.

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<sup>2</sup> Council Directive 93/43 / EEC of 14 June 1993 on the hygiene of foodstuffs.

It the food market more and more new food products appear. To be safe for the consumer, they need to comply with the conditions laid down by the food law. "Food law" means legal, administrative and executive regulations governing the general matter of food, and particularly its safety<sup>3</sup>. According to the Council Regulation (EC) No. 178/2002 the food law applies to "all stages of production, processing and distribution of food and feed produced or used to feed livestock" and it prevents the adulteration of food and consumers from being misled<sup>4</sup>. The term food law is understood as international standards, including the European Community law and the rules of national law of the Member States of the European Union, whose principal purpose is to ensure food security and comprehensive protection of the consumer. This law includes both normative acts of a general nature relating to each type of food, as well as those containing specific standards for the processing of animal products<sup>5</sup>.

In order to standardize the international food law and to facilitate the movement of goods between the countries of the Codex Alimentarius was has been developed. The Codex is a collection of international food standards and provisions designed primarily to protect consumer health<sup>6</sup>. It plays a significant role in the management of food quality worldwide. During its development any objections on the part of Member States, relevant international organizations and scientific circles were taken into account. It contains quality guidelines for the processed and semi- processed food. It contains a list of pesticides approved for use and maximum limits of their concentration for the respective types of food. It regulates issues related to food hygiene. It includes recommendations for microbiological contamination and chemical contaminants (including pesticides), the principles of food labeling, food additives, methods of analysis and sampling for analysis. The Codex Alimentarius is composed of three parts<sup>7</sup>:

1. Part A - Standards of a general nature and other indications and chapters (marking and declarations, pesticide residues and contaminants, food additives).
2. Part B - standards for food products grouped by type of raw material output (processed fruit, vegetables and edible mushrooms, sugar, processed meat, poultry products, bouillons and broths, fish and fishery products containing cocoa and chocolate, frozen fruit and vegetables, fruit juices, concentrated fruit juices and fruit nectars, edible fats and oils, milk products, cereals, pulses and derived products, vegetable protein, food for special dietary uses, including for infants and children, different standards for other products).
3. Part C - regional standards for the countries of Africa and Europe.

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<sup>3</sup> For more see: M. Taczanowski, *Prawo żywnościowe*, Warszawa 2016.

<sup>4</sup> B. Jackiewicz, *Poradnik opracowania zasad Dobrej Praktyki Produkcyjnej (GMP) i Dobrej Praktyki Higienicznej (GHP) z przykładowo wypełnioną dokumentacją*, Gdańsk 2013, pp. 6-8.

<sup>5</sup> M. Taczanowski, *Definicje legalne prawa żywnościowego - przyczyny tworzenia i formy*, *Żywność. Nauka. Technologia. Jakość*, 2015/6(103), pp. 7-19.

<sup>6</sup> I. Ozimek, K. Gutkowska, S. Żakowska-Biemans, *Postrzeżenie przez konsumentów zagrożeń związanych z żywnością*, *Żywność. Nauka. Technologia. Jakość*, 2005/4, pp. 100-111.

<sup>7</sup> M. Wiśniewska, *Kodeks Żywnościowy (Codex Alimentarius) - wytyczne dobrej praktyki higienicznej* (English-Polish version), Gdańsk 1997.

According to the definition of the Codex Alimentarius food hygiene “includes the resources needed for the production, processing, storage and distribution of food designed to ensure a safe, healthy and intact product suitable for human consumption”<sup>8</sup>.

## 2. REQUIREMENTS OF EFFICIENT INTRODUCTION AND PERFORMANCE OF HACCP

Food service of supply units was obliged to improve continuously the quality of prepared meals, with particular regard to their health safety through comprehensive involvement of all employees. Employees of food service of a military unit should be competent and responsible for the implementation of activities related to the acquisition and storage of food supply and food production. An implementation of the strategy of a continuous increase in the level of quality through the identification, evaluation and monitoring of potential threats ensured the safety of food products<sup>9</sup>.

All activities in the area of production, storage and distribution of finished products had to be carried out with regard to the principles of Good Manufacturing Practice (GMP) and Good Hygiene Practice (GHP)<sup>10</sup>.

Employees of the food section needed to know and apply a policy of food safety, therefore, only the persons performing tasks in a competent manner, with appropriate education, skills, experience and continuous training and skills were employed to work in the catering military units<sup>11</sup>.

Therefore, a caterer in the military unit had to declare compliance with the requirements of sanitary and quality requirements, according to Polish legislation, GMP/GHP rules and the Codex Alimentarius according to which the HACCP system operated on the basis of the following principles<sup>12</sup>:

- carrying out risk analyzes,
- determination of Critical Control Points (CCP)
- establishing critical limits for CCP,
- establishing procedures to monitor CCP,
- identifying corrective actions in the CCP,
- development of verification procedures system,
- maintenance of records and documentation procedures of the system.

The start of work was preceded by an audit of facilities conditions and an assessment of the degree of implementation of the GMP and GHP principles. The verification showed full readiness to start implementing measures of the HACCP system<sup>13</sup>:

- the condition of sanitary-hygienic facilities was good,

<sup>8</sup> <http://www.fao.org/fao-who-codexalimentarius/en/> (access on 14.12.2016).

<sup>9</sup> E. Nowakowski, *Wymagania sanitarno-higieniczne w zakładach żywienia zbiorowego*, Rynek Instalacyjny 10/2008 <http://www.rynekinstalacyjny.pl/artukul/id3257,wymagania-sanitarno-higieniczne-w-zakladach-zywienia-zbiorowego?p=2> (access on 12.12.2016).

<sup>10</sup> The Act of 11 May 2001 on health conditions of food and nutrition. (Journal of Laws No. 63 item 634) Act of 25 August 2006 on food safety and nutrition (Journal of Laws No. 171, item. 1225).

<sup>11</sup> Kitchen and canteen, food storage, food service office.

<sup>12</sup> *Zbiór wytycznych w zakresie wdrażania procedur opartych na zasadach HACCP oraz ułatwień we wdrażaniu zasad HACCP w niektórych przedsiębiorstwach sektora spożywczego*, Bruksela, 16 września 2005.

<sup>13</sup> [http://www.label.pl/po/wdrozenie\\_haccp.html](http://www.label.pl/po/wdrozenie_haccp.html) (access on 3.01.2017).

- there were known deviations from the sanitary recommendations and the activities related with their improvement were planned,
- staff of food facilities was trained and aware of the rules of conduct with the food,
- the instructions, signboards and forms records system was largely developed and partially implemented,
- the objects were equipped with basic metrology equipment,
- the teams for an implementation of the HACCP system were called,
- the range of responsibilities for team members was defined.

The organizational structure of the teams responsible for the implementation of the HACCP system in the supply unit:

- commander,
- health and safety inspector,
- chief accountant,
- head of logistics (in charge of HACCP),
- head of health services,
- head of material section,
- head of food service,
- head of kitchen and military canteen,
- cooks,
- senior warehouseman,
- assistant of the warehouseman.

The supply unit was under of command of the head of logistics in consultation with the head of the health service and they were responsible for the implementation of the HACCP system. The main tasks carried out by a person in charge included.

Commander/ Leader:

- verification and approval of the development directions of the health safety of consumers,
- establishment and implementation of HACCP policies,
- provision of the necessary resources for maintaining and developing the HACCP system,
- determination of the competence and responsibility for employees.

Head of Logistics:

- ensuring the compliance of HACCP system with the Codex Alimentarius (1997),
- supervising the work of the HACCP team,
- supervising the preparation of documentation,
- informing commanders about the effectiveness of the HACCP system,
- cooperation and organization of training courses on the HACCP system.

Service and kitchen staff and the warehouse:

- implementation of HACCP policy,
- the identification of training needs,
- the use of documents,
- the immediate withdrawal of obsolete documents,
- storage and disposal of records of the HACCP system,
- making records which allow a reference to a product, people, time steps.

Head of Health Service:

- identification of needs in reviewing and testing of medical personnel,
- storage and record-keeping of health personnel,
- constant supervision of the state sanitary-hygienic facilities of food with particular emphasis to the kitchen,
- permanent control of organoleptic prepared meals.

The detailed responsibilities for specific areas of action were included in the procedures, plans and instructions, and the responsibilities of individual employees of military units.

### **2.1. Supervision of staff work**

Nutrition of soldiers includes the preparation of meals according to a set decade menu in conditions that ensure their health safety. The HACCP<sup>14</sup> system which functioned in the kitchen and the canteen, and which was reflected by documents and forms filled in by the person responsible for the proper functioning of the object. helped maintain the health safety of prepared meals. Proceedings of staff has to be consistent with the assumptions of GMP/GHP and supporting documents. Each employee is responsible for monitoring and keeping records of the designated process or a production stage. The whole work and its documentation and archiving is supervised by the kitchen and canteen manger.

### **2.2. Supervision of the collection and storage of food products**

Collection and storage of food products is the basis for the preparation of meals. Safety and taste of meals depend on acquisition of semi-finished products from suppliers that meet a number of requirements set out in the specifications of the tender. The 21<sup>st</sup> Brigade of Riflemen acquired the foodstuff in two ways, by receiving their own transport from the 7th District Materials Base<sup>15</sup>, or transportation from providers indicated by the same base. Each delivery must be accepted, evaluated and stored in accordance with individual parameters and a product delivery evaluation sheet. Products that do not meet the requirements has to be described in the non-compliance protocol of delivery and rejected. The senior warehouse man is responsible for the proper acceptance of goods as well as storage, handling and archiving documentation.

### **2.3. Supervision of the preparation and serving meals**

Preparation and serving meals is done according to a set a menu and the current recipe. Critical points in the preparation of meals relevant to food safety should be identified and should be supervised by selected employees. All stages of products processing are conducted in accordance with the principles of Good Manufacturing Practice. Critical

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<sup>14</sup> *Ramowe zasady przygotowania i wdrażania systemu HACCP w stołówkach i kasynach wojskowych z 22 kwietnia 2004 r.* Logistyka Wojsk Lądowych, Warszawa 2004.

<sup>15</sup> 7. District Materials Hub - JW 4824 (2004-2011) appointed by the order of the Commander of the Silesian Military District No. PF-49 / Org. on 3 October 2002. Place of the command stationing – Stawy near Dęblin. The command implemented logistical tasks for military units in the area of responsibility. In connection with the reorganization of structures of logistics in the Armed Forces it was decided to deform of District Material (11) and form, in their place Regional Logistics Hubs (4). It was launched on 31 December 2011.

values of all the steps should be monitored and continuously recorded, and any deviation from the accepted standards immediately reported to the head.

#### **2.4. Industrial catering equipment**

All activities related to maintenance of equipment should be recorded, stored and used for subsequent maintenance. Equipment failures should also be recorded. Repairs and maintenance, which cannot be done on their own, are performed by the Regional Commissary Production and Service Plant. All records of renovation and repair must be placed in evidence and cards of the equipment maintenance.

Maintenance of refrigeration and catering facilities should be done on their own (cleaning, lubrication, painting the external body).

Employees are responsible for proper functioning of devices and they report immediately any malfunctions and failures to the manager, who oversees their operation and repair and is responsible for the repair.

#### **2.5. Hygienisation of kitchen and canteen**

Hygienisation of the kitchen, technological rooms and the canteen is the basis of health safety of prepared and consumed food. Cleaning, washing and disinfection carried out according to a fixed program schedule and the applicable instructions to ensure the supervision of the maintenance of the required work environment serve this purpose. All the elements constituting the hygienization of proper maintenance of the sanitary and hygienic conditions are implemented and documented in accordance with the principles of Good Hygienic Practice. Supervision over the proper sanitary-hygienic condition and its documenting is of responsibility of all employees depending on the scope of their duties.

#### **2.6. The location and the kitchen setting**

The kitchen should be located on the premises of a military unit outside the areas adversely affecting ongoing processes related to the preparation and serving of meals. The kitchen must have available sources of energy, water supply and the sewage system.

On the perimeter of the kitchen area there should be a concrete strip of about 1 m width free from any vegetation.

The waste landfill should be planned in the way that it will not affect the activity of the kitchen. Garbage containers should be properly protected by covers and regularly exported. Plastics and paper, post-production waste and packaging should be stored separately in containers which are collected by an external company according to the agreement.

Cleaning works should be done every day after breakfast by the team designated to handle the kitchen. An appropriate level of cleanliness around the object kitchen and the canteen should be maintained.

Surfaces of all areas around the kitchen area of the building should be paved and drained to minimize the possibility of puddles. Access roads must meet the conditions for the safe and collision-free movement of vehicles on the unloading ramp.

Unloading – loading surfaces should be adapted to the activities carried out and protected against the effects of adverse weather conditions.

The term of conducting activities related to the adoption of raw materials and disposal of waste should comply with the requirement of not crossing traffic routes in the external space of the kitchen.



### 3. CONCLUSIONS

Generally it can be said that the conditions to implement the HACCP system in the objects of public nutrition of military units, as a system of conduct aimed at identifying threats to the health quality of food and the risk of their occurrence at all stages of the food production and distribution, were met.

The HACCP system in the Polish Armed Forces was given due weight. The implementation of HACCP system required in many cases upgrading kitchen and storage facilities, and retrofitting of their equipment in compliance with its requirements. Renovations of soldiers' canteens, as well as the introduction of the use of the new equipment were executed successfully.

However, it should be noted that the implementation of the HACCP system is a continuous process that requires a constant investment in property and financial facilities to improve the quality and safety of food and nutrition.

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### **WDRAŻANIE SYSTEMU HACCP W JEDNOSTKACH WOJSKOWYCH W 2004 r.**

Analiza Zagrożeń i Krytycznych Punktów Kontroli (HACCP) został początkowo opracowany we wczesnym okresie amerykańskiego programu kosmicznych lotów załogowych w celu zapewnienia bezpieczeństwa mikrobiologicznego żywności dla astronautów. System został opracowany (w latach 60-tych) przez Pillsbury Company współpracującą z NASA i Laboratorium Badawczym armii USA w Natic. Następnie firma Pillsbury zastosowała HACCP do własnych produktów żywnościowych i wprowadził ten system do przemysłu spożywczego. Dążenie Polski do integracji z Unią Europejską wymaga wielu działań dostosowawczych, w tym również upowszechniania zasad GMP (Dobra Praktyka w Produkcji Żywności) i wdrażania systemu HACCP w przetwórstwie spożywczym. System bezpieczeństwa żywności dotyczy jednostek produkujących, magazynujących i dystrybuujących żywność<sup>16</sup>. Obowiązek został wprowadzonym przez przepisy ustawy z dnia 11 maja 2001 r. o warunkach zdrowotnych żywności i żywienia (Dz U. Nr 63 poz.634) a także ustawy z dnia 30 października 2003 r. o zmianie ustawy o warunkach zdrowotnych żywności i żywienia, oraz niektórych innych ustaw. Do wdrożenia są zobowiązani wszyscy przedsiębiorcy zajmujący się produkcją żywności i jej obrotem.

Wymogi sprawnego wdrożenia systemu HACCP zaprezentowano na przykładzie jednostek wojskowych 21. Brygady Strzelców Podhalańskich (21 BSP), które jego wdrażanie realizowały w oparciu o „Ramowe zasady przygotowania i wdrażania systemu HACCP w stołówkach i kasynach wojskowych” wydane 22 kwietnia 2004 r. przez Logistykę Wojsk Lądowych. Zgodnie z wyżej wymienionymi zasadami, podstawowe etapy wdrażania tego systemu, w większości jednostek wojskowych, zakończono z dniem 31 grudnia 2005 r. Przy wprowadzaniu przedmiotowego systemu w jednostkach wojskowych uczestniczyły wyspecjalizowane firmy zewnętrzne.

**Słowa kluczowe:** bezpieczeństwo żywności, system HACCP.

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<sup>16</sup> Dyrektywa Rady 93/43/EWG z dnia 14 czerwca 1993 r. w sprawie higieny środków spożywczych.

**Grzegorz OSTASZ<sup>1</sup>**

## **THE POLISH GOVERNMENT DELEGATION. THE MAIN PART OF THE POLISH UNDERGROUND STATE**

The text is an attempt to summarize the organizational achievements as well as various activities of the civil structure of the Polish Underground State from 1939-1945. Conspiracy governmental administration, which was exceptionally effective in the occupation, represented, apart from the underground armed forces of the Home Army, the strength and uniqueness of the Polish underground on the scale of the struggling Europe. The secret governmental administration (Delegation of Government to the Country) focused both on the central and the local level on propaganda, information, intelligence, education, self-help, civil protection, but also on the planning of post-war reforms and structural changes of a social and economic nature. This article discusses the process of forming a national government delegation at central level under the direction of successive plenipotentiaries of the government. The structure of the government's secret agenda has also been described, showing its departments and secreted units. Similarly, the area network, i.e. the regional (provincial) delegations have been presented. In addition, the issue of cooperation between the civilian conspiracy and the most important element of the war-ground state, namely the military conspiracy - the Home Army, was signaled. The text ends with reference to the "Storm" action of summer 1944 and the dissolution of the Polish military and civilian underground in the first half of 1945.

**Keywords:** The Polish Underground State, The Government of the Republic of Poland in Exile, The Government Delegation for the Republic of Poland, The Home Army.

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Poland was the first European state to stand up to Nazi Germany which attacked her together with Soviet Russia in September 1939. In accordance with agreements concluded between the aggressor powers in August 23 and September 28, Poland was divided into two occupied zones, along the so called Ribbentrop-Molotov line (which meant the 4<sup>th</sup> partition of Poland). Though the shock caused by the defeat was considerable, the entire Polish nation wanted to carry on the fight against the aggressors. The Polish resistance at first arose spontaneously under various names, all over the occupied country.

Both the Germans and the Soviets treated occupied Poland's cultural tradition with exceptional brutality. They tried to choke and paralyse its rich resources, destroy its nationally conscious and unyielding intelligentsia. 'Sonderaktion Krakau' on 6th November 1939 symbolised the infliction of German terror on the Polish academic world, but the Soviets also had their version of 'intelligenzaktion'. In response, a cultural self-defence emerged. Alongside the underground military and political resistance, a struggle for cultural legacy began.

The long tradition of struggles for independence was conducive to their creation. Polish military resistance coalesced round a secret organisation named 'Service for Victory'. During 1939-1940 civilian underground authorities were set up in Poland. In 1940 military and civilian authorities, together with the political parties cooperating with them, constituted the Polish Underground State. The Underground State is the Polish speciality of occupied Europe. The Polish Underground State which functioned under the German occupation in the Second World War was an unique phenomenon in the whole history of European resistance movements. During the Second World War the Polish Underground State was based on a collection of political and military organisations striving for independence. These were formed throughout Polish territories, then under German and Soviet occupation.

Already in the autumn of 1939 measures were taken to appoint an underground central administrative authority that would be a continuation of the pre-war state administration. The Statute of 'Service for Victory' in Poland referred to the necessity of creating 'a provisional national authority on home territory'. Likewise General Wladyslaw Sikorski's cabinet endeavoured to establish a governmental executive organ in occupied Poland. At the start of 1940 it was decided that a home territories civilian commissioner would be granted ministerial prerogatives and hold the position of the Government-in-Exile's delegate (plenipotentiary).

Expectancy of the imminent defeat of the occupying powers and a repetition of the Great War 1914-1918 scenario hastened the construction of a government administration ready to take over control of a liberated and 'unclaimed Polish land'. The tasks of such an organisation were to include: cooperating with the Government-in-Exile (allied to France and since 1940 only Great Britain) and the 'Union for Armed Warfare' (later the 'Home Army'); participating in the planning of a general rising; consolidating the Polish community and directing its resistance to the German-Soviet occupation. The defeat of France put the idea of such a rising on the back burner, and it was to remain there until the Second Front was opened. The situation seemed auspicious in June 1941, when the Germans swept deep into Russia thereby also bringing the territories of Poland under one occupant only.

The project of forming a home delegature came into being in France in February 1940. Two months later the Polish Underground State set about establishing its own administration of justice system. On 16 June 1940 Col. Jan Skorobahaty-Jakubowski, the

Provisional Delegate of the Government-in-Exile, arrived in Warsaw. Soon afterwards a Joint Government Delegation was appointed, comprising representatives of the 'big four' political parties – the Polish Socialist Party, National Party, Peasants' Party and Labour Movement – and the Commander-in-Chief of the 'Union for the Armed Warfare'. In September 1940, however, members of this Joint Government Delegation decided that 'only one representative should be responsible for the Government's work'.

The first candidate for the post of the Chief Government Delegate was Cyryl Ratajski, former Minister of Internal Affairs. His nomination, on 3 December 1940, marked the end of a lengthy and complicated stage in the installing of the Government Delegation. Henceforth there functioned in the Polish Underground State – alongside the military organisations as well as the understanding reached among the various political parties and movements – a home representation of the Government-in-Exile. Its existence emphasized the continuity of the government institutions of the Polish Republic as well as the aspiration to regain independence and sovereignty.

The underground parliament was a representation of the most important political parties and groupings (the Political Consultative Committee – the Political Representation at Home) which in the period 1944-45 took the name of the Council of National Unity. In the underground parliament the more important political parties were represented: the Peasants' Party, the Polish Socialist Party, the National Party and smaller groupings.

Summer of 1942 the Government accepted the president's decree regarding the provisional government on Polish territories. Unfortunately, soon afterwards Ratajski had to resign from his post as Chief Government Delegate for health reasons. His successor, Jan Piekalkiewicz of the Peasants' Party, took up office on 17 September 1942. However, on 19 February 1943 he was arrested by the Gestapo and subsequently tortured during interrogation and killed. The next Government Plenipotentiary was Jan Stanislaw Jankowski. On 9 January 1944 the Council of National Unity was formed, which functioned as the parliament of the Polish Underground State. The declaration of the Council of National Unity's programme entitled 'What the Polish Nation is fighting for' set out the Polish Republic's main war objectives as well as its social and economic policies for the post-war period. From the spring of 1944 Government Delegate Jankowski was elevated to the position of Vice-Premier. Nominated by the Home Council of Ministers, which reconvened in the summer of that same year, were three deputies of the Government Delegate: Adam Bien, Stanislaw Jasiukowicz and Antoni Pajdak.

The Delegation had a complex structure. Various departments of the Home Delegation, which had powers equivalent to those of government ministries, now functioned with increasing efficiency. The central offices of the Delegation included: the Presidential Department, the Department of Internal Affairs, Justice Department, Employment and Social Welfare Department, Agriculture Department, Treasury Department, Trade and Industry Department, Postal and Telegraph Services Department, the Department for Eliminating the Consequences of War, Transport Department, Press and Information Department, Department of Public Works and Reconstruction, Department of Education and Culture and the Department of National Defence.

In 1942 began the construction of territorial networks. The Polish territories were divided into 16 regions, each under the charge of a local foreman and specially appointed municipal delegations. At the start of 1944 the personnel of the Government Delegation's 'administrative network' included some 15,000 people. Most of these workers were not active in the underground military organisations because of their age. On the other hand,

people's professional qualifications and work experience were also taken into account during recruitment.

The most important tasks for the Government Delegation's were clandestine press, secret education and justice, and civilian action against the German. Other duties included not only preparations for taking over civilian control once the occupation was ended but also protecting cultural and economic property from being looted by the enemy, propaganda and charity work. The Government Delegation's security apparatus was now also functioning efficiently. They included: the main underground police force called the State Security Corps; the Self-Government Guard, which was the underground territorial police and the Citizens' Guard. Special Commissions for the Study and Registration of the Occupant's Crimes in Poland (cryptonym 'Forget-me-nots'), founded at the start of 1944, were set the mission of gathering and examining acts of terror and crimes committed in occupied territories. The Department of Press and Information played a specific role in countering the occupying power's propaganda with truthful news and thus also providing hope and instilling the will to fight. This department also edited 'Rzeczpospolita Polska', the Government Delegation's official newspaper.

On 27 September 1942 the Government Delegation called into being the Konrad Zegota Provisional Committee, whose mission was to provide comprehensive help to the Jewish population. In December this committee became the Council for the Helping of Jews. The Delegation also had its own judicial apparatus functioning in Polish territories, including Special Civil Courts and 'Underground Struggle Judicial Commissions', which made sure that underground codes of conduct were adhered to. These courts had the right to infamise as well as issue death sentences, reprimands or cautions. Around the beginning of 1944 the functioning of the various departments and regions under the Delegation's jurisdiction was considerably strengthened by the merging together of the AK's military administration – 'portfolio'. Thus the Polish Government-in-Exile's underground branch took over what were by then well-disciplined teams of professionals experienced in conspiratorial work.

In 1943 the Polish Underground State entered a new phase. The Commander of the Home Army has been arrested by Gestapo. At Katyn near Smolensk were uncovered the mass grave of Polish officers. The Allies went over to the offensive in Russia, Italy and the Far East. It was no longer a question of whether the war would be won by the Allies, but when it would be won. As the end approached the situation of the Polish government was difficult. Nevertheless General Sikorski the Polish prime minister still believed that, with the help of Churchill and Roosevelt, he would be able to come to terms with Stalin. He continued to believe that the Western Allies would sooner or later bring their influence to bear on the side of Poland.

The government issued the resistance with new directives to guide its activities during the approaching German defeat. The government stated that it might at some future date order the resistance to stage 'an insurrection' against the Germans, or alternatively to promote an 'intensified sabotage diversion' operation according to the strategic and political situation. The aim of the rising was to free Poland from the Germans and assume political power on behalf of the government, of which an important condition would be Anglo-American help.

In October 1943 the government issued the resistance with new directives to guide its activities during the approaching German defeat. In accordance with the government's instructions the policy to be adopted towards the advancing Soviet forces was

complicated. The directives laid down the principle that, if Soviet-Polish relations were still not restored at the time of the Soviet entry into Poland, the Home Army should act only behind the German lines and remain underground in the areas under Soviet control until further orders from the underground. The decision to conceal the Home Army was a dangerous proposition because, in all probability, it would have led to an open clash with the Soviet security forces with tragic consequences. The instruction contained a contradiction of which its authors appeared unaware. The 'intensified sabotage-diversion' was intended to be a political demonstration, but if the Soviet Union entered Poland, it would have to be carried out as a clandestine action, with units, which had been involved in fighting the Germans going underground again. The government was demanding that the Home Army first perform an active role and then disappear, a course which invited the hostility of both the German and Soviet forces.

In accordance with the government's instructions the policy to be adopted towards the advancing Soviet forces was complicated. General Tadeusz Bor-Komorowski, Commander-in-Chief of the Home Army, received these unrealistic orders with dissatisfaction and decided to ignore them. He ordered his men engaged in action with the Germans to reveal themselves to the Soviet forces and 'manifest the existence of Poland'. He believed that otherwise all the Home Army operations against the Germans would be credited to the communists.

The Home Army was to stage 'an intensified diversionary operation', which received the code name of 'Tempest'. The state of the German forces was to determine which of these alternatives was to be adopted. In 1943 the Government and the Commander in Chief and the Commander of the Polish Home Army considered the plan for a general uprising against the German Forces in the final phase of the war, with special consideration given to the probable Soviet military position and political intentions. The Home Army was to stage either 'general and simultaneous insurrection' or 'an intensified diversionary operation', which received the code name of 'Tempest'. In February 1944 Bor-Komorowski's decision to reveal the Home Army to the Soviet forces was approved by the government. The state of the German forces was to determine which of these alternatives was to be adopted. The insurrection was to be undertaken at the moment of German collapse, whereas 'Tempest' was to be launched during a German general retreat from Poland. 'Tempest' was to begin in the east and move westwards as military operations moved into Poland. The essence of the 'Tempest' plan was a number of consecutive uprisings initiated in each area as the German retreat began, rather than a synchronized operation beginning in all areas simultaneously. The Home Army was to conduct its operations independently of the Red Army in view of the suspension of diplomatic relations. The success of 'Tempest' depended above all on timing. Premature engagement with the German forces unassisted by the Red Army could turn Polish attacks into disaster. The Home Army had to wait for the last hours of the German retreat.

Operation 'Tempest' was a series of anti-Nazi local uprisings. Operation Tempest was aimed at seizing control of cities and areas occupied by the Germans while they were preparing their defenses against the Red Army. The government believed that the Home Army operations would result either in securing political power for itself in Poland, or the intervention of the Western Powers on its behalf, and would defend the cause of Poland against the USSR. This view contained a strong element of wishful thinking.

The Government Delegation came with operation 'Tempest' in the summer of 1944, when all the organisations within the Polish Underground state were to spring into action

and come out into the open. It was assumed that once Germany was defeated, the AK commanders, 'together with the now revealed Representative of the Administrative Authority', would take on the role of hosts to Soviet troops on Polish territory. The Government Delegation's special tasks included: controlling the political situation, activating administrative offices at all levels and reconstructing Polish social order. Soviet policy, however, forced the Polish Underground to change its agenda. At the start of July 1944 the Warsaw HQ forbade the Delegation's (local) *powiat* units to reveal themselves 'unless a Polish-Soviet agreement is reached before the arrival of Soviet troops.' All the executive branches of the Government administration, especially the police and intelligence gathering units, were to remain in hiding.

In summer of 1944 the German occupation turned out to be the start of a new occupation – this time by the Soviets. Despite the Delegation and AK's efforts, operation 'Tempest' could not succeed. It was foiled by Soviet terror. The functioning of the Polish Underground State was halted at the most critical moment. The decline of the Government Delegation corresponded to the mood of the Polish community in general. By the spring of 1945 the conduct of the USSR, 'our allies' ally', had led to mounting fear among the Poles. At the same time there was some hope that the restoration of a democratic state could be achieved.

The Government Home Delegation was an underground state organisation of great significance. It had consolidated resistance to the occupant and influenced the stance of the Polish people. It functioned despite the terrible conditions of wartime occupation, thus earning the respect of the Poles and spreading fear among the Germans. The Chief Delegate (who was also a Vice-Premier), regional delegates and local delegates were all rightful representatives of the pre-war Polish Republic. Naturally, it never acquired the fame of the Polish Home Army. Its conspiratorial work was less well known, the bureaucratic nature of its mission was less appealing to the public imagination and it simply lacked the qualities that would make it as legendary as the Home Army. Without the Government Delegation, however, there would have been no Polish Underground State. Its existence was only possible thanks to the great effort made by all of the Delegation's departments. At central, regional and local levels they carried work that was clerical, and therefore tedious, but an essential part of the plan to restore a sovereign state. Their unremitting effort to maintain continuity in Polish statehood and regain independence bears testimony to what was for these conspirators an incontrovertible value.

Although Polish Underground State patronage was not a major policy priority in the years 1939-1945, it was practised on a daily basis together with spontaneous private sponsorships of scientific, literary and artistic works. In wartime conditions this primarily meant providing broad material support for academics, writers, artists and their families. A separate activity of Underground State patronage was to provide conditions in which these people could continue their work. Efforts were made to save from looting or destruction works of art in state and private collections, museums, libraries and archives.

The Polish Underground State, as the continuator of the Republic of Poland, automatically became an active patron of Polish culture, science and art. Actions to protect Polish culture were left to various homeland cells of the Government Delegation. An exceptional role was played by the Department of Culture and Art, which was put in charge of: literature, the theatre, libraries, archives, monuments, museums, music and fine



arts. A special team efficiently realized the Underground State's patronage of literature and theatre.

Wartime patronage, both from within occupied Poland and by émigré circles, was treated very seriously. The significance of protecting national culture was universally recognized. Although the lives of many artists and academics as indeed many works of art could not be saved from destruction, nowhere else in occupied Europe was underground-state and private patronage so comprehensive and effective. The Polish Underground State was free from any ideological bias and protection of items deemed to be of particular value was never motivated by political sympathies. This was a society's struggle to defend its national bonds of memory, culture and tradition.

In the face of the resumed Soviet offensive of 19 January 1945, the AK was dissolved. The civil authorities of the Polish Underground State followed suit in July 1945. The Underground State formally ceased to exist on 1<sup>st</sup> July 1945 by resolution of the National Unity Council. The experiences of the political conspiracy activists allowed the democratic principles to survive the era of communist regime. Likewise now the leaders of Polish political formations benefit from the priceless heritage of the past.

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### DELEGATURA RZĄDU NA KRAJ. GŁÓWNA KOMÓRKA POLSKIEGO PAŃSTWA PODZIEMNEGO

Tekst jest próbą podsumowania dorobku organizacyjnego, a także różnorodnej aktywności cywilnej struktury Polskiego Państwa Podziemnego z okresu 1939-1945. Konspiracyjna administracja rządowa, która wyjątkowo skutecznie funkcjonowała w warunkach okupacji, stanowiła – obok podziemnej siły zbrojnej Armii Krajowej – o sile i wyjątkowości polskiego podziemia w skali całej walczącej Europy. Dokonania tajnej administracji rządowej (Delegatury Rządu na Kraj), zarówno na szczeblu centralnym jak i terenowym skupiały się na pracy propagandowej, informacyjnej, wywiadowczej, edukacyjnej, samopomocowej, ochronie ludności cywilnej, ale również na planowaniu niezbędnych po wojnie reform i zmian strukturalnych o charakterze społecznym i gospodarczym. W artykule omówiono proces formowania krajowej delegatury rządowej na szczeblu centralnym pod kierownictwem kolejnych pełnomocników rządu. Przedstawiono również strukturę tajnej agendy rządu emigracyjnego ukazując jej departamenty i wydzielone komórki. W podobnym zakresie zaprezentowano siatkę terenową, to jest delegatury okręgowe (województwie). Ponadto zasygnalizowano problematykę współpracy pomiędzy konspiracją cywilną, a najważniejszym elementem wojennego państwa podziemnego, to jest konspiracją wojskową – Armią Krajową. Tekst kończy odniesienie do akcji „Burza” z lata 1944 r. oraz rozwiązania polskiego podziemia militarnego i cywilnego w pierwszym półroczu 1945 r.

**Słowa kluczowe:** Polskie Państwo Podziemne, Rząd RP na emigracji, Delegatura Rządu, Armia Krajowa.

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## **THE POLISH GOVERNMENT DELEGATION. THE MAIN PART OF THE POLISH UNDERGROUND STATE**

The text is an attempt to summarize the organizational achievements as well as various activities of the civil structure of the Polish Underground State from 1939-1945. Conspiracy governmental administration, which was exceptionally effective in the occupation, represented, apart from the underground armed forces of the Home Army, the strength and uniqueness of the Polish underground on the scale of the struggling Europe. The secret governmental administration (Delegation of Government to the Country) focused both on the central and the local level on propaganda, information, intelligence, education, self-help, civil protection, but also on the planning of post-war reforms and structural changes of a social and economic nature. This article discusses the process of forming a national government delegation at central level under the direction of successive plenipotentiaries of the government. The structure of the government's secret agenda has also been described, showing its departments and secreted units. Similarly, the area network, i.e. the regional (provincial) delegations have been presented. In addition, the issue of cooperation between the civilian conspiracy and the most important element of the war-ground state, namely the military conspiracy - the Home Army, was signaled. The text ends with reference to the "Storm" action of summer 1944 and the dissolution of the Polish military and civilian underground in the first half of 1945.

**Keywords:** The Polish Underground State, The Government of the Republic of Poland in Exile, The Government Delegation for the Republic of Poland, The Home Army.

Poland was the first European state to stand up to Nazi Germany which attacked her together with Soviet Russia in September 1939. In accordance with agreements concluded between the aggressor powers in August 23 and September 28, Poland was divided into two occupied zones, along the so called Ribbentrop-Molotov line (which meant the 4<sup>th</sup> partition of Poland). Though the shock caused by the defeat was considerable, the entire Polish nation wanted to carry on the fight against the aggressors. The Polish resistance at first arose spontaneously under various names, all over the occupied country.

Both the Germans and the Soviets treated occupied Poland's cultural tradition with exceptional brutality. They tried to choke and paralyse its rich resources, destroy its nationally conscious and unyielding intelligentsia. 'Sonderaktion Krakau' on 6th November

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1939 symbolised the infliction of German terror on the Polish academic world, but the Soviets also had their version of 'intelligenzaktion'. In response, a cultural self-defence emerged. Alongside the underground military and political resistance, a struggle for cultural legacy began.

The long tradition of struggles for independence was conducive to their creation. Polish military resistance coalesced round a secret organisation named 'Service for Victory'. During 1939-1940 civilian underground authorities were set up in Poland. In 1940 military and civilian authorities, together with the political parties cooperating with them, constituted the Polish Underground State. The Underground State is the Polish speciality of occupied Europe. The Polish Underground State which functioned under the German occupation in the Second World War was an unique phenomenon in the whole history of European resistance movements. During the Second World War the Polish Underground State was based on a collection of political and military organisations striving for independence. These were formed throughout Polish territories, then under German and Soviet occupation.

Already in the autumn of 1939 measures were taken to appoint an underground central administrative authority that would be a continuation of the pre-war state administration. The Statute of 'Service for Victory' in Poland referred to the necessity of creating 'a provisional national authority on home territory'. Likewise General Wladyslaw Sikorski's cabinet endeavoured to establish a governmental executive organ in occupied Poland. At the start of 1940 it was decided that a home territories civilian commissioner would be granted ministerial prerogatives and hold the position of the Government-in-Exile's delegate (plenipotentiary).

Expectancy of the imminent defeat of the occupying powers and a repetition of the Great War 1914-1918 scenario hastened the construction of a government administration ready to take over control of a liberated and 'unclaimed Polish land'. The tasks of such an organisation were to include: cooperating with the Government-in-Exile (allied to France and since 1940 only Great Britain) and the 'Union for Armed Warfare' (later the 'Home Army'); participating in the planning of a general rising; consolidating the Polish community and directing its resistance to the German-Soviet occupation. The defeat of France put the idea of such a rising on the back burner, and it was to remain there until the Second Front was opened. The situation seemed auspicious in June 1941, when the Germans swept deep into Russia thereby also bringing the territories of Poland under one occupant only.

The project of forming a home deputation came into being in France in February 1940. Two months later the Polish Underground State set about establishing its own administration of justice system. On 16 June 1940 Col. Jan Skorobahaty-Jakubowski, the Provisional Delegate of the Government-in-Exile, arrived in Warsaw. Soon afterwards a Joint Government Delegation was appointed, comprising representatives of the 'big four' political parties – the Polish Socialist Party, National Party, Peasants' Party and Labour Movement – and the Commander-in-Chief of the 'Union for the Armed Warfare'. In September 1940, however, members of this Joint Government Delegation decided that 'only one representative should be responsible for the Government's work'.

The first candidate for the post of the Chief Government Delegate was Cyryl Ratajski, former Minister of Internal Affairs. His nomination, on 3 December 1940, marked the end of a lengthy and complicated stage in the installing of the Government Delegation. Henceforth there functioned in the Polish Underground State – alongside the military organisa-

tions as well as the understanding reached among the various political parties and movements – a home representation of the Government-in-Exile. Its existence emphasized the continuity of the government institutions of the Polish Republic as well as the aspiration to regain independence and sovereignty.

The underground parliament was a representation of the most important political parties and groupings (the Political Consultative Committee – the Political Representation at Home) which in the period 1944-45 took the name of the Council of National Unity. In the underground parliament the more important political parties were represented: the Peasants' Party, the Polish Socialist Party, the National Party and smaller groupings.

Summer of 1942 the Government accepted the president's decree regarding the provisional government on Polish territories. Unfortunately, soon afterwards Ratajski had to resign from his post as Chief Government Delegate for health reasons. His successor, Jan Piekalkiewicz of the Peasants' Party, took up office on 17 September 1942. However, on 19 February 1943 he was arrested by the Gestapo and subsequently tortured during interrogation and killed. The next Government Plenipotentiary was Jan Stanislaw Jankowski. On 9 January 1944 the Council of National Unity was formed, which functioned as the parliament of the Polish Underground State. The declaration of the Council of National Unity's programme entitled 'What the Polish Nation is fighting for' set out the Polish Republic's main war objectives as well as its social and economic policies for the post-war period. From the spring of 1944 Government Delegate Jankowski was elevated to the position of Vice-Premier. Nominated by the Home Council of Ministers, which reconvened in the summer of that same year, were three deputies of the Government Delegate: Adam Bien, Stanislaw Jasiukowicz and Antoni Pajdak.

The Delegation had a complex structure. Various departments of the Home Delegation, which had powers equivalent to those of government ministries, now functioned with increasing efficiency. The central offices of the Delegation included: the Presidential Department, the Department of Internal Affairs, Justice Department, Employment and Social Welfare Department, Agriculture Department, Treasury Department, Trade and Industry Department, Postal and Telegraph Services Department, the Department for Eliminating the Consequences of War, Transport Department, Press and Information Department, Department of Public Works and Reconstruction, Department of Education and Culture and the Department of National Defence.

In 1942 began the construction of territorial networks. The Polish territories were divided into 16 regions, each under the charge of a local foreman and specially appointed municipal delegatures. At the start of 1944 the personnel of the Government Delegation's 'administrative network' included some 15,000 people. Most of these workers were not active in the underground military organisations because of their age. On the other hand, people's professional qualifications and work experience were also taken into account during recruitment.

The most important tasks for the Government Delegation's were clandestine press, secret education and justice, and civilian action against the German. Other duties included not only preparations for taking over civilian control once the occupation was ended but also protecting cultural and economic property from being looted by the enemy, propaganda and charity work. The Government Delegation's security apparatus was now also functioning efficiently. They included: the main underground police force called the State Security Corps; the Self-Government Guard, which was the underground territorial police and the Citizens' Guard. Special Commissions for the Study and Registration of the Oc-

cupant's Crimes in Poland (cryptonym 'Forget-me-nots'), founded at the start of 1944, were set the mission of gathering and examining acts of terror and crimes committed in occupied territories. The Department of Press and Information played a specific role in countering the occupying power's propaganda with truthful news and thus also providing hope and instilling the will to fight. This department also edited 'Rzeczpospolita Polska', the Government Delegation's official newspaper.

On 27 September 1942 the Government Delegation called into being the Konrad Zegota Provisional Committee, whose mission was to provide comprehensive help to the Jewish population. In December this committee became the Council for the Helping of Jews. The Delegation also had its own judicial apparatus functioning in Polish territories, including Special Civil Courts and 'Underground Struggle Judicial Commissions', which made sure that underground codes of conduct were adhered to. These courts had the right to infamise as well as issue death sentences, reprimands or cautions. Around the beginning of 1944 the functioning of the various departments and regions under the Delegation's jurisdiction was considerably strengthened by the merging together of the AK's military administration – 'portfolio'. Thus the Polish Government-in-Exile's underground branch took over what were by then well-disciplined teams of professionals experienced in conspiratorial work.

In 1943 the Polish Underground State entered a new phase. The Commander of the Home Army has been arrested by Gestapo. At Katyn near Smolensk were uncovered the mass grave of Polish officers. The Allies went over to the offensive in Russia, Italy and the Far East. It was no longer a question of whether the war would be won by the Allies, but when it would be won. As the end approached the situation of the Polish government was difficult. Nevertheless General Sikorski the Polish prime minister still believed that, with the help of Churchill and Roosevelt, he would be able to come to terms with Stalin. He continued to believe that the Western Allies would sooner or later bring their influence to bear on the side of Poland.

The government issued the resistance with new directives to guide its activities during the approaching German defeat. The government stated that it might at some future date order the resistance to stage 'an insurrection' against the Germans, or alternatively to promote an 'intensified sabotage diversion' operation according to the strategic and political situation. The aim of the rising was to free Poland from the Germans and assume political power on behalf of the government, of which an important condition would be Anglo-American help.

In October 1943 the government issued the resistance with new directives to guide its activities during the approaching German defeat. In accordance with the government's instructions the policy to be adopted towards the advancing Soviet forces was complicated. The directives laid down the principle that, if Soviet-Polish relations were still not restored at the time of the Soviet entry into Poland, the Home Army should act only behind the German lines and remain underground in the areas under Soviet control until further orders from the underground. The decision to conceal the Home Army was a dangerous proposition because, in all probability, it would have led to an open clash with the Soviet security forces with tragic consequences. The instruction contained a contradiction of which its authors appeared unaware. The 'intensified sabotage-diversion' was intended to be a political demonstration, but if the Soviet Union entered Poland, it would have to be carried out as a clandestine action, with units, which had been involved in fighting the Germans going underground again. The government was demand-

ing that the Home Army first perform an active role and then disappear, a course which invited the hostility of both the German and Soviet forces.

In accordance with the government's instructions the policy to be adopted towards the advancing Soviet forces was complicated. General Tadeusz Bor-Komorowski, Commander-in-Chief of the Home Army, received these unrealistic orders with dissatisfaction and decided to ignore them. He ordered his men engaged in action with the Germans to reveal themselves to the Soviet forces and 'manifest the existence of Poland' He believed that otherwise all the Home Army operations against the Germans would be credited to the communists.

The Home Army was to stage 'an intensified diversionary operation', which received the code name of 'Tempest'. The state of the German forces was to determine which of these alternatives was to be adopted. In 1943 the Government and the Commander in Chief and the Commander of the Polish Home Army considered the plan for a general uprising against the German Forces in the final phase of the war, with special consideration given to the probable Soviet military position and political intentions. The Home Army was to stage either 'general and simultaneous insurrection' or 'an intensified diversionary operation', which received the code name of 'Tempest'. In February 1944 Bor-Komorowski's decision to reveal the Home Army to the Soviet forces was approved by the government. The state of the German forces was to determine which of these alternatives was to be adopted. The insurrection was to be undertaken at the moment of German collapse, whereas 'Tempest' was to be launched during a German general retreat from Poland. 'Tempest' was to begin in the east and move westwards as military operations moved into Poland. The essence of the 'Tempest' plan was a number of consecutive uprisings initiated in each area as the German retreat began, rather than a synchronized operation beginning in all areas simultaneously. The Home Army was to conduct its operations independently of the Red Army in view of the suspension of diplomatic relations. The success of 'Tempest' depended above all on timing. Premature engagement with the German forces unassisted by the Red Army could turn Polish attacks into disaster. The Home Army had to wait for the last hours of the German retreat.

Operation 'Tempest' was a series of anti-Nazi local uprisings. Operation Tempest was aimed at seizing control of cities and areas occupied by the Germans while they were preparing their defenses against the Red Army. The government believed that the Home Army operations would result either in securing political power for itself in Poland, or the intervention of the Western Powers on its behalf, and would defend the cause of Poland against the USSR. This view contained a strong element of wishful thinking.

The Government Delegation came with operation 'Tempest' in the summer of 1944, when all the organisations within the Polish Underground state were to spring into action and come out into the open. It was assumed that once Germany was defeated, the AK commanders, 'together with the now revealed Representative of the Administrative Authority', would take on the role of hosts to Soviet troops on Polish territory. The Government Delegation's special tasks included: controlling the political situation, activating administrative offices at all levels and reconstructing Polish social order. Soviet policy, however, forced the Polish Underground to change its agenda. At the start of July 1944 the Warsaw HQ forbade the Delegation's (local) *powiat* units to reveal themselves 'unless a Polish-Soviet agreement is reached before the arrival of Soviet troops.' All the executive branches of the Government administration, especially the police and intelligence gathering units, were to remain in hiding.

In summer of 1944 the German occupation turned out to be the start of a new occupation – this time by the Soviets. Despite the Delegature and AK's efforts, operation 'Tempest' could not succeed. It was foiled by Soviet terror. The functioning of the Polish Underground State was halted at the most critical moment. The decline of the Government Delegature corresponded to the mood of the Polish community in general. By the spring of 1945 the conduct the USSR, 'our allies' ally', had led to mounting fear among the Poles. At the same time there was some hope that the restoration of a democratic state could be achieved.

The Government Home Delegature was an underground state organisation of great significance. It had consolidated resistance to the occupant and influenced the stance of the Polish people. It functioned despite the terrible conditions of wartime occupation, thus earning the respect of the Poles and spreading fear among the Germans. The Chief Delegate (who was also a Vice-Premier), regional delegates and local delegates were all rightful representatives of the pre-war Polish Republic. Naturally, it never acquired the fame of the Polish Home Army. Its conspiratorial work was less well known, the bureaucratic nature of its mission was less appealing to the public imagination and it simply lacked the qualities that would make it as legendary as the Home Army. Without the Government Delegation, however, there would have been no Polish Underground State. Its existence was only possible thanks the great effort made by all of the Delegature's departments. At central, regional and local levels they carried work that was clerical, and therefore tedious, but an essential part of the plan to restore a sovereign state. Their unremitting effort to maintain continuity in Polish statehood and regain independence bears testimony to what was for these conspirators an incontrovertible value.

Although Polish Underground State patronage was not a major policy priority in the years 1939-1945, it was practised on a daily basis together with spontaneous private sponsorships of scientific, literary and artistic works. In wartime conditions this primarily meant providing broad material support for academics, writers, artists and their families. A separate activity of Underground State patronage was to provide conditions in which these people could continue their work. Efforts were made to save from looting or destruction works of art in state and private collections, museums, libraries and archives.

The Polish Underground State, as the continuator of the Republic of Poland, automatically became an active patron of Polish culture, science and art. Actions to protect Polish culture were left to various homeland cells of the Government Delegature. An exceptional role was played by the Department of Culture and Art, which was put in charge of: literature, the theatre, libraries, archives, monuments, museums, music and fine arts. A special team efficiently realized the Underground State's patronage of literature and theatre.

Wartime patronage, both from within occupied Poland and by émigré circles, was treated very seriously. The significance of protecting national culture was universally recognized. Although the lives of many artists and academics as indeed many works of art could not be saved from destruction, nowhere else in occupied Europe was underground-state and private patronage so comprehensive and effective. The Polish Underground State was free from any ideological bias and protection of items deemed to be of particular value was never motivated by political sympathies. This was a society's struggle to defend its national bonds of memory, culture and tradition.

In the face of the resumed Soviet offensive of 19 January 1945, the AK was dissolved. The civil authorities of the Polish Underground State followed suit in July 1945. The Underground State formally ceased to exist on 1<sup>st</sup> July 1945 by resolution of the National



Unity Council. The experiences of the political conspiracy activists allowed the democratic principles to survive the era of communist regime. Likewise now the leaders of Polish political formations benefit from the priceless heritage of the past.

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## **ANALYTICAL VIEW ON TALENT MANAGEMENT IN SLOVAK TOURISM ORGANISATIONS**

Globally, tourism has undergone significant changes caused by a growth of tourism (especially) in developing countries and “discovery” of new destinations. It is increasingly seen as a dominant sector and key determinant of economic growth and development in many countries. The article deals with the talent management in tourism and hospitality organisations in the Slovak business environment. It also highlights the benefits of talent management implementation in the specific context of hospitality and tourism sector and specifies talent management processes implemented by tourism organizations. The study is based on the analysis of primary data obtained in a questionnaire survey of 87 respondents - representatives of organizations in tourism sector. Chi-square test was used to determine whether there is a significant association between organizational characteristics and implementation of talent management which revealed that the implementation/non-implementation of talent management is related to the size of the organization.

**Key words:** organisation, talent management, tourism.

### **1. INTRODUCTION**

Tourism is of great importance and one of the fastest growing sectors which has seen an enormous increase of international trade in services as evidenced by statistics: according UNWTO Tourism Highlights 2015 tourism represents 9% of GDP (direct, indirect and induced impact), 6% of the world's exports and employs 9% of the workforce (1 in 11 jobs accounted for this sector). International tourism (travel and passenger transport) accounts for 30% of the world's exports of services and 6% of overall exports of goods and services. Moreover, for many countries inbound tourism is an important contributor to the economy by creating employment and further opportunities for development (UNWTO, 2015).

Because tourism is not an industry in the traditional sense and is not defined as an own sector, measuring tourism characteristic employment is particularly complex. The International Recommendations for Tourism Statistics 2008 (IRTS 2008) drafted by the World Tourism Organization (UNWTO) in close cooperation with the United Nations Statistics Division, the International Labour Organization (ILO) and other members of the Inter-Agency Coordination Group on Tourism Statistics defines the tourism industries as

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follows: “tourism industries, also referred to as tourism activities, are the activities that typically produce tourism characteristic products” (UNWTO, 2014; UN, 2011). In recognition of the special features of tourism, it should be described and analysed within its broader socio-economic context. When we talk about tourism, we mean the visitors - their consumption of transportation, accommodation, food services, and the activities of those serving them (United Nations, 2010).

The International Labour Organization – ILO (2001, in Nickson, 2007) in the report on the global tourism and hospitality industry provides evidence that suggests that the industry globally is largely reliant on “marginal workers”, such as women, young workers, casual employees, students, relatively high numbers of part-timers and migrant workers. Declining youth demographics, retirement of the baby boom generation, rising female labour market participation, a general shift towards a more highly skilled (in terms of education) labour supply as older, less skilled workers retire, and the potential for some reverse migration back to fast growing emerging economies are according the World Travel and Tourism Council (2015) most important trends that will influence the future supply of talent in tourism sector. “Organizations and managers in the tourism and hospitality industry face real challenges in recruiting, developing and maintaining a committed, competent, well-managed and well-motivated workforce which is focused on offering a high-quality ‘product’ to the increasingly demanding and discerning customer” (Nickson, 2007, p. 2-3). This requires the implementation of talent management i.e. the process of identifying, securing, developing, and managing relevant talent which is important to meet the organizational long-term strategic needs and to ensure short-term productivity (Nilsson & Ellström, 2012). The functionality and vitality of company’s talent management processes determine how well the company can groom its high-potential employees to fill strategic management roles (Ready & Conger, 2007).

## 2. TALENT MANAGEMENT AND THE LACK OF TALENTS

Volume of recent research highlights the growing interest in talent management within organizations. The local and global success of organisations is conditional on an implementation of talent management (encompassing the identifying, attracting, recruiting, retaining talents as well as their training and development, rewarding, appraisal etc.) and adequate attention paid to talented (best performing) individuals. Talents are those people who are able to ensure long-term competitiveness, sustainable prosperity and continuous development.

Talent management has developed as a response to many changes in the workplace such as industrial revolution, the rise of labour unions, globalization or outsourcing (Frank & Taylor, 2004). Mentioned authors already in 2004 correctly predicted that “the real battle to attract, develop, motivate, and retain talent is going to heat up considerably” and “demographic time bomb will make talent management a top priority for organisations” (Frank & Taylor, 2004, p. 33). Nilsson and Ellström (2012, p. 27) point to the „shift from job security and lifelong employment to lifelong learning, employability, and talent management“.

Talent management is by the Chartered Institute of Personnel and Development (CIPD) defined as the “systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their ‘high potential’ for the future or because they are

fulfilling business/operation-critical roles” (CIPD, 2013). This concept could also be defined as “the capability to create and continuously optimize the talent resources needed to execute a business strategy. This means attracting and developing them, guiding their performance toward optimal productivity in light of strategic goals and finding new sources of value in their performance through innovation and continuous improvement” (Sonnenberg, 2010, p. 2). According Iles (2007, in D’Annunzio-Green, 2008) the talent management it is defined as a holistic approach to human resource planning aimed at strengthening organisational capability and driving business priorities using a range of HR interventions. These include a focus on performance enhancement, career development and succession planning.

Lewis and Heckman (2006) point out that due to the confusion regarding definitions, terms and assumptions, it is difficult to identify the meaning of talent management. Authors attempted to address the question regarding talent management definition and determined three distinct strains of thought regarding talent management: (1) talent management as a collection of typical human resource department practices, functions, activities or areas such as recruiting, selection, development, and career and succession management; (2) talent management focused primarily on the concept of talent pools i.e. talent management as a set of processes designed to ensure an adequate flow of employees into jobs throughout the organization; (3) talent management perceived more broadly, without regard for organizational boundaries or specific positions (Lewis & Heckman, 2006)

Talent management as a part of strategic human resource management practices contributes to improvement of organizational performance (Frank & Taylor, 2004). Saar (2013, p. 9) calls for systematic implementation of this concept and argues that “talent management must be systematic with a clear, strategic intention, based on the idea that people are your most critical asset and must be carefully cultivated”. Author adds that the companies that approach talent management in this way can benefit of engaged and committed workforce.

One of the major problems of current talent management is mismatch between the demand for talents and their supply. Another problem is workforce planning failures leading to an incorrect forecasting of future talent needs which in turn causes an inability to find the candidates with the skills that are required/needed. In this regard, Biswas and Suar (2013) note that the demand for talents has increased more rapidly than the available supply of talents and that is why the talent attraction and retention has become a hard hitting issue for many organizations.

Since lack of talent are evident in many areas, it is essential that countries determine how these shortages can be met in the short term and thereby avoiding a more serious shortages in the long term. Talent shortages threaten growth in many countries, some regions are confronted with a significant lack of workforce with the necessary midlevel professional and vocational skills (Serban & Andanut, 2014).

### **3. TALENT MANAGEMENT IN THE CONTEXT OF TOURISM SECTOR**

Human resource (HR) represent the real value for organizations and one of the most important assets, while their role is irreplaceable especially in the service sector. In this context, Bharwani and Butt (2012) point to crucial role of employees in hospitality sector (all services sectors) since they become a part of the service product and contribute to the

image of the organisation. That is why hospitality industry is considered to be a human resource-centric industry.

The importance of effective and coherent approach to managing human resource and developing of HR strategy (as well as talent management strategy as a one of the HR strategies) in tourism sector is indisputable. There is a relationship between talent management, employee engagement and organizational performance. Employee engagement does not merely increase employee motivation and productivity, but it also increase the quality of services provided by the hospitality organizations (Hsu, 2015).

In tourism, just like in other areas/sectors, there is evident a paradox - on the one hand there is a lack of jobs, on the other hand, there is a talent deficiency causing a problem to fill jobs (talent vacancies) by skilled and talented individuals. The World Travel and Tourism Council Final Report (2015) states that the market for talent in travel and tourism industry is already challenged with high staff turnover, competition with other industry sectors for the best people, and in some cases, adverse supply trends such as declining demographics. New regulations, new technology, shifts in customer service preferences, changing visitor markets and other industry drivers have the potential to transform the type of skills that employees working in travel and tourism industry will need to possess in future and employers will need to train staff in. A thriving travel and tourism sector will require companies and governments to implement and promote proactive and careful talent supply management policies as well as regular monitoring and projecting of talent demand, supply and imbalances to predict in advance any looming shortages (World Travel and Tourism Council, 2015).

D'Annunzio-Green (2008) notes that the concept of talent management is now recognised as a much broader concept (than original concept focused mainly on recruitment) aimed at attracting, retaining, developing and transitioning talented employees. When taking a look at the talent management processes, preliminary step in talent management strategy is the definition of the organizational talent - specification, designation of those who are considered to be talents i.e. people with potential and a great value for company/organization. It should be noted that there is considerable inconsistency in defining the "organizational talent", because the definition of "talent" is determined by specific organisational conditions and settings, environment in which the organisation operates, as well as by different requirements on employees necessary for performance of a particular job. Also commented by Baum (2008, p. 720) who states that "talent, in the context of hospitality and tourism, however, does not necessarily mean the same thing as it might in other sectors of the economy". Generally, talents are people with high potential, people with specific skills, competencies, abilities, attributes, experiences and behaviours who are able to achieve excellent results and thus ensuring good overall performance, viability and competitiveness of the organization (Ali Taha et al., 2014).

Regarding the recruitment of talent, World Travel and Tourism Council (2015) recommends to significantly increase the salaries and to attract staff from other sectors while underlines that some employee skills are transferable across travel and tourism sub-sectors or from other sectors in the economy, but some talent requirements are more specific and could be supplied from more narrow and well-defined sources. Moreover, a flexible recruitment and retention practices are required in the area of workforce planning.

Generally, very effective in managing talent are following strategies:

- adapting talent sourcing to recruit more untapped talent pools,
- recruiting candidates outside the local region and country,
- partnering with educational institutions to create curricula aligned to talent needs and considering new locations to operate from where a larger and higher quality pool of talent exists (World Travel and Tourism Council (2015, p. 20)).

#### **4. RESEARCH ON TALENT MANAGEMENT IN SLOVAK TOURISM SECTOR**

The aim of this study is to explore current practice in hospitality and tourism organisations, more specifically:

- to examine the reasons for implementation respectively non-implementation of talent management,
- to measure the level/extent and the length of talent management implementation,
- to examine the impact of selected characteristics - size of the organization and equity participation on implementation of the talent management.
- to determine jobs/positions (in tourism organizations) for which are most commonly recruited and hired talented people.

##### **1.1 Material and methods**

Primary data was collected via questionnaire survey among managers or representatives of 87 tourism and hospitality organizations in Slovakia. Most of the surveyed organizations (71%) were medium-sized organizations (up to 100 employees), followed by small organizations (22%) and large organizations (7%). This composition corresponds to the structure of the organizations in tourism, where there is a predominance of small and medium-sized organizations. In addition to the size another important criterion is the equity participation, while a sample involves 29% organizations with foreign capital/property participation. Regarding the age structure which is one of the important demographic characteristics of employees working in the surveyed organizations: the most employees in tourism is aged 26–35 years (43%); the second largest age groups of employees in tourism are people at age 36–45 years (34%). Other age groups are not significantly represented in the workforce of surveyed organizations, while employees over 56 years represent only 2% of the workforce. This fact is not surprising, because tourism industry is very dynamic and companies largely employ young people. Another reason is the high proportion of seasonal work in this sector, which is particularly attractive for young people (students).

##### **1.2 Survey results**

The survey showed that only 36% of surveyed companies implement (to a greater or lesser extent) talent management. Organizations that are not yet implementing this concept were asked about the reasons. The main reason for non-use of talent management is the “lack of human resources” (50% of organizations chose this option), followed by the lack of financial resources. Figure 1 shows all answers. It should be added that 72% of these organizations is aware of the need for talent management (disagreed with the statement “We do not need talent management”).

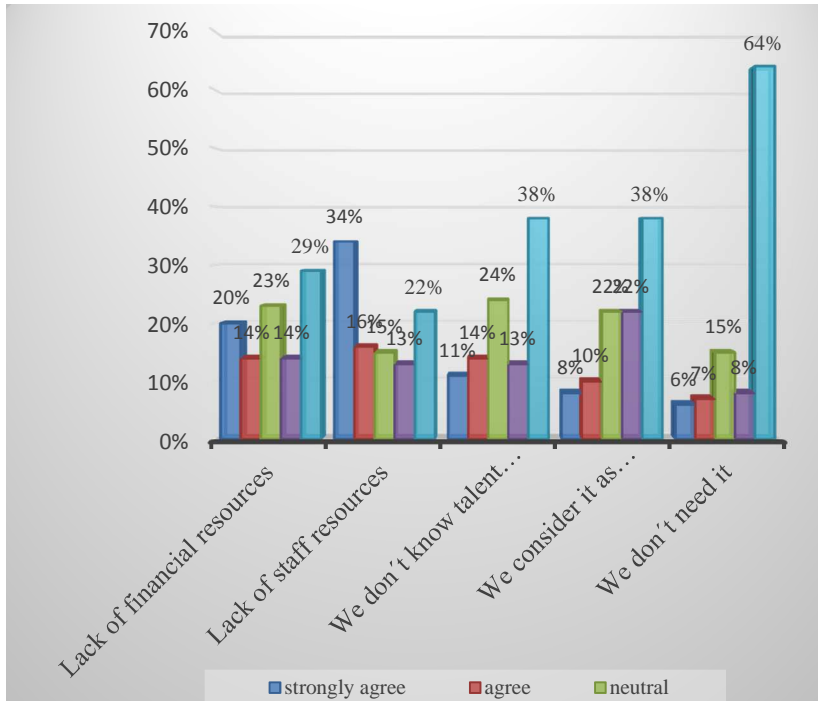


Fig. 1. The reason for non-use of talent management (Source: own processing)

In terms of the length of talent management implementation, the majority (48%) of organizations implementing talent management uses this concept within the range of 2–3 years. Only 6% of organizations use talent management for more than six years (Figure 2). Also this finding is not surprising, as talent management in Slovakia is relatively “new” concept and only in recent years is getting into the awareness of the business community.

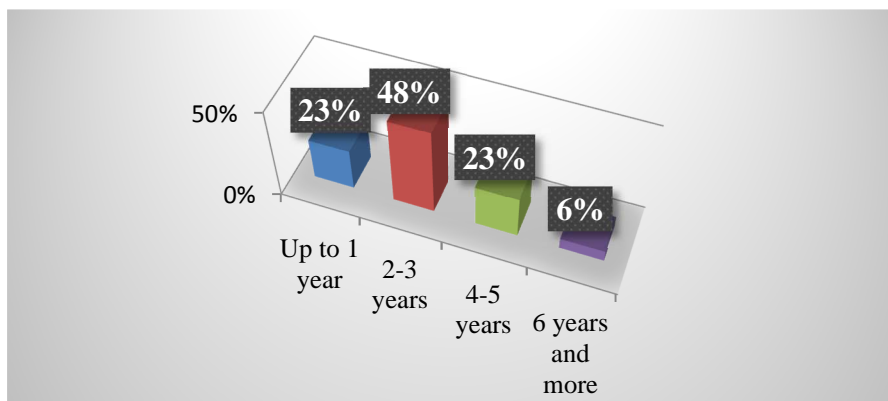


Fig. 2. Length of the talent management implementation (Source: own processing)



We have examined what are the main advantages of talent development. Most organizations indicated that the talent development increased the employees' willingness to educate and improve their skills and also increased employee motivation. Another important "benefit" is the wages increase (55% of the organizations). Surprisingly, at least organizations indicate "increased competitiveness and better competitive position of the organization" as an advantage of talent development (Figure 3).

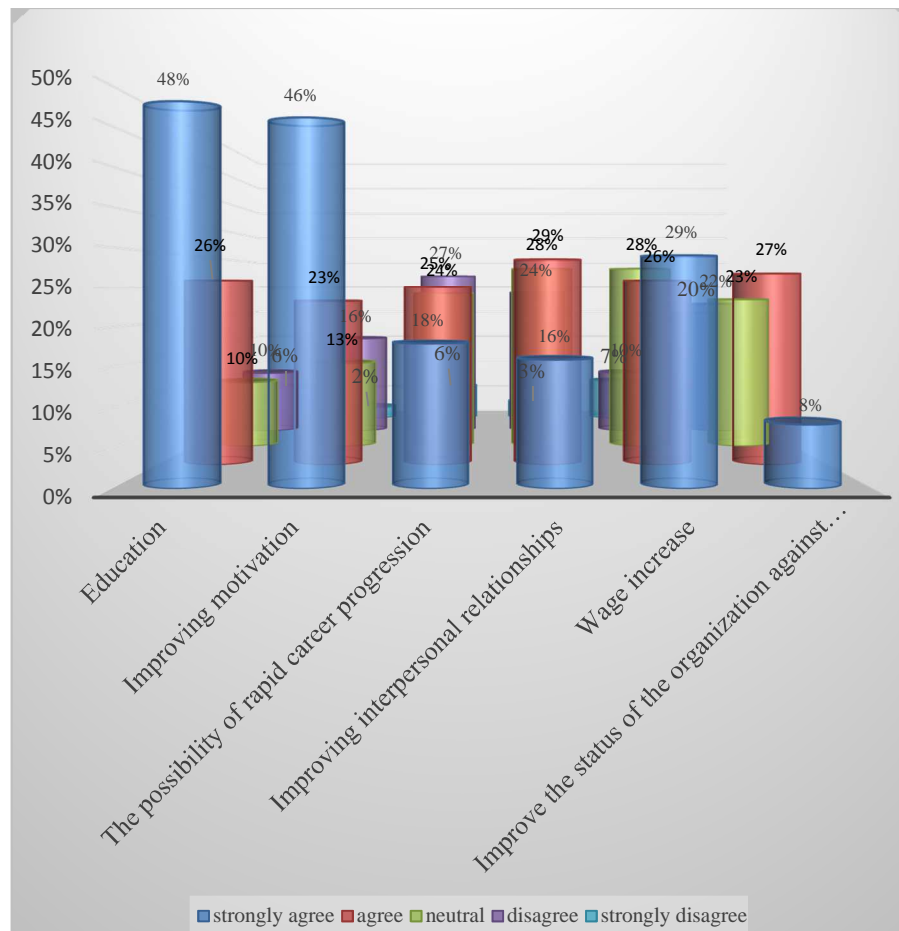


Fig. 3. The benefits of developing talent in organizations (Source: own processing)

The research results showed that organizations most frequently retain and hire talented people for the position of "top/senior manager" (51% of the surveyed organizations indicate this answer) and "accommodation manager" (48% of organizations). It can be assumed that both above-mentioned positions are crucial and therefore organizations devote considerable attention to filling these positions and employ talented candidates. On the other side, the position "restaurant manager" is not likely to be seen as significant because majority of organizations do not need to hire talents for this position (as

evidenced by the prevalence of discordant or neutral responses). In hotels or restaurants the position of “restaurant manager” can be carried out (and often is performed) by head waiter. This phenomenon is typical for small and medium-sized organizations (which dominated in the survey sample). The least significant positions in terms of talent searching and recruitment are “waiter/waitress” (67% of organizations), “chef/cook” and the “receptionist”. Figure 4 shows the distribution of responses.

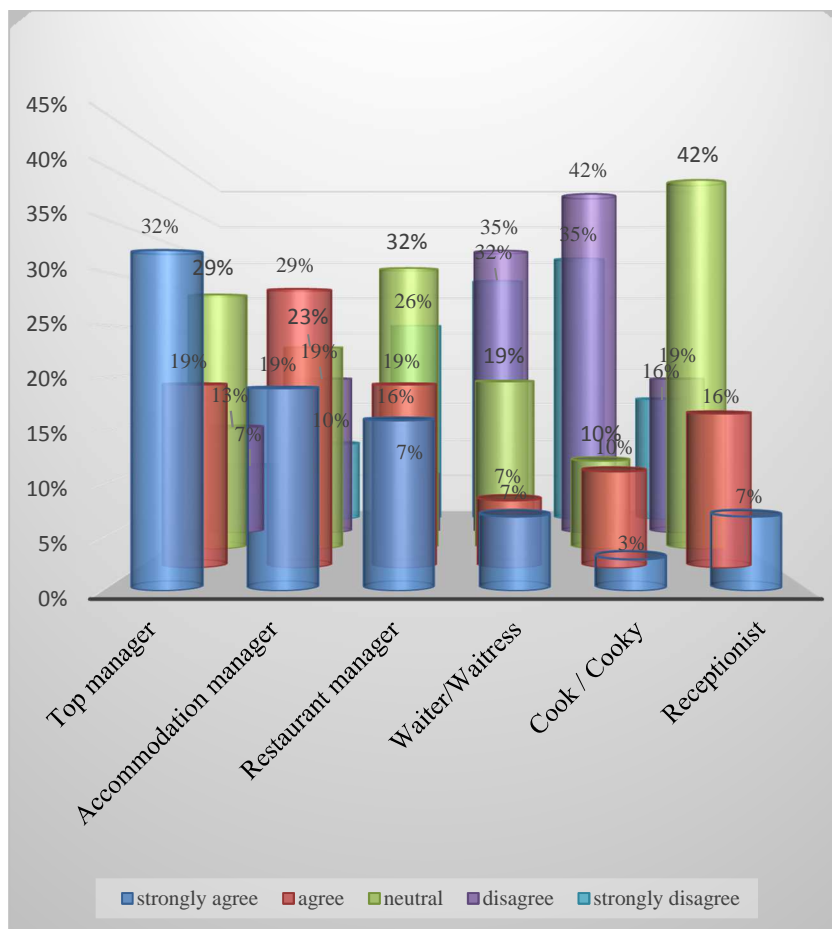


Fig. 4. Positions of hiring and recruiting talents (Source: own processing)

### 1.3 Hypotheses

The data have been analysed by inductive and descriptive statistics. Hypotheses were tested by Chi-square test using the STATISTICA software. The level of significance is 5%. Chi-square statistics was used for testing relationships between variables (chart 1).

*Association between the size of organization and talent management implementation*

H<sub>0</sub>: There is no association between the size of the organization and implementation of talent management.

H<sub>1</sub>: There is association between the size of the organization and implementation of talent management, while larger organizations are more likely to implement talent management.

Chart 1. Chi-square test of first hypothesis (Source: own processing)

			Talent management		Total
			Yes	No	
Terms of size	Small organizations (up to 50 employees)	n	3	16	19
		%	15,80%	84,20%	100,00%
	Medium-sized organizations (up to 100 employees)	n	28	34	62
		%	45,20%	54,80%	100,00%
	Large-sized organizations (more than 100 employees)	n	5	1	6
		%	83,30%	16,70%	100,00%
Total		n	36	51	87
		%	41,40%	58,60%	100,00%
Chi-square test			df		p
9,849			2		0,007

Since the p-value of the Chi-Square statistic has a value of 0.007 which is less than 0.05 (significance level) the null hypothesis is rejected. We conclude that there appears to be an *association between the size of the organization and implementation of talent management*.

## 5. CONCLUSION

Tourism belongs to the most attractive and rapidly growing industries. The business success lies primarily in the quality, accessibility and variety of services provided, as well as on building relationships with customers. This requires skilled, dedicated and engaged employees. Employers make every effort to attract, hire and recruit the right people. Despite the lack of jobs in tourism and masses of unemployed there is a talent insufficiency.

Our study provides analytical insight into talent management in the Slovak hospitality and tourism sector. Our analysis revealed some interesting facts: (1) there is the relatively small number (over a third of surveyed organizations) which implement talent management (or some of its processes and practices); (2) the position “top/senior manager” and “accommodation manager” are most often connected with talents as the most organizations retain and hire talents for these positions; (3) regarding the implementation of talent management the most organizations implement (at least some of processes and tools of) talent management within the range of 2–3 years; (4) talent development leads to employees' willingness to educate and increased motivation. The research findings support the hypothesis that the use of talent management tools and processes are affected by the size of organization and larger organizations are more likely to implement talent management.

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### ANALIZA ZARZĄDZANIA TALENTEM W TURYSTYCE

Z perspektywy globalnej, turystyka przeszła znaczące zmiany spowodowane przez rozwój turystyki (zwłaszcza) w krajach rozwijających się i "odkrycie" nowych miejsc. Turystyka jest coraz częściej postrzegana jako sektor dominujący, jako kluczowy czynnik dla wzrostu i rozwoju gospodarczego w wielu krajach. Artykuł ten dotyczy zarządzania talentami w organizacjach w dziedzinie turystyki na Słowacji. Zwraca także uwagę na korzyści wynikające z wdrożenia systemu zarządzania talentami w szczególnym kontekście sektora turystycznego i specyficzne procesy zarządzania talentami prowadzonych przez organizacje w tym sektorze. Badanie opiera się na analizie danych pierwotnych uzyskanych w badaniu ankietowym wśród 87 respondentów, którzy byli przedstawiciele organizacji w dziedzinie turystyki. Aby wykryć statystycznie istotną zależność między wielkością organizacji i zarządzania talentami użyto testu "chi-kwadrat".

**Słowa kluczowe:** organizacja, turystyka, zarządzanie talentami.

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## **SOCIAL ENTREPRENEURSHIP AVENUES FOR THE FIELD DEVELOPMENT THROUGH RESEARCH PARADIGM INTERSECTION DISCUSSION<sup>2</sup>**

The aim of this paper is to identify and provide key antecedents that can serve arguments for employing integrative approach in the choice of research paradigm in Burrell and Morgan's paradigm typology, for describing, exploring and explaining social entrepreneurship phenomenon. The author suggests that the proposed research paradigms are not mutually exclusive. The fact that social entrepreneurship as a field of research is at its preliminary stage, serves as an argument and gives freedom in the discussion of the choice of employing a research paradigm. The author does so through identifying commonalities and converging points that allow for employment different research paradigms in social entrepreneurship as a subfield of entrepreneurship research. In the first part of the paper the reader is introduced into the concept of social entrepreneurship and introduce the development of this field. Subsequently, societal dimension of the social entrepreneurship is highlighted, with emphasis placed on the importance of intangible elements of the process, cauldron of social interactions involved, contextuality and processual nature of this phenomenon. This is followed by the overview the key research paradigms and discussion on a research potential of all four approaches in pushing the boundaries of this area - subfield further.

**Keywords:** Social entrepreneurship, social enterprise, methodology, research paradigm, institutional theory.

### **1. INTRODUCTION**

This paper is an effort to identify key arguments, important in the discussion on the research paradigm dimension of social entrepreneurship research. For scholars, social entrepreneurship research has been positioned at pre-paradigmatic stage<sup>3</sup>, focusing mainly of definitional issues and debates<sup>4</sup>. Also there is a plethora of anecdotal evidence, very often based on the ideal (high profile) examples of social enterprises and social

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<sup>3</sup> A. Nicholls, *The Legitimacy of Social Entrepreneurship: Reflexive Isomorphism in a Pre-Paradigmatic Field*, "Entrepreneurship Theory and Practice" 34/4, (2010), pp. 611-633

<sup>4</sup> M. Starnawska, *Social entrepreneurship research – challenges, explanations and suggestions for the field development*, "Problemy Zarządzania" 3/61, (2016), pp. 13-31; T. Piecuch, *Charakterystyka przedsiębiorców społecznych – przegląd literatury*, „Ekonomia Społeczna” 2, (2014), p. 58-68.

entrepreneurs<sup>5</sup>. Lack of conceptual clarity and widely acknowledged definitions, does not allow the development of shared conceptual framework. Lack of established theoretical framework, necessitates the inductive research approach, and indeed the dominant research has evolved around single, or multiple case studies with a very few large quantitative, based on large samples deductively oriented approaches<sup>6</sup>.

If we consider social entrepreneurship field as a part of entrepreneurship field with its constituent ontologies, epistemologies, methodologies and associated research paradigms, the boundaries on existing knowledge can be pushed or extended, through using existing theoretical framework in entrepreneurship research. However, some arguments are made, that social entrepreneurship is a field of practice and research is a separate domain, as there is dichotomy between economy and society, employing market logics and at the same time employing non-market logic. Therefore there are, inherent tensions hidden between social and economic aims, means to achieve them and outcomes or impact generated by social entrepreneurship. More often, research employs a notion of social enterprise as hybrid<sup>7</sup> and emphasizes related conflicts and tensions and paradoxes resulting in debate on where and how social entrepreneurship can be researched.

The preliminary stage of social entrepreneurship research generates a potential for valuable discussion on the positioning of this field in widely acknowledged paradigm classification proposed by Burrell and Morgan<sup>8</sup> functionalist, interpretivist, radical structuralist and radical humanist. In this paper the aim is to provide an overview arguments, that research on social entrepreneurship does not need to be exclusively situated in any of the four research paradigms, which so far have been treated as inconsumerable, but rather make efforts to cross them.

## **2. SOCI(ET)AL ENTREPRENEURSHIP –POINTS FOR REVISING THE CONCEPT AND PHENOMENON FOR PARADIGM DISCUSSION**

Despite ongoing definitional debates on the concept and phenomenon of social entrepreneurship, there have been three dominant schools in social entrepreneurship research: social innovation, earned income, and EMES, which emerged in more than

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<sup>5</sup> E.S. O'Connor, *Location and relocation, visions and revisions: opportunities for social entrepreneurship*, [in:] *Entrepreneurship as Social Change*, eds. C. Steyaert, D. Hjorth, Edward Elgar, Cheltenham UK and Northampton MA USA 2006, pp. 79-96.

<sup>6</sup> See more: M. Lee, J. Battilana, T. Wang, *Building and infrastructure for empirical research on social enterprise: challenges and opportunities*, [in:] *Social Entrepreneurship and Research Methods*, ed. J. Short, Emerald Group Publishing Limited, Published Online 2014, pp. 241-264.

<sup>7</sup> B. Doherty, H. Haugh, F. Lyon, *Social enterprises as hybrid organizations: a review and research agenda*, "International Journal of Management Reviews" 16, (2014), pp. 417-436.

<sup>8</sup> G. Burrell, G. Morgan, *Sociological paradigms and Organizational Analysis*, Heinemann, London 1979.



a two decades now<sup>9</sup>. What all approaches have in common is, the social aim in social entrepreneurship, as an undiscussable feature<sup>10</sup>.

In this paper, we approach social entrepreneurship *sensu largo*, in a broad nature, as entangling societal rather than solely social aim focus and dimension. We follow the approach of Swedberg, who reviewed early works by Schumpeter<sup>11</sup>. Contrary to what entrepreneurship research claimed about Schumpeter's view on entrepreneurship contribution to the economic change, Swedberg has emphasized that Schumpeter originally highlighted the contribution of entrepreneurship to both economic and non-economic areas of society. Therefore, we find it important, that the subject of social entrepreneurship research incorporates social meaning societal aspects of entrepreneurial activity as well as entrepreneurial aspects of soci(et)al action<sup>12</sup>. These assumptions are important for the discussion of paradigm choices, which are explained in ensuing sections of this paper. Therefore, the concept of social entrepreneurship has been slowly recognized as not solely focusing on the social aim achievement in a narrow sense (as solving social problems, or more narrowly - social policy related) as a unifying concept. More, the discussion on the scope of social aims and problems can also be extended beyond Millennium or Sustainable Development Goals. It has become recognized as societal entrepreneurship, as it may involve social ownership, interactions and relationship involvement with environment - surrounding organizations and actors (in management named as stakeholders), in effect bringing both economic and social impact<sup>13</sup>. Therefore, social entrepreneurship is even more, when compared with conventional entrepreneurship, embedded in the environment, with social aims defined around social problems and opportunities arising from communities, generating value in complex fabric of social interactions and relations that are enacted and negotiated in the process. Kaufman<sup>14</sup> uses a concept of bubbling cauldron of organizational soup – to refer to entrepreneurial activity. This action refers to place understood as social spheres (not only geographically

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<sup>9</sup> J. Defourny, M. Nyssens, *The EMES approach of social enterprise in a comparative perspective*, "Working Paper" no. 12/03, (2013), EMES European Research Network; A. Ciepielewska-Kowalik, B. Pielński, M. Starnawska, A. Szymańska, *Social enterprise in Poland: institutional and historical context*, "ICSEM Working Papers" 11, (2015) The International Comparative Social Enterprise Models (ICSEM) Project: Liege.

<sup>10</sup> A. Nicholls, *The Legitimacy...*, op. cit.

<sup>11</sup> R. Swedberg, *Social entrepreneurship: the view of the young Schumpeter* [in:] *Entrepreneurship as Social Change*, eds. C. Steyaert, D. Hjorth, Edward Elgar, Cheltenham UK and Northampton MA USA 2006, pp. 21-34.

<sup>12</sup> E.S. O'Connor, *Location and relocation...*, op. cit.

<sup>13</sup> These dimensions are very often overlooked in the research on social enterprise organizations. These are usually located in social economy, that is approach as area for social and economic integration of marginalized groups, therefore serving for the purpose of fighting and preventing social and economic marginalization of the disadvantaged members of the society. Whereas the dimension of embeddedness, rebuilding links with local community and strengthening the roots is also a key element of social economy, and this latter dimension is often overlooked in research and practice of social entrepreneurship. This is exemplified in the Polish Parliament proposal on Act on Social Enterprise. See more: *Poselski projekt ustawy o przedsiębiorstwie społecznym i wspieraniu podmiotów ekonomii społecznej*. 2015. <http://orka.sejm.gov.pl/Druki7ka.nsf/0/B349885CF7ED5077C1257E690042C6D9/%24File/3521-ustawa.docx>.

<sup>14</sup> H. Kaufman, *Time, Chance, and Organizations*, Chatham House, Chatham, NJ 1985.

delimited) and process – involving interactions, interdependencies<sup>15</sup>. Entrepreneurial process means not only economic but also social, intangible assets, of social, personal and even emotional dimension, employing social networks, social capital and trust. It is likely, that members of local community, local leaders, involved in social movements and activities, at a certain point of social change, establish more or less formal groups and organizations, often establishing themselves in the Third Sector, to finally operate as social enterprise. Social entrepreneurship as societal process also involves legitimacy building with different actors. Legitimacy is built in the communities, among different actors, as a supplementary asset for resource acquisition among social enterprises. This also shows, that social entrepreneurship as a phenomenon, and indeed as a process, is continually constructed, via interaction between entrepreneurs – different social actors - and their environments<sup>16</sup>. Following this line of thinking and discussion in entrepreneurship research, Anderson and Diochon<sup>17</sup> argue that to better learn about social entrepreneurship the focus should move away from “*who a social entrepreneur is*”<sup>18</sup> to “*how social entrepreneurship occurs*”. This naturally generates a process approach to (social) entrepreneurship research. Following these points on the crucial role of social context for social entrepreneurship, we are more inclined to research social entrepreneurship, through individual experience, idiographic description and recognition of the worlds constructed by individuals, therefore more subjective approach is desired here.

Also, through the recognition of the social aim as distinguishing feature of social entrepreneurship, organizations and individuals involved display not necessarily regulative approach to reality but one moving towards continuous conflict and struggles for empowerment, freedom. In this vein, it is argued that paradigm classifications – regulative or radical change are limiting, not broadening, research potential hidden in the field of social entrepreneurship. Social entrepreneurship research has been welcomed by scientific community from different disciplines such as: sociology, political sciences, management and public management, ethics, and entrepreneurship but, as Othmar and Kansikas<sup>19</sup> point, this does not result in a diversity of meta-theories. In fact, it is clear that research from disciplines other than entrepreneurship or management like sociology, political sciences, ethics is likely to be seen in paradigm split, based on the question of society as aiming for order or conflict. However, we propose, that recognition of more radical approach, can serve as a broadening antecedent to understand social entrepreneurship phenomenon. Here, social movements become organizations and social

<sup>15</sup> E.S.O'Connor, *Location and relocation...*, op. cit.

<sup>16</sup> A.R. Anderson, S.D. Dodd, S.L. Jack, *Network practices and entrepreneurial growth*, “Scandinavian Journal of Management” 26/2, (2010), pp. 121-133.

<sup>17</sup> M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity in Social Entrepreneurship as Paradigm Interplay* [in:] *Social and Sustainable Entrepreneurship. Advances in Entrepreneurship, Firm Emergence and Growth* 13, eds. G.T. Lumpkin, J.A. Katz, Emerald Group Publishing Limited, Published Online 2011, pp. 73-110.

<sup>18</sup> There is still a strong focus on the “who”, for overview of this approach see more: T. Piecuch, *Charakterystyka przedsiębiorców społecznych – przegląd literatury*, „Ekonomia Społeczna” 2, (2014), p. 58-68.

<sup>19</sup> O.M. Lehner, J. Kansikas, *Social Entrepreneurship Research across Disciplines: Paradigmatic and Methodological Considerations*, 3rd EMES Research Conference, Social Innovation through Social Entrepreneurship in Civil Society 4-7 July 2011, Roskilde University, Denmark

enterprise organizations, also minority problems and rights become more widely discussed issues in the public agenda and receive more recognition. Radical change stance opens our eyes to definition of a social problem, which in many academic and practitioner circles is limited to social and work integration of marginalized groups<sup>20</sup>.

### 3. PARADIGM OVERVIEW

In social sciences, Burrell and Morgan<sup>21</sup> proposed a widely used and acknowledged classification of research paradigms. They have employed two criteria for distinguishing four types of paradigms. One criterion is based on the nature of reality and ontological and epistemological assumptions around how this reality should be researched. The following two approaches - objectivism and subjectivism in what reality means creates two paradigms –functionalist and interpretivist. In case of former, the reality is independent and objective, a set of tools and instruments can be used to identify universal rules about this reality, employing statistical methods based on large amounts of quantitative data. In case of latter, there is an emphasis placed on individual experiences, therefore to learn about the reality one needs to get as close as possible to an individual and learn about their experiences, worlds, which are unique, as a result qualitative approach to research is used here. Another criterion considers the nature of society and its order. They summarize and introduce two sociological approaches: sociology of regulation – claiming that society aims towards order, whereas the other paradigm assumes the pursuit for radical change, where individuals, groups, societies struggle in constant conflict because of differences, divisions and power struggles.

Table 1. Social science research paradigms by Burrell and Morgan

	<b>Radical change</b>		
<b>Subjectivism</b>	RADICAL HUMANIST	RADICAL STRUCTURALIST	<b>Objectivism</b>
	INTERPRETIVIST	FUNCTIONALIST	
	<b>Regulation</b>		

Source: G. Burrell, G. Morgan, *Sociological paradigms and Organizational Analysis*, Heinemann, London 1979.

In following paragraphs, based on the work by Burrell and Morgan<sup>22</sup> we briefly summarize each of the paradigms to provide their core assumptions which can serve as ensuing arguments for paradigm intersection in social entrepreneurship research:

<sup>20</sup> Dominant discussion on social enterprise practice and research in Poland is based on the problems of work and social integration of marginalized groups, as defined by law, with some incorporation of activity in health or educational sector. Indeed, there is a lack of and need for, wider understanding of societal challenges, considering means and ways to enhance individual and society welfare in work and everyday life experience.

<sup>21</sup> G. Burrell, G. Morgan, *Sociological paradigms and Organizational Analysis*, Heinemann, London 1979.

<sup>22</sup> Ibidem.

### Functionalism

Functionalism assumes that the reality is the social world, which is tangible, concrete and exists independent from those who research it. This approach implies that data gathered through researched is free from bias, and one can gain a clear and full understanding of a phenomenon. The social phenomenon, can be measured and identified accurately here. Functionalism supporters have been well established in management research, giving recommended best practices, building universal models, offering predictions for different phenomena. Functionalism, originally employed in life and technical sciences, uses quantitative approaches.

### Interpretivism

The next paradigmatic approach displays subjective approach to the reality. The reality is the one that is constructed by individual actors. Therefore any attempts made at describing and explaining the reality are based on how individuals construct the world around them in everyday practices. Social world and social reality is intersubjectively built and meanings shared among actors.

### Radical structuralism

This paradigmatic approach is based on the assumption of the objective reality but assumes a radical change perspective. Radical change is in the very nature of the world, resulting from this, followers of this paradigm are interested in the inherent power, domination, conflicts embedded in social reality. The purpose of the research is to offer solutions to support freedom of the disadvantaged groups, freedom from the dominance of other – powerful actors.

### Radical humanism

Similarly to radical structuralism, this paradigm assumes radical change as the natural element of order. However, individuals and their consciousness is dominated by ideology, making them live in a false reality, not allowing them to live the real life. As a result, the purpose of research is to deconstruct these hidden traps and dominant ideologies. So that humans could free themselves and develop. The society is against the individual, and researchers in this paradigm make efforts to communicate how individuals are manipulated, dominated by the society.

## 4. PARADIGM INTERPLAY

The above paradigms are claimed to be exclusive, incommensurable, what hinders experimenting with paradigms. A large scale systematic literature review in the field by Lehner and Kansikas reveals that research in the field of social entrepreneurship has been mainly focused in functionalist and interpretivist paradigms, and there have been very few studies employing radical change perspective in any – subjective or objective approach<sup>23</sup>. There have been very scarce attempts, to explicitly combine paradigmatic approaches as done in the work by Diochon et al.<sup>24</sup> on social entrepreneurship opportunities who combined functionalist and interpretivist lenses to opportunity in entrepreneurial process

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<sup>23</sup> O.M. Lehner, J. Kansikas, *Social Entrepreneurship...*, op. cit.

<sup>24</sup> M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity...*, op. cit.

and Nicolopoulou's<sup>25</sup> conceptual study on transformation of Bordieu's capitals and role of paradigm interplay in social entrepreneurship research. However, a lot of work reviewed by Lehner and Kansikas<sup>26</sup> employ research paradigms with inconsistencies, what they explain by mixed research methods approach, responding to the complexity of social science research, employing quantitative methods with nomothetic approach and qualitative methods with ideographic approach.

This paper aims to render the appropriateness of employing the different paradigms in explicit manner. Researchers propose continuums to support the idea of paradigm interplay and experimenting. One of them is a continuum between consensus and dissensus<sup>27</sup> where the latter allows for paradigm interplay, whereas the former allows for generating concepts using the approach on the continuum from concepts generated a priori from theory, to emergent concepts originating from data. Howorth and other authors<sup>28</sup> propose paradigm interplay to get more insights into the entrepreneurship as a process. Diochon et al.<sup>29</sup> refer to work by Schultz and Hatch<sup>30</sup> who propose to practice paradigm interplay in "transition zones" between, suggesting that Weick's work is situated in the transition zone. Following this argumentation also other researchers encourage experimenting with paradigms, in social science research, talking even about "multiple" paradigm employment<sup>31</sup>.

Functionalist paradigm itself, cannot explain the inherent duality and paradoxes between social and economic in social entrepreneurship phenomenon and research. The two are usually presented as "social" versus "economic", and as "social" or "economic", so as a dichotomous choice, but there is lack of research effort serving to combine "social" and "economic". Interestingly, a lot of social entrepreneurship research is managerialist. O'Connor refers it particularly to high-profile social entrepreneurship, common in US context<sup>32</sup>. She recalls Baritz, who argued that management is not able to respond to broader social issues. Whereas market and management tools are expected to bring solutions to social issues, dating back to Taylor's principles of scientific

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<sup>25</sup> K. Nicolopoulou, *Social Entrepreneurship between Cross-Currents: Toward a Framework for Theoretical Restructuring of the Field*, "Journal of Small Business Management" 52/4, (2014), pp. 678-702.

<sup>26</sup> O.M. Lehner, J. Kansikas, *Social Entrepreneurship...*, op. cit.

<sup>27</sup> M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity...*, op. cit.; M. Alvesson, S. Deetz, *Critical management research*, Sage, London 2000.

<sup>28</sup> C. Howorth, S. Tempest, C. Coupland, *Rethinking entrepreneurship methodology and definitions of the entrepreneur*, "Journal of Small Business and Enterprise Development" 12/1, (2005), p. 24-40; M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity...*, op. cit.

<sup>29</sup> M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity...*, op. cit.

<sup>30</sup> M. Schultz, M.J. Hatch, *Living with multiple paradigms: The case of paradigm interplay in organizational culture studies*, "Academy of Management Review" 21/2, (1996), pp. 529-557.

<sup>31</sup> P. Grant, L. Perren, *Small business and entrepreneurial research: meta-theories, paradigms and prejudices*, "International Small Business Journal" 20/2, (2002), p. 185-211; D.A. Gioia, E. Pitre, *Multiparadigm perspectives on theory building*, "Academy of Management Review" 15/4, (1990), pp. 584-602; M. Diochon, G. Durepos, A.R. Anderson, *Understanding Opportunity...*, op. cit.

<sup>32</sup> E.S. O'Connor, *Location and relocation...*, op. cit.

management<sup>33</sup>. This has been to date practiced through various socially responsible policies among corporations, mainly, as she emphasizes for business to redeem itself, in the face of current scandals and sins of modern capitalism, with social and environmental harms and impact on society and economy. The claimed dichotomy between the social and the economic, serves as opportunity for integrative approach, using both paradigms – interpretivist and functionalist. Interpretivist lenses provide such opportunity, as they include perspective of individual, subjective experience, with their context. Therefore social phenomena can be reconsidered in its economic context, but also economic phenomenon includes societal context.

Business and management theory and practice cannot disregard issues of responsibility. In his recent paper Pfeffer emphasizes and argues for putting utmost attention to human costs, and inclusion of psychological and physical health issues in organization and management research<sup>34</sup>. He says, that it is not for the matter of economic calculus, costs and profits, but because they are important “outcomes in their own right”. Social responsibility, therefore, should not be means to economic ends, but equally important focus of each organizations. The humanistic management places management and entrepreneurial processes in human –individual oriented position. Humanism should be treated as valuable improvement of economic aspect of business and enterprise. Such approaches stand in direct opposition to neoclassical economic treatment of business and organizational processes. More and more convergence needs to be seen between social entrepreneurship, CSR and sustainable entrepreneurship – in theory and practice, as they all are manifestations of humanism and societal approach in business and management<sup>35</sup>.

## 5. CONCLUSIONS

The complexity of social entrepreneurship phenomenon requires a broader approach to the people, enterprise, environment and all constituting elements. First of all, it should not be treated as a field or domain separate from entrepreneurship research, but constitute its subfield. Considering these, we claim to approach it as societal entrepreneurship. The complexity, generated by the context, and the processual nature of this phenomenon necessitates to move away from functionalist paradigm approach towards interpretivist. Also, as social entrepreneurship is a phenomenon relevant and approached by academics from different disciplines, we recognize the need for broadening the extent of social aim, as a distinguishing feature of social enterprise – in theory and practice. This is not narrowly defined social problem of particular social groups, but it covers any aspects of social changes, resulting from struggles and conflicts, in efforts for empowerment of a variety of social groups and their problems. As a result, more entrepreneurship research could be potentially done via employment of radical change approach. The main argument for considering and researching social entrepreneurship as a phenomenon on the intersection between the discussed paradigms, is its highly contextual nature, complexity

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<sup>33</sup> For valuable review of management problems see more: M. Szarucki, *Evolution of managerial problems from the perspective of management science*, “Business: Theory and Practice” 16/4, (2015), pp. 362-372.

<sup>34</sup> J. Pfeffer, *Why the Assholes are Winning: Money Trumps All*, “Journal of Management Studies” 53(4), (2016), pp. 663-669.

<sup>35</sup> M.A. Pirson, P.R. Lawrence, *Humanism in Business: Towards a Paradigm Shift?*, “Journal of Business Ethics” 93(4), (2010), p. 553-565; K. Nicolopoulou, *Social Entrepreneurship...*, op. cit.

of the subject and process as well as recognition of a social problem in much broader terms.

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#### **PRZEDSIĘBIORCZOŚĆ SPOŁECZNA I ŚCIEŻKI ROZWOJU OBSZARU BADAWCZEGO NA SKRZYŻOWANIU PARADYGMATÓW BADAWCZYCH**

Celem niniejszego artykułu jest identyfikacja kluczowych uwarunkowań, mogących stanowić argumenty za stosowaniem różnych paradygmatów badawczych w badaniu zjawiska przedsiębiorczości społecznej według klasyfikacji Burrella i Morgana. Autorka postuluje podejście, sugerujące, że wykorzystywane paradygmaty badawcze nie wykluczają się wzajemnie. Natomiast w przestrzeni wzajemnych intersekcji mogą stanowić użyteczne podejście w wyjaśnianiu, opisywaniu i eksplorowaniu tego zjawiska. Przedsiębiorczość społeczna jako obszar badań znajduje się we wczesnej fazie rozwoju, co sprzyja wolności w dyskusji nad wyborem paradygmatu badawczego. Traktowanie zjawiska przedsiębiorczości społecznej jako podobszaru przedsiębiorczości, pozwala ujmować ją w kategoriach szerszych niż tylko tych które są związane z typowym jej celem, jakim jest rozwiązywanie problemów społecznych, socjalnych. Autorka identyfikuje cechy charakteryzujące przedsiębiorczość społeczną *sensu largo* i wykorzystuje je jako argumenty do większej swobody w doborze i równoczesnym stosowaniu (dotychczas traktowanych jako wzajemnie wykluczające się) paradygmatów badawczych. W początkowej części artykułu autorka przedstawia pojęcie przedsiębiorczości społecznej w badaniach i stan rozwoju tychże. W dalszej części wyodrębnia i identyfikuje ważne elementy społecznego wymiaru przedsiębiorczości spo-



łecznej, zwracając uwagę na niematerialne i trudno uchwytnie elementy procesu przedsiębiorczego, tygła interakcji społecznych, kontekstualności i procesualności tego zjawiska. Dalej następujący przegląd paradygmatów badawczych pozwala na przeprowadzenie dyskusji nad możliwościami poszerzenia wiedzy na temat obszaru przedsiębiorczości społecznej przy wykorzystaniu różnych paradygmatów.

**Słowa kluczowe:** Przedsiębiorczość społeczna, przedsiębiorstwo społeczne, metodologia, paradygmat badawczy, teoria instytucjonalna.

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## **LEGAL AND INSTITUTIONAL FRAMEWORKS AND PARTICIPATION OF POLITICAL PARTIES IN THE ELECTIONS TO LEGISLATIVE SEJM IN 1919 IN THE PODKARPACIE REGION**

The article presents preparation and the conduct of parliamentary elections in the Podkarpacie Region to the first parliament in the history of the reborn Second Republic, namely the Legislative Sejm, that was to adopt a new constitution. The notions of a political party during the creation of an independent Polish state were defined and the formation of institutions and law, which were responsible for the conduct of elections, were presented. The Podkarpacie Region in the period of the Second Republic was not separated administratively as today, but it was known geographically and historically. Geographically it coincided with the so-called Central Malopolska areas, which was a part of a larger whole that was Galicia, associated mainly with the western and eastern part. In the article the first normative acts on the first elections in independent Polish state after 1918 were discussed. The author paid attention to the electoral law and several other smaller acts. There are also presented the number of the authorized to vote and voters, valid and invalid votes, and a voter turnout in constituencies in the Podkarpacie Region in the elections of 26 January 1919 to the Legislative Sejm, and the distribution of political support in individual constituencies of the Podkarpacie Region. The area of the Podkarpackie Region included the following electoral districts: Nowy Sacz No. 40, Jasło No. 41, No. 42 Tarnów, Rzeszów 43, Tarnobrzeg No. 44, No. 45 Jarosław, Przemyśl 46. These districts were determined politically in the context of the ongoing struggle for the borders, they did not overlap with some of the districts, but from the geographical point of view they fitted in with the area of Podkarpacie.

**Keywords:** The Podkarpacie Region, elections of 1919, Legislative Sejm, political parties, the Second Republic.

### **1. INTRODUCTION**

Over the years the concept of the Podkarpacie Region, whose area was understood differently depending on ages, arose. The Podkarpacie Region territory in administrative terms was not separated in the Second Republic, although this concept was geographically known. It was introduced to the administrative language for good together with the administrative reform of provinces in 1998 and since then the concept of the Podkarpacie Region has been fully shaped<sup>2</sup>. Previously, the region oscillated between two metropolitan centers, it is Cracow and Lviv. Hence the political geography had to be diverse as varied

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<sup>2</sup> The Act of 24 July 1998 on the introduction of the three-tier division of the state (JOL of 1998, no. 96 item 603).

were the economic, social and ethnic conditions in the area. Another functioning concept to define Podkarpacie that occurs and has been adopted by researchers of the peasant movement in the region is the name of the Central Lesser Poland and Central Galicia. This last name is rather a symbolic term and it does not exist either in contemporary official sources or private ones. Podkarpacie was divided between two provinces: Lviv and Cracow. It consisted of the following counties: Tarnobrzeg, Nisko, Kolbuszowa, Łańcut, Rzeszów, Przeworsk, Jarosław, Lubaczów, Przemyśl, Strzyżów, Brzozów, Krosno, Sanok, Lesko, Rawa, Dobromil and Sokal, Mielec, Dębica, Jasło, Dąbrowa, Tarnów, and Gorlice. Also, after World War II, these sites were included in the administration of the two provinces Rzeszów and Cracow. Administrative reform in force since 1 June 1975 divided the Podkarpacie Region between the newly separated provinces: Rzeszów, Przemyśl, Krosno, Nowy Sącz, Tarnów and Tarnobrzeg<sup>3</sup>. Finally, the recent local government reform, in force since 1 January 1999, divided the Podkarpacie between the following provinces: Podkarpackie and Lesser Poland<sup>4</sup>. In this article the term Podkarpacie will be covered in general by the western counties of the historic province of Lviv and eastern counties of the historic province of Cracow<sup>5</sup>. When it comes to the contemporary Polish administrative map, the examined area of the Podkarpacie Region includes the entire Podkarpackie Province and eastern districts of the Małopolska Province. The data on the elections and their results to the Sejm of the Second Republic will be based on the borders of individual constituencies, which sometimes exceeded its reach beyond the boundaries of administrative divisions (mainly in terms of counties).

In the Polish legislation during the Second Republic it was not possible to find a definition of a party or a political party. However, the doctrine of law has developed such a concept. Professor Zygmunt Cybichowski determined by a political party, "a cluster of people that has a common political program, concerning the tasks of the state."<sup>6</sup> The author in its definition did not add the word "organized", explaining that the party cannot exist without an organization. It also implied that the anarchists and nihilists can never be a party, because they do not recognize the state<sup>7</sup>. Another definition of a party was quoted by Ludwik Kulczycki. According to him, a political party is "a union of people, united on the basis of a specific political, social or economic program."<sup>8</sup>

Today, the party is referred to "a voluntary political organization whose aim is to gain and maintain power on the basis of the presented program, in the way of free elections, which holds already gained authority on the basis of the methods of democracy and the rule of law."<sup>9</sup>

<sup>3</sup> JOL, no. 16 item.91 of 1 June 1975.

<sup>4</sup> JOL, no. 96 item 603 of 28 July 1998.

<sup>5</sup> Compare: *Ruch ludowy na Rzeszowszczyźnie. Materiały z sesji naukowej zorganizowanej przez WK ZSL w Rzeszowie z okazji 70-lecia ruchu ludowego*, ed. S. Jarecka-Kimłowska, Lublin 1967, pp. 5-11.

<sup>6</sup> Z. Cybichowski, *Polskie prawo państwowe*, Warszawa 1925, p. 57.

<sup>7</sup> Anarchism - characterized by aversion to centralized power and institutions. Nihilism (from the Latin. Nihil - nothing) - philosophical view completely or partially negating the existence of certain entities.

<sup>8</sup> Ibidem.

<sup>9</sup> Parties as key institutions of a democratic state are being explicitly guaranteed in the Constitution or laws that ensure political pluralism, freedom of creation, freedom of action and the equality of all parties. In Poland, such provisions are contained in the Basic Law of 1997 which in the Article

At some glances at parties its role as a link between citizens and the government emphasizes. In such a way a party was defined by i.a. Sigmund Neumann and Kay Lawson. Neumann defined the party as follows: "a separate organization of politically active social actors, who are interested in controlling the executive power and who compete for public support of another group or groups with different views"<sup>10</sup>. Kay Lawson defined the party as "an organization uniting individuals who seek electoral and non- electoral support from the public or its part for its representatives, in order to be able to exercise political power associated with specific positions of government, claiming that power is exercised for the social good"<sup>11</sup>.

The research problem of this article is the following: how the results of the first elections to the Legislative Sejm in 1919 looked like in the Podkarpacie Region? The aim is to present the importance of the first few months of independence of the Second Republic and its normative achievements in the organization of elections and their conduct. The research covered the period from November 1918 to February 1919 in the Podkarpacie Region. The main hypothesis of the research is summed up in the statement that the results of the elections of 1919 to the Legislative Sejm and high win of the party derived from the popular movement for a long period cemented their influence in Podkarpacie during the Second Republic period.

## 2. LEGAL AND INSTITUTIONAL FRAMEWORK FOR ELECTION TO LEGISLATIVE SEJM IN JANUARY 1919

On November 18, 1918 Ignacy Daszyński was replaced as prime minister by Jędrzej Moraczewski, a politician who derived from the Polish Social Democratic Party of Galicia and Cieszyn Silesia. On November 20, 1918 he announced the government of Moraczewski announced the program, which emphasized its temporary nature and the desire to fulfill the obligations of state only until the election and constitution of the Legislative Sejm. It also referred to the future ordination. "Preparations for this act start immediately, and the electoral law will be announced by us in the coming days"<sup>12</sup>. With these words, the government of Moraczewski assured all political groups that the elections to the Constituent Assembly was the most important objective for it. According to Piłsudski: "True representation will give general elections to the parliament, which must obey all the groups and parties. [...] The way by elections will lead to the will of the people"<sup>13</sup>.

These assumptions of Józef Piłsudski were being passed in the decree issued by the supreme authority of the representative of the Polish Republic of 22 November 1918. This was an important act of state, and on its basis the state authorities were supposed to function until the convening of the Legislative Sejm. Józef Piłsudski took the position of the Provisional Head of State. Legislative power was exercised by the Council of Ministers and the Head of State who approve it. Electoral law to the Legislative Sejm was adopted on 28

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11 resolves that: "The Republic of Poland shall ensure freedom for the creation and functioning of political parties. Political parties associate on a voluntary basis and equality of Polish citizens to influence by democratic means to shape state policy. " JOL 1997, no. 78, item. 483. A similar regulation exists in the Law on Political Parties of 27 June 1997. JOL 1997, no. 98, item 604.

<sup>10</sup> S. Naumann, *Modern Political Parties*, Chicago 1958, p. 396.

<sup>11</sup> K. Lawson, *The Comparative Study of Political Parties*, New York 1976, pp. 3-4.

<sup>12</sup> Polish Monitor no. 208 of 20 November 1918.

<sup>13</sup> Polish Monitor no. 229 of 14 December 1918.

November 1918<sup>14</sup>, it was also introduced a decree managing elections to the Legislative Sejm on the same day<sup>15</sup>.

Electoral law to the Legislative Sejm consisted of 101 articles and 5 appendices. The first two chapters were devoted to the right to stand in elections and for elections; others concerned the rights of citizens regarding the reporting of candidates for deputies, the formation of election commissions, the right to check the lists of electors, the act of voting and the right to complaint<sup>16</sup>. In the first chapter, which concerned the right to vote, the Article 1 conceded the right to vote to persons who were 21 years of age at the date when the elections were announced. At that time this was the limit widely believed as the best possible to accept<sup>17</sup>. It did not predict any discrimination based on sex. One can see in this record that the low age census was imposed, which sparked controversy. In the case of the right to stand in elections a citizen had to meet the domicile census, that is, to live in his polling area at least the day before the election decree (art. 2); this condition did not concern the right to stand for elections (art. 7). The domicile census was formed quite liberally – it was enough to have a residence at least the day before the announcement of elections. Such a solution was opposed as it was virtually impossible for job seekers who moved around the country to vote. It was postulated that a voter should be entitled to vote where they could identify at least three-month residence.

On the basis of the electoral law (art. 3), a voter could only vote in one district. With regard to the limitations of voting rights the decree deprived the right to vote of all active soldiers on active duty (art. 4), and criminals without judgment of the court of civil rights (art. 5). In the last article (art.6) of the first chapter, it was stated that a vote should be made in person.

The right to stand for election (art. 7) had all citizens (including the servicemen) who had the right to vote without any restrictions because of the place of residence. Also this article as art. 1 and 2 was not precise, because to have the right to vote, one had to have a right to stand in elections, and this in turn was dependent on the residence. However, the deprivation of active military men from voting was welcome, which protected the servicemen from political wrangling, but let them to apply. Such a regulation was in line with the contemporary principle of political neutrality of the army - "the army is a big dumb."<sup>18</sup> Thanks to it future parliaments, not just Legislative ones gained in their benches eminent specialists in the field of defense.

Further articles of the ordination (8-10) contained the following restriction in selecting members. It was forbidden to select public servants administrative, fiscal and judicial districts authorities where their power extended. However, this provision did not apply, military officials and the central government. All officials and the military, who were elected to parliament, had to release themselves from their official duties, for the time of carrying out the mandate<sup>19</sup>. During the service as MPs they did not receive remuneration from their previous office. Regulations did not contain provisions relating to diet, what

<sup>14</sup> Journal. Pr. P. P., no. 18 item 46 of 6 December 1918.

<sup>15</sup> Journal Pr. P. P., no. 18 item. 47 of 6 December 1918.

<sup>16</sup> Journal Pr. P. P., no. 18 item 46 of 6 December 1918.

<sup>17</sup> K. Skotnicki, *Zasada powszechności w prawie wyborczym – zagadnienia teorii i praktyki*, Łódź 2000, p. 105.

<sup>18</sup> A. Ajnenkiel, *Parlamentaryzm II Rzeczypospolitej*, Warszawa 1975, p. 107.

<sup>19</sup> Understood as a leave.

could stop, according to Wacław Komornicki, the adoption of parliamentary mandates by less prosperous candidates<sup>20</sup>. The third chapter dealt with the ordination of electoral districts and voting circuits. Poland was divided into constituencies, whose list and the main hubs of the electoral commissions were set out in Appendix 1 to the electoral law (art. 11). Ordinance divided an area where the elections were to be held into 71 districts (later 70 as a result of the merger of 35 (Cieszyn) and 35 A (Frydek) districts).

As a result of the Moraczewski government it was assumed that the new parliament would have 524 seats, which was most fully reproduce the will of the voters, but it never happened. It ruled out the idea of forming small constituencies<sup>21</sup>. Nationally, medium and large constituencies dominated. The whole area of Galicia was divided into 24 constituencies, and together with Silesia Cieszyn it had 26 districts. Finally, it was possible to get 171 seats.

Chapter Four art. 14-87 dealt with the election of deputies. They were to be managed by the Head of State. They should fall on a Sunday or holiday, one day throughout the country. The order of elections was to be published in the Official Rights Register of the Polish State and in the official political, capital and provincial registers. Voting should be established no later than 60 days after the election of management, and the date of announcement of elections in the Official Rights Register was considered automatically for the day of ordering the election. Chapter five of the ordination concerned the validity of credentials. Every citizen could lodge a protest against the election within 14 days after the announcement of voting results by the Central Electoral Commission. It was the most important provisions of the first electoral law after Poland regained its independence in 1918.

### 3. ELECTIONS FOR LEGISLATIVE SEJM IN THE PODKARPACIE REGION

Elections for the new Legislative Sejm took place on 26 January 1919, a week after the first parliamentary elections in the newly created Republic of German (Weimar) were held and well ahead of the parliamentary elections in other newly established countries of Central and South America. They are characterized by a very high voter turnout of up to 90% and even 95% of those eligible. The first meeting of the Legislative Sejm, acting as a Constituent Assembly, was held on 10 February 1919. The speaker of the Legislative Sejm was Wojciech Trąmpczyński.

Legislative Sejm sitting in the years 1919-1922, the first parliament in the independent Republic played an important role in building the foundations of a new political system of the Republic. It was selected partly through democratic five-adjective elections (direct, universal, equal, secret and proportional) and on 26 January 1919 it was supplemented by the Polish parliament deputies. It was gradually supplemented during elections in individual districts until 1922. In the course of work on the ordination of the future Constituent Assembly it decided that it would be a unicameral body<sup>22</sup>. It had great symbolic significance, was a clear sign of revived Polish state after a period of captivity, it was also

<sup>20</sup> W. Komarnicki, *Polskie prawo polityczne*, Warszawa 2008, p. 58.

<sup>21</sup> This concept found its support, e.g. by W. Jodko-Narkiewicz, but Komarnicki spoke about it in quite a different tone.

<sup>22</sup> A. Ajnenkiel, *Spór o model parlamentaryzmu polskiego do 1926 r.*, Warszawa 1972, pp. 160-162; M. Pietrzak, *Parlament Drugiej Rzeczypospolitej*, [in:] *Spółeczeństwo obywatelskie i jego reprezentacja (1493-1993)*, red. J. Bardach, W. Sudnik, Warszawa 1995, p. 141.

an expression of national sovereignty. It was also a body of "sovereign and the legislature power," the task of going beyond the obligation to develop a proper constitution.

The conducted election campaign to the Legislative Sejm took place in a complex external situation of the state and even more tense internal situation<sup>23</sup>. The Moraczewski government, increasingly under attack of political opponents, prepared (signed by the Head of State on January 2, 1919.) decree on the state of emergency, allowing the Council of Ministers its introduction as needed throughout the country or its part<sup>24</sup>. After the failed coup attempt organized by the right wing, connected with deprivation of liberty of government on the night of 3 to 4 January, the government took advantage of their authority and on January 5, 1919 announced a period of three months of the state of emergency in Warsaw and the Warsaw district, and in the counties of Dąbrowa and Będzin.

At the commencement of the deliberation Legislative Sejm counted 335 members<sup>25</sup>, but in the following months the number of members grew steadily until March 1922, when the Sejm counted (already permanently until the end of term) 432 members.

In the elections to the Legislative Sejm of 26 January 1919 the Podkarpacie area was included in the following electoral districts: Nowy Sącz No. 40, Jasło No. 41, Tarnów No. 42, Rzeszów No. 43, Tarnobrzeg No. 44, Jarosław No. 45, Przemyśl No. 46. These counties were designated ad hoc as a part of the ongoing struggle for the borders, they did not coincide with counties, but from the point of view of geographical overlap with the area of Podkarpacie. Only weakly populated areas in the southeast of Sanok and Przemyśl were not included in the mentioned districts in these elections. This was also connected with the ongoing struggles in these areas border with Ukrainians and poorly organized Polish administration, especially this elective one. These areas were not incorporated into the new constituencies until future elections in November 1922.

Westernmost situated electoral districts of Tarnów and Nowy Sącz did not belong to Podkarpacie, but due to the fact that the MPs were elected from the whole constituency, they had been included in the western borders of Podkarpacie. In other border points of Podkarpacie it was not the problem, because they were designated by such big centers like Tarnobrzeg, Przemyśl and Sanok. In 11 constituencies Galicia where 979 099 people voted, 71 deputies were elected<sup>26</sup>. The boycott by the communists and Jewish party "Bund" was not successful.

The detailed information related to the elections to the Legislative Sejm constituencies in Podkarpacie is presented in Table 1, in particular as regards the number of voters and those who gave their vote.

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<sup>23</sup> A. Ajnenkiel, *Narodziny parlamentaryzmu II Rzeczypospolitej*, [in:] *Konstytucja 3 Maja i jej tradycje*, Wrocław 1992, pp. 67.

<sup>24</sup> Decree on 2 January 1919 about the martial law, JOL Pr. P. P. 1919, no. 1 item 79.

<sup>25</sup> According to data from April 1919 there were 348; the Sejm note „The list of MPS to Executive Sejm of the Polish Republic on z dnia 12 April 1919”, followed: S. Krukowski, *Sejm Ustawodawczy 1919-1922*, „Czasopismo Prawno-Historyczne” 1986, z. 1, p. 97.

<sup>26</sup> A. Ajnenkiel, *Historia sejmu Polskiego*, vol. II, part 2, *II Rzeczpospolita*, Warszawa 1989, p. 16-17.



Table 1. The number of authorized to vote and voters, valid votes and invalid, and turnout in constituencies of Podkarpacie in the elections of 26 January 1919 to the Legislative Sejm

Electoral constituencies, districts and towns	No. of eligible to vote	No. of voters	No. of valid votes	No. of invalid votes	Election turnout
<b>District 40</b>	<b>95 941</b>	<b>78 041</b>	<b>77 733</b>	<b>308</b>	<b>81,34%</b>
Gorlice	25 350	19 407	19 281	126	76,56%
Grybów	19 339	16 384	16 329	55	84,72%
Nowy Sącz	51 252	40 836	40 709	127	79,68%
<b>District 41</b>	<b>No data</b>	<b>71 238</b>	<b>71 073</b>	<b>165</b>	<b>No data</b>
Jasło		27 957	27 880	77	
Krosno		27 107	27 060	47	
Sanok		16 174	16 133	41	
<b>District 42</b>	<b>185 473</b>	<b>156 727</b>	<b>156 727</b>	<b>(b.d.)</b>	<b>84,50%</b>
Brzesko	44 036	(b.d.)	37 480	(b.d.)	85,11%
Bochnia	48 128	(b.d.)	40 537	(b.d.)	85,23%
Dąbrowa	28 375	(b.d.)	24 150	(b.d.)	85,11%
Pilzno	19 645	(b.d.)	16 337	(b.d.)	83,16%
Tarnów	45 289	(b.d.)	38 223	(b.d.)	84,40%
<b>District 43</b>	<b>92 202*</b>	<b>95 341</b>	<b>94 715</b>	<b>626</b>	<b>(b.d.)</b>
Ropczyce	32 221	28 154	28 038	116	87,38%
Rzeszów	59 981	48 293	48 084	209	80,51%
Strzyżów	(b.d.)	18 894	18 593	301	(b.d.)
<b>District 44</b>	<b>119 381</b>	<b>97 098</b>	<b>96 420</b>	<b>678</b>	<b>81,33%</b>
Kolbuszowa	28 494	22 797	22 480	317	80,01%
Mielec	30 583	26 226	26 162	64	85,73%
Nisko	25 553	18 125	17 869	256	70,93%
Tarnobrzeg	34 751	29 950	29 909	41	86,18%
<b>District 45</b>	<b>109 078</b>	<b>74 334</b>	<b>74 122</b>	<b>212</b>	<b>68,15%</b>
Jarosław	48 241	27 356	27 267	89	56,71%
Łańcut	37 468	27 830	27 743	87	74,28%
Przeworsk	23 469	19 148	19 112	36	81,59%
<b>District 46</b>	<b>83 858</b>	<b>49 966</b>	<b>49 792</b>	<b>174</b>	<b>59,58%</b>
Brzozów	31 327	22 372	22 245	127	71,41%
Przemysł	45 264	23 946	23 917	29	52,90%
Bircza	7 267	3 648	3 630	18	50,20%
<b>Overall</b>	<b>685 933**</b>	<b>622 745</b>	<b>620 582</b>	<b>2 163***</b>	<b>x</b>
<b>Turnout average from five electoral districts</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>74,98%</b>

\* Without data from Strzyżów district

\*\* Without ineligible to vote in district no. 41

\*\*\* Without the number of invalid votes in the district no. 42

Source: Own studies based on: L. Krzywicki, *Statystyka wyborów do Sejmu Ustawodawczego*, Warszawa 1921, s. 1-100.

Table 1 shows that, compared with the election results from individual districts the most people eligible to vote was on the Podkarpacie in district No. 42 (Tarnów), the second place was District No. 44 (Tarnobrzeg) and the third in district No. 45 (Jarosław). The most eligible voters in smaller electoral districts included in the electoral constituencies in the county was in a political district of Rzeszów - 59 981 people. All voters in the seven surveyed districts of the Podkarpacie region were eligible to vote, on the basis of certain

data was approx. 685 933 persons, including to the approximate number of voters of District 41 (Jasło), on the basis of votes the figure rises to approx. 760 000 of eligible votes. According to the calculations of Ludwik Krzywicki, in Galicia there were 1 169 668 eligible voters. It means that the Podkarpacie districts accounted for the vast majority when it comes to the number of people eligible to vote.

In all seven districts the number of voters who voted were known. Most of them were from the district No. 42 (Tarnów), the second place was district No. 44 (Tarnobrzeg), where voted more than 50 thousand voters less. When it comes to smaller political districts the available data show that in Podkarpacie the most votes were in the political district of Rzeszów - 48 293. However, we do not have partial data from the district No. 42, where there was absolutely the most votes in all constituencies. On the whole in Podkarpacie voted 622 745 voters, which accounted for almost half of the holders of Galicia, where it was possible to hold the elections. In seven districts of Podkarpacie only two thousand votes were invalid (without voting rights revoked in district No. 42, the lack of data) out of 622 thousand votes, which constituted a very small percentage. Most of invalid votes were in the district No. 44 (Tarnobrzeg) - 678, while most unimportant in units of lower level - in the political district in Kolbuszowa - 317, which also belonged to the district no. 44. The least of invalid votes were in Bircza - only 18, which was part of district No. 46 (Przemyśl), but this district had very few voters, only 7 267 people. The second place, more statistically representative, had the political district of Przemyśl, which was a part of the district No. 46, and where there were only 29 invalid votes.

The biggest turnout was recorded in Podkarpacie in district No. 42 (Tarnów) - 84.50%, and the smallest in the district No. 46 (Przemyśl) - 59.58%. The average attendance in seven constituencies of Podkarpacie amounted to 74.98%. The highest voter turnout was recorded in Podkarpacie political district Ropczyce, which was up 87.38%.

The data by Ludwik Krzywicki concern 7 constituencies in the area of Podkarpacie where voters voted in 23 political districts and one judicial district (Bircza - located on the south-eastern edge of Podkarpacie between Przemyśl and Sanok). Voting took place in 1974 districts, an average of 282 districts in a single constituency. The most voting districts to vote was in district 42 (Tarnów), as many as 524, while the least in the district 46 (Przemyśl), because only 160. In the judicial district of Bircza, there were only 26, due to the small population and an irregular situation to the east and south of Bircza in connection with the ongoing fighting with the Ukrainians. The most voting districts was in the political district of Rzeszów (159) and Nowy Sącz (151).

#### 4. CONCLUSION

The highest number of votes at 622 745 during the elections received PSL "Piast", as many as 263 000, which accounted for 42% of all votes. "Piastowcy" achieved a great victory but also other people's parties achieved good results depending on the party and the district, which was linked to a party starting in the election. The most votes PSL "Piast" won in the district no. 42 - 96 030. The district was composed of five political districts: Bochnia, Brzesko, Dabrowa, Pilzno and Tarnów. The second district where "Piast" achieved excellent result was district no. 43 (Rzeszów), where they won 51 204 votes. The party won the least votes in the district No. 44 (Tarnobrzeg) - because only 8 358. This was due to the fact that in the district "Piast" had a strong competitor in the person of the priest Okoń and his radical supporters gathered around the PSL-Left PSL "Liberation" and the

Radical Peasant Party. The Radicals won in this district as many as 75 673 votes, the most in Tarnobrzeg, it was still the aftermath of the existence of the Republic of Tarnobrzeg and support of the revolutionary slogans by impoverished peasants who expected that their financial situation would improve due to breaking up large estates and funds drawn from Soviet Russia. On the whole Podkarpacie radical peasant parties (PSL-Left, supporters of the priest Okoń, PSL "Liberation") received 142 974 votes, which accounted for almost 23% of the votes. Overall, the people's parties in Podkarpacie received support in the elections to Legislative Sejm in the amount of approx. 65%.

Polish Social-Democratic Party, or the socialists won the support of 62 486 voters, which accounted for 10%. Most support the party received in the western and central districts of Podkarpacie, the farther east of Rzeszów support for PSDP decreased. Socialists in the whole country, including the main leftist party, or Polish Socialist Party, who did not compete in Galicia, recognized the elections to the Legislative Sejm as their defeat. According to the same socialist it was primarily due to the collapse of the government of Jędrzej Moraczewski. They said nothing about allegations of election fraud and the slow fall in revolutionary sentiment associated with the completion of the military operations (not counting the battle about the borders) and increased economic security among the population. From the areas of Podkarpacie they managed to get seats in the Sejm, which was only thanks to the activities of PSDP Galicia and Cieszyn Silesia. The greatest support PSDP received P in district No. 40 (Nowy Sącz) and 42 (Tarnów), which won respectively 12 020 and 10 987 votes.

Parties of the right wing centered in the national movement (the National Electoral Committee Democratic Parties) also failed to achieve electoral success in Podkarpacie as it was in the former Congress constituencies, or later in the elections in Poland and Pomerania. National Democrats with the Christian Democrats treated as a right party won in Podkarpacie 91 396 votes, which represented 14.5% of the votes, this enabled the introduction to the parliament a number of members from the right wing. National Democrats managed to win a number of voices in the district No. 40, where the Municipal National Organization received 5 148 and the Union of Catholic 13 019 votes. In the Nowy Sącz district both parties together received 10 329 votes out of 40 836 voters. In the district no.42 right-wing forces celebrated the greatest victory, the National Democracy did not receive too many votes, but the Polish Association of Catholic People won as many as 26 937 votes, including Tarnów 10 096 votes. The biggest defeat for the National Democratic Party was in the district o. 43 (Tarnobrzeg), where they enjoyed the support of the only 2 574 voters, while in the district 97 098 people. In the district of Przemyśl (46) the right-wing ideology was popular in connection with ethnic problems in these areas and as a result of proximity of passing fronts during the Polish-Ukrainian war. As a result, National Democracy won the general 10 591 votes out of 49 966 voters. It means that National Democracy got the support of 76%.

National minority parties won 35,440 votes, which constituted 5.7% of public support. The Jewish lists were supported in district 42 (Tarnów), with 10,128 votes, followed by districts 40, 41, 43 and 44. In each of them, the Jewish lists won over five thousand votes. Major successes the minorities reached in the districts of Tarnów, Bochnia and Rzeszów.

Elections to the Legislative Sejm showed that a very significant part of the Jewish community in Poland, and especially in Galicia (Podkarpacie), was based on Jewish nationality, and was not limited to the role of the religious community. Even the differences of views between the Jewish parties and the Zionists to the workers' parties did not

undermine unanimity in recognizing Jews as nationality. In order to weaken their representation in the next parliament elected in 1919, the electoral law included the larger urban districts, particularly in Galicia (Podkarpacie, in Eastern Galicia, where the Jewish population could count on many votes), those of predominantly Jewish population to large districts rural areas where the Jewish population was small. Polish deputy had to get on average between 12 000 and 20 000 votes, and the elected Jewish deputies had 45,000 votes. In this way the Jewish population in Poland at that time was represented by about 11% of the entire population and was represented in the new parliament by about 3% of the parliamentary representation.

The rest of the support was shared between local parties and unions that did not play any part in the electoral process in Poland, Galicia and even Podkarpacie. They fought for support of their programs in the planned municipal and local elections, where they were supposed to play a much bigger role than in the parliamentary elections.

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#### **RAMY PRAWNO-INSTYTUCJONALNE I UDZIAŁ PARTII POLITYCZNYCH W WYBORACH DO SEJMU USTAWODAWCZEGO W 1919 ROKU NA PODKARPACIU**

W artykule zaprezentowano przygotowania i przebieg wyborów sejmowych na Podkarpaciu do pierwszego sejmiku w dziejach odrodzonej II Rzeczypospolitej, a mianowicie do Sejmu Ustawodawczego, który miał uchwalić nową konstytucję. Zdefiniowane zostały w nim również pojęcia partii politycznej w okresie tworzenia się niepodległego państwa polskiego oraz zaprezentowano powstawanie instytucji oraz prawa, które były odpowiedzialne za przeprowadzenie wyborów. Podkarpacie jako region w okresie II Rzeczypospolitej nie było wydzielone administracyjnie tak jak współcześnie, ale geograficznie i historycznie było znane. Geograficznie pokrywało się z terenami tzw. Małopolski Środkowej, która była częścią większej całości jaką była Galicja, kojarzona głównie z częścią zachodnią i wschodnią. W artykule zostały również omówione pierwsze akty normatywne dotyczące pierwszych wyborów w niepodległym państwie polskim po 1918 r. Chodzi tutaj w szczególności o Ordynację wyborczą i kilka innych mniejszych aktów prawnych. Zaprezentowano także liczbę uprawnionych i wyborców, głosów ważnych i nieważnych oraz frekwencję w okręgach wyborczych Podkarpacia w wyborach z dnia 26 stycznia 1919 r. do Sejmu Ustawodawczego oraz rozkład poparcia politycznego w poszczególnych okręgach wyborczych Podkarpacia. Obszar Podkarpacia zawierał się w następujących okręgach wyborczych: Nowy Sącz nr 40, Jasło nr 41, Tarnów nr 42, Rzeszów nr 43, Tarnobrzeg nr 44, Jarosław nr 45, Przemyśl nr 46. Okręgi te wyznaczono politycznie w ramach toczących się walk o granice, nie pokrywały się one także z niektórymi powiatami, ale z punktu widzenia geograficznego pokrywały się z obszarem Podkarpacia.

**Słowa kluczowe:** Podkarpacie, wybory 1919 r., Sejm Ustawodawczy, partie polityczne, II Rzeczypospolita.

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**Marzena SYPER-JĘDRZEJAK<sup>1</sup>**

## **WORK-LIFE ACTIVITIES AS A WAY OF BUILDING THE IMAGE OF THE EMPLOYER**

The success of any organization depends largely on employees, particularly the level of their involvement in the tasks performed, which, in turn, are increasingly dependent on their level of satisfaction not only from work, but also of life.

In the era of this demographic and economic crisis, attracting and retaining talented employees becomes a way of survival for an organisation. For this purpose, a company makes great efforts to shape its specific image on the labour market. A variety of tools are used - including those originally dedicated to other purposes. The aim of this study is to determine the relationship between work-life activities (WLB) and creating an employer's brand. Another goal is to present practical solutions for WLB which can serve employer branding. The objectives have been achieved based on the analysis of secondary sources (compact publications, reports of research into these issues), as well as analysis of award schemes documentation concerning WLB and analysis of the web material provided by the selected organisations. The paper presents the objectives, tools and the expected benefits for an organisation from its image-building activities aimed at building the desired employer brand (in both their internal and external aspect). The next point was devoted to Work-Life Balance (WLB). This is followed by WLB initiatives and programs in the context of employer branding, and by the presentation of selected solutions from economic practice.

**Keywords:** human resources management, work-life balance, employer branding

### **1. INTRODUCTION**

Modern organisations to survive and thrive require, among other things, competent managers and talented and committed employees. To achieve this, they must secure the interest and loyalty of accomplished and skilled workers - which, despite high unemployment in the labour market, is not easy. This may be helped by creating a brand desirable from the point of view of the employee. The concept of employer branding is relatively young, but in the last decade it has recorded a dynamic growth and is of interest not only to business practitioners but also theoreticians of management. In Poland, this subject is also noticeable - enterprises, mainly following the example of multinational corporations (including Mars, IKEA, JTI<sup>2</sup>), devote greater and greater attention to it. The question therefore arises of how to effectively create a positive brand of an employer combining typical image-building activities with programs supporting those already employed. Since

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<sup>2</sup> M. Kozłowski, *Employer branding: Budowanie wizerunku pracodawcy krok po kroku*, Wolters Kluwer SA, Warszawa 2012.

studies<sup>3</sup> have demonstrated that a positive employer brand depends on low levels of stress and a sense of stability, the attention of managers and employers should be directed towards creating programs that provide stability and balance. One of the ways may be initiatives in the field of providing workers with work-life balance (WLB).

## 2. EMPLOYER BRANDING – OBJECTIVES, EXPECTED BENEFITS AND TOOLS ADOPTED

The concept of creating an image of an organisation as a valued employer (a good workplace) has been, in recent years, of interest to specialists of human resources management (initially, mainly in the United States and Great Britain). The idea of shaping the image of an employer is related to the practice of talent management, which grew out of the need to ensure and maintain talented staff at the top of the US economic boom of the late nineties<sup>4</sup>. In times of demographic and economic crisis, characterised by, among others, the war for talent, this concept is now, and in the future it will increasingly be, gaining in importance. Building the brand of an employer who is the so-called employer of choice, is also important in Poland, where, due to a decrease in labour supply (demographic factors and economic changes), many organisations are struggling with staffing problems<sup>5</sup>. The following factors<sup>6</sup> have a particular impact on the functioning of an organisation in the context of the provision of adequate human resources in Poland:

- an aging population;
- a deepening demographic crisis;
- significant unemployment among young people;
- a large emigration of young people;
- the increasing percentage of people with a higher education who are not in employment up to a year after graduation;
- changes in labour law in the direction of greater flexibility in employment;
- the increasing percentage of contracts of employment on a part-time basis;
- the war for talent.

It should be noted that many Polish employers have difficulty recruiting and retaining suitable candidates, despite relatively high unemployment among graduates (13% of college graduates and 27% among high school graduates within a year<sup>7</sup>). Participants in the study<sup>8</sup> conducted by the HRM Institute listed the following among the reasons for this: the

<sup>3</sup> A. Baruk, *Rola wizerunku pracodawcy w funkcjonowaniu współczesnych przedsiębiorstw*, „Zarządzanie Zasobami Ludzkimi”, no. 6, 2009, pp. 16.

<sup>4</sup> G. Martin, P. Beaumont, R. Doig, J. Pate, *Branding: A new performance discourse for HR?*, “European Management Journal”, vol. 23, no. 1., 2005, pp. 76-78.

<sup>5</sup> K. Wojtaszczyk, Employer branding po polsku na przykładzie uczelni wyższych, czyli jak wykreować wizerunek pracodawcy, który nie dba o swoich pracowników, „E-mentor”, vol 25, no. 3, 2008, <http://www.e-mentor.edu.pl/artukul/index/numer/25/id/547> (accessed: 18 March 2016).

<sup>6</sup> J. Kopeć, *Procedury personalne kształtujące wizerunek pracodawcy*, „Edukacja ekonomistów i menedżerów”, no. 4, 2013, pp. 42; K. Wojtaszczyk, *Employer Branding czyli zarządzanie marką pracodawcy*, Wyd. Uniwersytetu Łódzkiego, Łódź 2012.

<sup>7</sup> Raport IBE 2016, <http://www.student.lex.pl/czytaj/-/artykul/raport-ibe-stopa-bezrobocia-wsrod-absolwentow-w-polsce-jest-nizsza-niz-srednia-dla-ue>, (accessed: 18 March 2016).

<sup>8</sup> Employer Branding w Polsce 2015, <http://www.HRMInstitute/raport-employer-branding-w-polsce-2015-56827542> (accessed: 16 March 2016).



insufficiently attractive image and reputation of the employer (18% of respondents), the lack of knowledge of candidates about the offer (13%) and insufficiently attractive page / tab on the website of the employer such as: *career* (11%). This makes the activities of employer branding more important than ever - taking on a new dimension. Besides the traditional "marketing" image of a company (mainly based on the image and brand of the product offered), there is a need to produce strong, positive associations in the minds of current and potential employees. These are designed to strengthen employee loyalty and their commitment to the fulfilment of the tasks assigned. Moreover, they facilitate identification with the goals of the company and, globally, they foster a feeling of job satisfaction<sup>9</sup>. Research shows that a positive corporate image in the labour market is conducive to attracting and retaining valuable employees<sup>10</sup> for the company.

The employer brand itself is a category ambiguously defined in literature. Many authors use interchangeably the terms "image", "identity", "reputation", "personality" or "brand" in relation to the employer.<sup>11</sup> Without going into definitional variety, for the purposes of this study it was assumed that since the concept of the brand can mean "a set of beliefs, thoughts and impressions of the given entity (a person or a group) about some object - which includes both the company, the product (...) the place or the person"<sup>12</sup>, then the company brand is an image formed in the minds of current and potential employees based on their personal experiences (for employees) or on the information reaching prospective members of an organisation<sup>13</sup>. The image produced of the organisation can be accurate or inaccurate, made up of both personal experiences of the recipients of image, or hearsay (read) opinions about the company. The image of an organisation, therefore, is not a true reflection of reality, but the result of the subjective perception of labour market participants<sup>14</sup>.

Building the image of an employer (employer branding) can therefore be defined as an employer's efforts towards the formation of the image of that organisation as a desirable and distinctive employer<sup>15</sup>. This process is similarly understood by U. Bukowska, who identifies employer branding with the creation in the labour market of a clear view of what distinguishes the employer and makes him "an employer of choice"<sup>16</sup>. According to G. Martin, the essence of employer branding is to attract talented people to an organisation and to ensure that both present and potential employees will identify with the company and provide the desired results<sup>17</sup>. The perception of an employer (positive) by employ-

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<sup>9</sup> A. Dewalska-Opitek, *Sześć zasad kreowania zintegrowanego wizerunku przedsiębiorstwa jako pracodawcy*, „Zarządzanie Zasobami Ludzkimi”, no 6, 2009, pp. 26.

<sup>10</sup> A. Lipka, 2002, after: M. Kantonowicz-Gdańska, *Employer branding – kwestie definicji i modelu*, „Zarządzanie Zasobami Ludzkimi”, no. 6, 2009, pp. 56.

<sup>11</sup> T. Ambler, S. Barrow 1996; F. Lievens, G. Van Hoye and F. Anseel 2007; after: A. Baruk, op. cit, pp. 14.

<sup>12</sup> T. Woodward, *Using brand awareness and brand image in tourism chains of distribution*, “Journal of Vacation Marketing”, April, vol. 6, no 2, pp. 123.

<sup>13</sup> A. Baruk, op. cit, pp. 14.

<sup>14</sup> M. Biedermann, M. Urbania, 1998, after: A. Dewalska-Opitek, op. cit., pp. 27.

<sup>15</sup> S. Jenner, S. Taylor, 2008, after: M. Kantonowicz-Gdańska, op. cit., pp. 57-58.

<sup>16</sup> U. Bukowska, U.: *Kształtowanie wewnętrznego wizerunku pracodawcy – implikacje dla jakości życia w pracy*, [in:] T. Sikora, M. Gienza (Eds.), *Praktyka zarządzania jakością w XXI wieku*, Wydawnictwa Naukowe PTTŻ, Kraków, 2012, pp. 29.

<sup>17</sup> G. Martin, 2008, after: M. Kantonowicz-Gdańska, op. cit, pp. 57.

ees is influenced by several factors: a sense of stability, a fair allocation of rewards and promotions to the staff, the lack of feeling threatened with job loss, low levels of occupational stress and a pro-development nature in work<sup>18</sup>.

It is assumed that employer branding is a dynamic category, evolving through the actions of the employer or its employees or market conditions. Employer branding is directed to the internal market of an organisation (employed workers) and / or includes activities directed externally (potential candidates). Both directions, from the point of view of the company, are equally important and should be included in its image building activities. In addition, branding is done in two ways, either through formal (e.g. personnel tools, programs offered to employees, offers for job candidates, etc.) or informal channels (the opinions and actions of employees or former employees). As noted by A. Baruk, any informal opinions are generally considered to be more reliable than formalised and official messages<sup>19</sup>. The internal image and the external image together form the image of a company as an employer. The image of a company as an employer, in turn, affects its image in other roles and the image of its offer; hence it has an impact on the overall brand of an organisation<sup>20</sup>.

Traditionally, the tools to build the external image of an employer include the conduct of recruitment - job advertisements, promotional campaigns (leaflets, banners, commercials, etc.), corporate website (alternatively, tab) dedicated to career development, the presence of a company at job fairs, commemorative events, organising open days, etc. The same applies to the activities of an organisation in social media. Information about recruitments and first contact with a company is posted and shared by candidates on online forums or social media, which affects a company's distinctive image<sup>21</sup>.

On the other hand, building the internal image of an organisation (focused on current and departing employees) is based on the construction of a fair system of remuneration, an attractive employee benefits program, the offer of a staff development program (program for talent), work-life program, or outplacement program<sup>22</sup>.

It should be noted that the division between the internal and external image of an employer in the era of modern technology (allowing workers to communicate with the outside world on such a scale in real time) does not reflect actual operations in their entirety. Incentives publicised by an organisation, development and work-life programs not only serve to strengthen a company's image within, but also to build a particular reputation among potential candidates.

### 3. THE IDEA OF ACTIVITIES IN THE FIELD OF WORK-LIFE BALANCE

Family and professional life are two very important planes of human functioning, which absorb time and energy. Often, the reconciling of different roles arising from func-

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<sup>18</sup> A. Baruk, op. cit, pp. 16.

<sup>19</sup> A. Baruk, op. cit, pp. 13-15.

<sup>20</sup> Ibidem.

<sup>21</sup> A. Macnar, J. Bojanowska: Narzędzia budowania polityki employer brandingowej, <http://blog.goldenline.pl/2015/03/30/narzedzia-budowania-polityki-employer-brandingowej>, (accessed: 21 March 2016).

<sup>22</sup> J. Kopeć, op. cit, pp. 44.

tioning at home and at work generates conflicts<sup>23</sup>. This is why the question of balance between work and life outside work (including such areas as family, self-development, recreation, hobbies, etc.) is so important. Due to the ambiguous nomenclature used in the literature, in this article, for simplification purposes, the terms "work-home" and "work-life" are used interchangeably to denote professional and non-professional activities. Work-home balance can be called a state in which a person copes with potential conflicts between the different requirements concerning his time and energy in such a way that his desire for prosperity and fulfilment is satisfied<sup>24</sup>. A similar definition is given by E. Heckerson and C. Laser, who add that it is a state that allows for both fulfilment in work and in your personal life<sup>25</sup>.

Contemporary models of life mean that the maintenance of this balance becomes a challenge. The results of studies on the quality of life of Europeans provide important information which shows that it is usually professional functioning that consumes excessive time and energy at the expense of non-professional life.<sup>26</sup> According to these studies, 27% of Europeans felt that they spend excessive time at work and at the same time 28% of respondents admitted that they spend insufficient time with their families. Approximately 36% of respondents did not have enough time for social contacts and up to 51% for their hobbies and interests. In total, 22% of respondents indicated the existence of a conflict between the two spheres of their life<sup>27</sup>.

The lack of work-life balance may result in a number of consequences, ranging from an individual's stress and related psychosomatic disorders, to reduced effectiveness in the workplace or family breakdown<sup>28</sup>. Some of these effects are associated with impaired professional functioning as a result of the conflict of roles, and mean that it is in the interest of the employer itself to take action of a preventive character, mitigating potential conflicts between work and the personal lives of its employees. The employer can therefore develop and implement a range of integrated activities aimed at introducing a balance between work and the family life of workers, for which it is not legally obliged<sup>29</sup>. In other words, work-life programs are a comprehensive, coherent system of benefits on behalf of employees, consistent with the company's strategy and its expectations of employees<sup>30</sup>.

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<sup>23</sup> K. Karasiewicz, A. Lewandowska-Walter, D. Godlewska-Werner, D., A. Piotrowski, *Równowaga praca-dom według Polaków – prezentacja konstruktów i właściwości psychometrycznych kwestionariusza WLB*, [in:] *Zawodowe i zdrowotne problemy człowieka w różnych okresach dorosłości. Perspektywa psychologiczna*, T. Rostowska, W. Budziński (Eds.), Wydawnictwo Adam Marszałek, Toruń, 2012, pp. 42.

<sup>24</sup> D. Clutterbuck, *Równowaga między pracą a życiem osobistym*, Oficyna Ekonomiczna, Kraków 2005, pp. 26.

<sup>25</sup> E., Heckerson, C. Laser, *Just breathe! The critical importance of maintaining a work-life balance*, "Nurse Leader", no 4(6), 2006, pp. 27.

<sup>26</sup> Family life and work, 2010, after: M. Rękas, *Równowaga praca-życie wyzwaniem wobec problemów demograficznych krajów UE*, „Studia Ekonomiczne”, no. 145, 2013, pp. 80.

<sup>27</sup> Ibidem, pp. 79-80.

<sup>28</sup> S. Borkowska, *O równowagę między pracą i życiem*, Wyd. IPISS, Warszawa 2003, pp. 16; M. Kopertyńska, *Motywowanie pracowników. Teoria i praktyka*, Placet, Warszawa 2008, pp. 238-239.

<sup>29</sup> W. Cascio, *Kalkulacja kosztów zasobów ludzkich*, Dom Wydawniczy ABC, Kraków 2001, pp. 180.

<sup>30</sup> S. Borkowska, op. cit, pp. 23.

These fall into the area of human resources management and are part of diversity management<sup>31</sup>.

Measures to promote work-life balance enable organisations to attract and retain talented employees, better protect their investment in professional development, effectively use time and skills, increase motivation to work, reduce absenteeism due to caring responsibilities, and mitigate the potential difficulties arising in connection with the break caused by maternity or family responsibilities<sup>32</sup>. As a result of allowing employees to realise themselves in non-professional roles (family, social, civic, etc.), it improves their quality of life and overall involvement in a company's activities, which is reflected in the workplace<sup>33</sup>. Implementing WLB programs brings an organisation benefits, not only in social, but also in economic aspects - reducing the cost of recruitment, selection and adaptation of new employees<sup>34</sup>.

#### 4. WORK LIFE BALANCE AS A WAY TO BUILD EMPLOYER BRANDING - EXAMPLES OF THE PRACTICES OF FIRMS

Work-life actions on the part of employers are a way of creating the image of an organisation which takes care of its subordinates in a diverse and modern way, thereby building loyalty among employees, which is particularly important for candidates from the, so-called, Generation Y or younger<sup>35</sup>. Whether work allows for the maintenance of balance is indicated as a relevant criterion by a large group of students and potential employees in the rankings and studies that relate to the expectations of young Poles in relation to future employers<sup>36</sup>. The importance of work-life balance in choosing a future employer is reflected also in the results of the research (Motivation for the Young 2015), which collected the opinions of students from over 50 universities in Poland. For 85% of respondents these questions were relevant and were considered a key motivating factor<sup>37</sup>. An organisation which presents an offer in the field of work-life activities (especially communicating it through the Internet or social media), has an opportunity to present itself

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<sup>31</sup> S. Borkowska, *Ile pracy ile życia poza nią?* [in:] *Programy praca-życie z teorii i praktyki*, S. Borkowska (Eds.), Wyd. IPiSS, Warszawa 2011, pp. 31.

<sup>32</sup> B. Balcerzak-Paradowska, *Ocena kierunków zmian w polityce rodzinnej w Polsce w aspekcie godzenia życia zawodowego z rodzinnym*, [in:] *Równowaga praca-życie-dom*, C. Sadowska-Snarska (Eds.), Białystok 2008, pp. 23-24.

<sup>33</sup> H. Greenhuas, K. Collins, J. Shaw, 2003, after: A. Gilley, K. Waddell, A. Hall, A., et al.: *Manager Behavior, Generation, and Influence on Work-Life Balance: An Empirical Investigation*, "The Journal of Applied Management and Entrepreneurship", vol. 20, no. 1, 2015, pp. 5.

<sup>34</sup> K. Dąbrowska, *Programy na rzecz równowagi życia zawodowego i rodzinnego* „Annales. Etyka w życiu gospodarczym”, no.2, 2014, pp. 51.

<sup>35</sup> A. Gilley, K. Waddell, A. Hall, A., et al., op. cit; B. Tulgan, *Not everyone gets a trophy: How to manage generation Y California*, Jossey-Bass, 2009.

<sup>36</sup> Pierwsze kroki na rynku pracy. Ogólnopolskie badanie studentów i absolwentów, [www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl\\_Deloitte\\_PierwszeKrokiNaRynkuPracy\\_2013\\_1.pdf](http://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl_Deloitte_PierwszeKrokiNaRynkuPracy_2013_1.pdf), pp. 9 (accessed 20 December 2015).

<sup>37</sup> Motywacje Młodych 2015. <http://markapracodawcy.pl/wp.content/uploads/2015/04/mm2015.pdf>, pp. 13 (accessed: 24 January 2016).

as an attractive employer. Companies are increasingly convinced that the implementation of WLB is a necessity<sup>38</sup>.

Contrary to the alarming demographic trends in Poland (an aging labour market, in 2014, for the first time in years, there was an increase in the number of births - approximately 6,500 more children were born than the year before. In total, in 2014, 376,000 children<sup>39</sup> were born in Poland. Starting in the 1990s, the demographic changes are primarily the result of choices made by young people wanting to first achieve a certain level of education and professional and economic position before starting a family. The observed changes caused the shift of the highest fertility of women from the age group 20-24 years to 25-29, as well as a significant increase in fertility in the age group 30-34 years<sup>40</sup>. The increase in births may, therefore, be the result of women from the so-called Generation of Secondary Boom approaching their forties (that is born in the late 1970s and early 1980s), who, having attained professional stabilisation, came to the conclusion that this was the last moment for implementing previously postponed plans for procreation<sup>41</sup>. It can be said, therefore, that, as a result of these trends, the demand is growing on the part of experienced employees for work which allows them to combine professional, parental, personal and social roles. In this context, building a work-life balance is becoming one of the ways of attracting and retaining the desired human resources in a company.

An organisation having an appealing image has a chance to attract the best employees. In addition to this, there are other benefits to companies resulting from the use of work-life programs. Maintaining a high level of employee engagement and motivation can limit staff turnover - thereby indirectly reducing the cost of recruitment, selection and training of new employees. Moreover, activities that help employees to reconcile their different roles allow them adequate rest, regeneration and interest in a healthy lifestyle - which reduces the cost of sick leave, the organization of replacements and overtime pay. In a broader context, these activities allow employees to constantly expand their qualifications and reduce the risk of having outdated knowledge and skills<sup>42</sup>.

Treating work-life initiatives as a way of building the image of an employer sensitive to the different needs of their subordinates is particularly evident in the activities of companies entering the many award schemes in this field. Analysis of publications and studies in this field, available on the Internet, selected, inter alia, nationwide initiatives such as: "Equal Opportunities Company" (as part of a larger project Gender Index - held twice until 2007), "Mother Friendly Company" (held seven times until 2012), "Parents Friendly Company" (as part of the project rodzina-i-kariera.infor.pl, held twice until 2015), "Good Climate for the Family" (held three times until 2014), as well as indirectly "Fair Play Company" (held eighteen times since 1998) and "Human Resources Management Leader"

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<sup>38</sup> Pracodawca z wyboru - budowanie wizerunku firmy z programem Work Life-Balance, „Kadry w Polsce”, March 2008, pp. 76-85. [http://z.nf.pl/serwisy/kompendium/kompendium\\_kadry\\_2008/files/kadry\\_2008.pdf](http://z.nf.pl/serwisy/kompendium/kompendium_kadry_2008/files/kadry_2008.pdf), (accessed: 25 January 2016).

<sup>39</sup> Rocznik Demograficzny 2015, Główny Urząd Statystyczny, Warszawa 2015, pp. 262.

<sup>40</sup> Ibidem.

<sup>41</sup> K. Wódz, 2013, za: M. Stangret, *Mamy więcej dzieci ale to jeszcze nie baby-boom*, [http://metrocafe.pl/metrocafe/1,145523,17321462,Mamy\\_wiecej\\_dzieci\\_\\_ale\\_to\\_jeszcze\\_nie\\_baby\\_boom.html](http://metrocafe.pl/metrocafe/1,145523,17321462,Mamy_wiecej_dzieci__ale_to_jeszcze_nie_baby_boom.html) (accessed: 5 January 2016).

<sup>42</sup> Z. Wiśniewski, K. Zawadzki, *Jakość pracy a sfera pozazawodowa*, [in:] A. Poczowski (Eds.), *W kierunku jakości kapitału ludzkiego*, IPiSS, Warszawa, 2007, pp. 123.

(held sixteen times since 2000). In addition to these award schemes, there function, of course, many other initiatives on a local scale.

The presented initiatives in the field of work-life do not always appear to be integrated into well-considered programs or linked with other HRM modules; sometimes they are one-off or short-term measures accompanying e.g. incentive systems. However, these activities are usually well received by employees. Analysis of material from the above mentioned award schemes leads to the conclusion that popular activities in this field include:

- flexible working hours for young mothers (working from home, etc.);
- assistance for families in difficult situations (e.g. financial aid and Christmas gifts for the poorest, or disabled children);
- layette / a subsidy associated with the birth of an employee's child;
- medical care for employees and their family members;
- subsidy for travel / family holidays;
- voucher for sport and recreation for employees and their family members;
- additional life insurance for family members subsidised by the employer;
- specialised training for employees with a specific need – e.g. mothers returning from parental leave or staff under strong pressure (stress training).

Table 1. Selected actions in the field of work-life

WLB actions	Subject	Competition
"Abbott's baby bonus" - a sum paid to an employee to whom a child was born, and the subsidising of nurseries and kindergartens for children of employees	Abbott Laboratories Poland	"Parents Friendly Company" 2014 - GRAND PRIX
Paid monthly leave after the birth of the child (to be used by either the mother or father), priority for mothers when planning vacations and setting schedules, a subsidy for textbooks and holidays for employees' children of school age	IKEA Poland	"Working Mother" 2010
The possibility to perform duties at a company which provides a place to play or to do homework for a small child, or - if necessary, to stay with a child at home, if the employee can do their jobs remotely. Funding the school starter kit for the child, and birthday celebration. Family picnics for employees	Vermiculite Poland	"Good Climate for the Family" 2015 – main prize
The "Working Home" system, thanks to which it is possible to work from home for 1-3 days. The creation of the "European Women's Leadership Council", an organisation supporting the professional development of women, and helping women achieve professional success and reconcile their work and personal life	IBM Poland	"Equal Opportunities Company" 2006 – 3rd place
The establishment at the company of a nursery offering the Montessori, Gordon, and Good Start methods	Nivea Poland	"Mother Friendly Company" 2012
Supporting families caring for disabled people - program "Perfect World"	Municipal Office in Sosnowiec	"Good Climate for the Family" Local government version 2015

Source: Own research.

As may be noted, a large group of activities is dedicated to parents, and this is typical not only for the winning companies and is probably connected with the structure of needs reported by employees. Table 1 presents selected initiatives coming from the aforementioned award schemes proceedings, which - according to the author - in a particular way can serve as image-building.

Table 2. The effects of WLB actions in the statements of representatives of selected organisations

Organisation	Consequences of WLB actions	Representative
Hewlett-Packard Polska	<ul style="list-style-type: none"> <li>- Increased loyalty to the employer,</li> <li>- Increased sense of security,</li> <li>- Increased openness to new ideas on the part of employees,</li> <li>- Establishment of mutual trust,</li> <li>- Building long-term relationships with employees</li> </ul>	D. Świerczyńska, Dyrektor Rozwiązań Finansowych, after: <a href="http://hrstandard.pl/2014/04/03/jak-moze-dzialac-work-life-balance-wywiad/29828">http://hrstandard.pl/2014/04/03/jak-moze-dzialac-work-life-balance-wywiad/29828</a>
Hewlett-Packard Polska	<ul style="list-style-type: none"> <li>- Higher efficiency of work</li> </ul>	A. Orłowska, Prezes Globalnego Centrum Biznesowego, after: <a href="http://hrstandard.pl/2013/11/18/work-life-balance-moda-czy-element-nowoczesnego-zarzadzania/27900">http://hrstandard.pl/2013/11/18/work-life-balance-moda-czy-element-nowoczesnego-zarzadzania/27900</a>
Femmeritum	<ul style="list-style-type: none"> <li>- Improvement of the company's image as a good employer,</li> <li>- No problems with recruitment,</li> <li>- Higher quality of customer service,</li> <li>- Improved financial results of the company</li> </ul>	K. Adrian, współwłaścicielka, after: Pracodawca z wyboru, 2008
Polska Konfederacja Pracodawców Prywatnych Lewiatan	<ul style="list-style-type: none"> <li>- Generating positive perceptions,</li> <li>- Encouraging creativity and stimulating the desire to work</li> </ul>	M. Zakrzewska, Ekspert Dialogu Społecznego i Stosunków Pracy, after: AS Biznesu, 2015

Source: Own research.

One of the ways to build the company's image for potential candidates is the activity of the company on the Internet and its own, attractive, website<sup>43</sup>. It is on the basis of the website where candidates seek information about the company and possible recruitment that they form their opinion about any future employer. The best candidates will choose those companies that offer the highest salary, a good atmosphere, development opportunities and flexible reconciliation of work and personal life<sup>44</sup>. A way to present themselves as a company that cares about the balance in the lives of their employees is to post relevant materials on the company's website (as IKEA<sup>45</sup> or IBM<sup>46</sup> does), keep a corporate blog

<sup>43</sup> HRM Institute, za: M. Sepiolo: Być najlepszym pracodawcą 2015, <http://gazetapraca.pl/gazeta-praca/1,90443,18914352,byc-najlepszym-pracodawca.html>, (accessed: 9 March 2016).

<sup>44</sup> Ibidem.

<sup>45</sup> [http://www.ikea.com/ms/pl\\_PL/jobs/przyjaznamamie.html](http://www.ikea.com/ms/pl_PL/jobs/przyjaznamamie.html) (accessed: 20 December 2015).

<sup>46</sup> <http://www-05.ibm.com/pl/responsibility/ibm.html> (accessed: 20 December 2015).

(e.g. Eden<sup>47</sup>), be active in social media or on channels such as You Tube (Deloitte<sup>48</sup>), Twitter, Instagram, and create thematic portals under the auspices of the company (as Jurajska did)<sup>49</sup>.

The effectiveness of this type of action, especially with regard to employer branding, interesting area of research. Analysing the statements of representatives of various organisations where such measures have been implemented, it can be concluded that they notice the impact of WLB policy on both the daily functioning of employees and the image of an organisation. Table 2 presents the opinions of representatives of selected organisations and employers.

## 5. SUMMARY

The activities and programs of companies presented in the study that are helping employees maintain a balance between the different spheres of life, according to representatives of the companies, also - among other results – bring the benefits of branding. An organisation that takes care of the various needs of their employees, and that communicates this in a coherent way, has a chance to attract promising candidates. In this way, WLB programs become a tool to build not only the internal but also the external image of an employer - especially in the case of companies which, through WLB, build their strategy on the basis of being a ‘parent-friendly’ organisation. Analysis of the award schemes documentation (award schemes for employers in the field of WLB), materials posted by the winning companies, and the reflections of these events in the media allow us to conclude that such activities are sound and provide a platform for employer branding.

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<sup>47</sup> <http://www.eden.pl/blog/zycie-a-praca-czyli-jak-dazyc-do-rownowagi> (accessed: 20 December 2015).

<sup>48</sup> [http://www.deloitte.com/view/pl\\_PL/pl](http://www.deloitte.com/view/pl_PL/pl) (accessed: 20 December 2015).

<sup>49</sup> <http://twojarownowaga.pl> (accessed: 20 December 2015).



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#### **DZIAŁANIA WORK-LIFE BALANCE JAKO SPOSÓB BUDOWANIA WIZERUNKU PRACODAWCY**

Sukces każdej organizacji zależy w dużej mierze od zatrudnionych osób, w tym szczególnie od poziomu ich zaangażowania w wykonywane zadania, który z kolei coraz częściej zależy od poziomu ich satysfakcji nie tylko z pracy, ale i również życia.

W dobie kryzysu demograficznego oraz ekonomicznego przyciągnięcie i zatrzymanie utalentowanych pracowników staje się sposobem na przetrwanie organizacji. W tym celu przedsiębiorstwo podejmuje wysiłki, aby ukształtować na rynku pracy swój określony wize-

runek. Stosowane są różnorodne narzędzia - także te pierwotnie dedykowane innym celom. Celem niniejszego opracowania jest określenie związku pomiędzy działaniami praca-życie (WLB) a kreowaniem wizerunku pracodawcy. Kolejnym celem jest prezentacja praktycznych rozwiązań z zakresu WLB, które mogą służyć do budowy wizerunku pracodawcy. Cele zostały zrealizowane na podstawie analizy źródeł wtórnych (publikacji zwartych, raportów z badań prowadzonych w omawianej problematyce), a także analizy dokumentacji konkursowych w zakresie WLB oraz analizy materiału internetowego udostępnianego przez wybrane organizacje. W opracowaniu przedstawiono cele, narzędzia i spodziewane korzyści płynące dla organizacji z działań wizerunkowych zmierzających w kierunku zbudowania pożądanego wizerunku pracodawcy (w aspekcie zarówno wewnętrznym, jak i zewnętrznym). Kolejny punkt poświęcono tematyce WLB. Następnie przedstawiono inicjatywy i programy WLB w kontekście budowania wizerunku pracodawcy i zaprezentowano wybrane rozwiązania z praktyki gospodarczej.

**Słowa kluczowe:** zarządzanie zasobami ludzkimi, równowaga praca-życie, wizerunek pracodawcy.

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## **HORIZONTAL AND VERTICAL DISTRIBUTION PATTERNS OF NEARLY-SYNONYMOUS TERMS IN THE LANGUAGE OF LAW**

Lawyers deny the existence of synonyms, but this issue comes to the fore in the legilinguistic considerations when dealing with texts from the perspective of translation.<sup>2</sup> Translators frequently encounter the challenge of the system adequate categorisation of hyponymically related terms which – according to the bilingual lexicographic sources consulted for a specific entry – are all target language equivalents of specific English terms. The genre factor is also to be taken into consideration. The research aims at presenting practical guidelines as regards the system inherent principles related to the distribution of semantically related terms. It is assumed that the factors determining the context-specific use of the nearly-synonymous terms are accounted for in the horizontal and vertical perspective by reference to the legal genres and systemic, hierarchical arrangement of the relevant legal provisions respectively.

The study is based on authentic materials and the data have been extracted from court files in the domain of commercial law. The corpus consists of parallel texts, i.e. English documents and their Polish translations.

**Keywords:** nearly-synonymous terms, categorisation, vertical and horizontal perspective, legal translation.

### **1. INTRODUCTION**

The comparative analysis of the Polish translations of English legal texts shows many terminological misfires involving the inconsistent distribution of semantically related terms<sup>3</sup>. The same English terms, in parallel contexts, are translated inconsistently with a number of equivalents.

In general, the aim of the research was to identify a framework for the complementary distribution of the nearly-synonymous terms taking account of genre distinctions, factors related to the interdisciplinary character of legal discourse, and its intertextual and system-inherent nature. The discussion here specifies the findings presented in the previous studies conducted by the author, related to the context dependency in making

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<sup>2</sup> Cf. Galdia, M. 2009. *Legal Linguistics*. Frankfurt am Main: Peter Lang, pp. 99-101 and Więclawska, E. 2015. 'Contextually-conditioned distribution of semantically-related terms in translation of legal texts'. In: M. Wierzbicka and L. Wille, (eds.) *In the Field of Contrastive and Applied Linguistics*. Rzeszów: Wydawnictwo Uniwersytetu Rzeszowskiego, pp. 38-50.

<sup>3</sup> Reference is made to the notion of *semantic relations*, which – in the context discussed – means mainly synonymy and hyponymy. For more information see, for example, Kortmann, B. 2005. *English Linguistics: Essentials*. Berlin: Cornelsen Verlag, pp. 201 – 208.

terminological choices.<sup>4</sup> In what follows, the author restricts the corpus material in focusing on commercial law terminology, but at the same time introduces new perspectives to the discussion, taking account of some new sociolinguistic aspects of legal communication, including genre distinctions, the phenomenon of linguistic interference and discipline-related features of the discourse analysed.

The discussion presented in the paper revolves around two case studies illustrating the model in point. The data were gathered in a search of court documents on file in 2016 (National Court Register, Rzeszów), which constitutes part of a larger research project on multilingual management and translation of court documents consisting in quantitative and qualitative analysis of court textual genres. The corpus is composed of English documents and their Polish translations.<sup>5</sup> The texts making up the corpus are referred to as hybrid legal texts, along the typology accepted in the literature of the subject.<sup>6</sup> The steps taken in the research were as follows: (1) to identify the cases of inconsistency in the translation of the source texts making up the corpus, (2) to verify the translators' choices against the reference material, including various genres of descriptive and prescriptive legal texts, and to verify the distribution of the sample material therein (3) to identify the distribution criteria and propose guidelines. The material discussed in the paper was selected as representative for the cases analysed and most recurring in the texts analysed.

The conclusions are built on the relevant theories proposed in the literature of the subject as regards intertextuality, systemicity, genre-distinctiveness, interdisciplinarity in legal discourse. The comparative analysis aims at formulating guidelines for translation from the perspective of domestication theory which prioritises adjustment to the contextual conditionings of the target culture.

The author posed the thesis that inconsistency is often caused by the difficulty in the conceptual categorisation of the semantically related terms against the background of legal discourse which, together with the genre-related implications, allows us to propose a tentative distribution model. Specifically, the thesis to be verified is as follows: the nearly synonymous terms, listed as equivalents of specific English legal terms, allow themselves to be differentiated on the grounds of (1) the text genre factor, where the linguistic environment against which we consider the disjunctive distribution of the nearly-synonymous terms is constituted by texts regulating the same area of substantive and/or procedural law, but differing in respect of genre (**horizontal perspective**); and (2) the systemic character of the legal language, consisting in the distinction into the *lex specialis/lex generalis* principle (**vertical perspective**). In the second scenario, the distribution of the nearly-synonymous terms is viewed in the hierarchical perspective of the system of law, featured by a systemic character with the main organising force being the criterion of detail, subordination and inclusion.

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<sup>4</sup> Więclawska, E., J. Pękała 2013. 'Why does translation hurt? Some remarks on the complementary distribution of legal terms in legal discourse'. In: M. Kudła, G.A. Kleparski (eds.) *Galicja English Studies*. Chełm: Wydawnictwo TAWA, pp. 121-136 and Więclawska, E. 2015, *op. cit.*

<sup>5</sup> Cf. Więclawska, E. 2016. 'Integrating the needs of the local market in teaching legal translation'. In: *Humanities and Social Sciences*, vol. XXI, 23 (2/2016), pp. 245-252.

<sup>6</sup> Reference is made to the division of legal texts into three types: prescriptive, descriptive and hybrid texts. For more details see Šarčević, S. 1997. *New Approach to Legal Translation*. The Hague: Kluwer Law International.

## 2. CASE STUDIES

The first case discussed here is illustrative of the horizontally organised perspective as regards the distinctiveness of the nearly synonymous terms. The case in point is the English term *corporation* and its target language equivalents in Polish, that is *korporacja* and *spółka*.<sup>7</sup> The sample data drawn from the corpus include the following extracts, where the term in question is translated as *spółka* in the first two instances and *korporacja* in the last one.

**Extract no. 1; Extracted from *Written Resolutions (USA)*/legal form: corporation ('Corp.')** *The office of the corporation is to be located in the county of Kings, State of New York.*

**Extract no. 2; Extracted from *Current Appointments (UK)*/legal form: limited partnership ('lp')** *The name of the corporation is [...].*

**Extract no. 3; Extracted from *Certificate of Incorporation (UK)*/legal form: limited liability company ('Ltd.')** *The purposes for which the corporation is formed are as follows: To engage in a general construction business [...].*

The translation process shows a high degree of inconsistency. The analysis of the reference materials makes it possible to propose some tentative guidelines in point. The findings are that *corporation* is correctly translated as *spółka* in the corpus texts, and the use of the term *korporacja* in Polish as an equivalent here is an example of inaccurate translation on the grounds of its affiliation to a different text genre (the horizontal perspective of legal discourse). From the point of view of the domestication theory in translation, *spółka* proves to be the correct equivalent here in that it sets the recipient in the proper target language contexts, following the terminology of prescriptive texts and hybrid texts in Polish legal culture. Namely, *spółka* is the term which precisely corresponds to the semantic range of the source language term *corporation* in that it denotes any kind of legal form under which economic activity can be conducted following the provisions of the Code of Commercial Companies, henceforth referred to as KSH. In view of the impossibility to find the ideal equivalent for the legal form of a company because of the differences in the legal systems of the source and target culture, choosing the most general term used in the parallel type of texts is assumed to be recommended.

The systemically unorthodox use of the term *korporacja* in the translation of court briefs may be said to be caused primarily by the (1) terminological interference, and/or (2) the application of the rescue technique in the face of the difficulties that translators encounter when dealing with culture-bound terms, the denotation of the legal forms of the companies of commercial law being a case in point. Translators often decide to use the loan term with the aim of setting the recipient on an easy path to identify the concept in point fairly easily, even though the accuracy tends to be lost.

The analysis of the reference materials shows that use of the term *korporacja* is restricted to descriptive legal texts and – additionally – it is marked by semantic inconsistency there. *Korporacja* has different denotations depending on the pragmatic conditionings. Hence, the term *korporacja* may be said to be hyponymically related to the term *spółka* in that it denotes a wider concept, but – as explained above – its distribution

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<sup>7</sup> The author adopted the typographic convention according to which both the source text terms discussed and their target language equivalent are italicised.

needs to be discussed in the context of the limitations of text genres; that is, it is used exclusively in descriptive legal texts, which brings us to the horizontal perspective for discussing the distribution of the Polish counterparts of the term *corporation*. Specifically, *korporacja* is used as a general category of legal entities. It is employed exclusively in lawyers' literature.<sup>8</sup> The semantics of the term *korporacja* is identified in the following excerpt:

*Podział na spółki osobowe i kapitałowe [...], nie ma nic wspólnego z podziałem osób prawnych na osoby typu korporacyjnego i fundacyjnego. Wynika stąd, że tylko niektóre spółki wyposażone są w osobowość prawną, a te z nich, które taką osobowość posiadają, są podobnie jak pozostałe spółki korporacjami;* 'The division into partnerships and capital companies [...] does not have anything in common with the division of juridical persons of the corporate or foundation type. The conclusion here is that some companies are equipped with legal personalities and those that possess such legal personality are corporations like the other companies'; translation mine.<sup>9</sup>

The quotation above presents the genre-specific use of the term *korporacja*. Additionally, it emerges from the excerpt that the said term covers the concept of *spółka*, but it has much wider referential range. Specifically, it is claimed in the quotation that the distinction into the juridical persons of the corporate- and foundation-type personalities does not coincide with the categorisation of companies into partnerships and capital companies, and thus it may be deduced that the first categorisation is more general and that the concept *korporacja* covers a wider scope of entities than *spółka*, so the two terms are semantically related but they cannot be treated as equivalents.<sup>10</sup>

The search of the reference material takes us further along the horizontal axis in that it brings in data pointing to the use of a grammatically-related form of the said term *korporacja* in another instance of descriptive texts. An example in point is the adjectival component of the title *Rady nadzorcze – dobre praktyki ładu korporacyjnego*.<sup>11</sup> The adjective *korporacyjny* may be said to be used here for pragmatically-oriented goals. The

<sup>8</sup> Cf. for example Chauvin, T., T. Stawewski, P. Winczorek, 2013. *Wstęp do prawoznawstwa*. Warszawa: Wydawnictwo B.H. Beck, p. 257; Kruczałak, K. 2004. *Zarys prawa handlowego*. Warszawa: Wydawnictwo Prawnicze LexisNexis, p. 111.

<sup>9</sup> Quoted from Kruczałak, K., 2004, *ibid.* p. 111.

<sup>10</sup> It needs to be noted that the term *korporacja* seems to be semantically very flexible in the descriptive texts, as the general denotator of juridical persons. It appears to be used by some theoreticians in the context of yet another categorisation of juridical persons, as a designate of a specific type of juridical persons whose existence is dependent mostly on the membership factor. Chauvin et al. (2013, *op.cit.* p. 257) claim *Tradycyjnie rozróżnia się dziś dwa rodzaje osób prawnych: 1. zrzeszenia (korporacje; stowarzyszenia, partie polityczne, związki zawodowe, kongregacje religijne), dla których istnienia przesądzające jest zgrupowanie pewnej liczby osób fizycznych (choć mogą także istnieć zrzeszenia osób prawnych); 2. zakłady (np. przedsiębiorstwa, spółki), dla których istnienia przesądzające jest zgrupowanie pewnego majątku;* 'Traditionally, today we distinguish two types of juridical persons: 1. societies (corporations, associations, political parties, trade unions, religious congregations) for the existence of whose the determining factor is the involvement of a specific number of natural persons (although societies of juridical persons may be established as well); 2. plants (for example, enterprises, companies) for which the property factor is decisive'; translation mine.

<sup>11</sup> Cf. Kołodkiewicz, I. 2013 *Rady nadzorcze. Dobre praktyki ładu korporacyjnego. Doświadczenia polskie i zagraniczne*. Warszawa: Wydawnictwo Poltext.



content of the monograph referred to points to the fact that the term is used in the sense ascribed to it in the Polish literature of the subject, yet we may identify an additional factor determining the use of the said term here. Namely, it is used in the Polish titles of scientific publications not only to denote a clearly delineated concept, but to increase its attractiveness to the readers. The inclusion of foreign words enables the paper to reach a wider circle of prospective readers by formulating an eye-catching title and including fashionable, foreign terms carries implications of referring to the latest references in the literature of the subject.<sup>12</sup>

Somewhat beyond the mainstream type of descriptive legal texts, but out of the context of prescriptive and hybrid texts we can find another use of the term *korporacja* in yet another sense, as evidenced in the lexicographic sources and discussed in the literature of the subject.<sup>13</sup> *Korporacja* is testified to function as an assimilated borrowing of the English term *corporation*. It may be assumed that the semantics of the said term relates directly to its Latin etymology and it remains out of the referential scope assigned to it in the descriptive legal texts, as discussed above. It may be said that this use of the term is construed on the semantics of Latin *corpus* 'body'<sup>14</sup>, and as such it denotes any integral whole being driven by organisational forces in order to achieve specific aims. The use of *korporacja* in the corpus texts may be seen as a case of terminological interference that occurs due to widespread use of the assimilated borrowing in common language. Here, the sense is detached from the concept of legal form, defined in the literature of the subject<sup>15</sup> and it is used as a general category of a legal entity that runs an economic activity<sup>16</sup>. The implication is that *korporacja* is a big, often international company with a specific internal organisational structure. The term is often used in a pejorative sense in the context of a burn-out syndrome among the workforce.<sup>17</sup> The widespread use of *korporacja* in this

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<sup>12</sup> Ungerer (In: Ungerer, F. 2000. *English Media Texts Past and Present*. Amsterdam/Philadelphia: John Benjamins Publishing Company, pp. vii) discusses factors determining linguistic aspects of headlines in the context of their manipulation-oriented, attention-getting strategies aimed at seducing the audience. Furthermore, English legal terms make up components of many titles of scientific publications, whether as pure loanwords or as assimilated borrowings (Więclawska 2009, *op. cit.*, after Mańczak-Wohlfeld 2006, *op. cit.*) Note the italicised components in the following titles: 'Unijny *good governance* – od „rządu” do „rządzenia” In: Grzeszczak, R. 'Unijny *good governance* – od „rządu” do „rządzenia'. In: *Prawo Europejskie w Praktyce* no. 09/2011, pp. 29–35; 'Rola *private enforcement* w ochronie konkurencji' In: Barcik, A. 'Rola *private enforcement* w ochronie konkurencji'. In: *Przegląd Organizacji*, 2013, no. 10, pp. 13-18; 'Nowe spojrzenie na *access to justice* w świetle najnowszych legislacji unijnych w sprawie alternatywnych metod rozwiązywania sporów konsumenckich' In: Mucha, J. 'Nowe spojrzenie na *access to justice* w świetle najnowszych legislacji unijnych w sprawie alternatywnych metod rozwiązywania sporów konsumenckich'. In: *Prawo Europejskie w Praktyce*, no. 09/2015, pp. 18-23.), or – finally a case of assimilated borrowing – *Rady nadzorcze. Dobre praktyki ładu korporacyjnego. Doświadczenia polskie i zagraniczne* In: Kołodkiewicz, I. 2013, *ibid.*

<sup>13</sup> Więclawska, E. 2009. 'Lexical importation and integration: The case of English-rooted Polish legalese'. In: *SKASE Journal of Theoretical Linguistics*. Vol. 6 - 2009 No. 2; Mańczak-Wohlfeld, E. 2006. *Angielsko-polskie kontakty językowe*. Kraków: Wydawnictwo Uniwersytetu Jagiellońskiego, pp. 63-68.

<sup>14</sup> Cf. Tokarski, J. 1980. *Słownik Wyrazów Obcych*. Warszawa: PWN.

<sup>15</sup> Cf. Kruczałak, K. 2004, *op.cit.*

<sup>16</sup> Cf. Tokarski J. 1980, *op.cit.*

<sup>17</sup> Cf. Szymczak. M. 1978. *Słownik Języka Polskiego*. Warszawa: PWN.

sense, that is as a synonym of a company or large-scale business, may be said to result from the intention to emphasise the foreign provenience of the concept related to the notion of entrepreneurship. As we know, many legal solutions come from the West and when we think about doing business we think in terms of foreign concepts and thus foreign terms. Also, assimilated borrowing is used in order to convey the extra-linguistic value of the term, that is the implication of large size and corporate culture. Moreover, the high usage frequency of the term *korporacja* may result from its being user-friendly on the grounds of its etymological affiliation with the Latin word *corpus* 'body'. *Korporacja* supposedly wins against its close synonyms *firma* or *spółka* in the frequency test, because the sense can be easily deduced.

The second case study discussed in the paper refers to yet another set of nearly-synonymous terms, i.e. *wspólnik*, *udziałowiec* and *akcjonariusz* which allow themselves to be considered in the context of complementary distribution as equivalents of the term *shareholder*. The data extracted from the corpus evidence four sample contexts where the said English term is translated as *wspólnik* (extracts 1 and 3), *udziałowiec* (extract 2) and *akcjonariusz* (extract 4).

**Extract no. 1; Extracted from *the Written Resolutions* (UK)/legal form: company limited by shares ('Ltd')**

[...] *That the regulations contained in the printed document enclosed with the draft written resolution circulated to all of the shareholders in the Company entitled to attend [...].*

**Extract no. 2; Extracted from *the Articles of Association* (UK)/legal form: company limited by shares ('Ltd')**

(a) *Shareholder means any holder of any Shares*

(b) *'Civil Partner' means in relation to a Shareholder, a civil partner (as defined in the Civil Partnership Act 2004) of the Shareholder.*

**Extract no. 3; Extracted from *the Certificate of Incorporation by Companies House* (UK)/legal form: public limited company ('plc')**

*The Registrar of Companies for England and Wales hereby certifies that xxx are the shareholders of the company.*

**Extract no. 4; Extracted from *the Memorandum of Association* (US)/ legal form: corporation ('Corp.')**

*All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places within or without the State of New York as shall be designated by the Board of Directors [...].*

The comparison of the parallel texts provides data which point to a lack of consistency in the choice of equivalents. The study of the immediate context does not provide a clue for the translator's policy. Extracts one and two refer to the same type of company, but the said term receives different equivalents. The two remaining equivalents *akcjonariusz* and *udziałowiec* are found to be used interchangeably. The analysis of the reference materials brings in data which allow us to identify the rules of the complementary distribution of the said Polish terms in reference to the horizontal perspective, where the text genre factor is decisive, and also the vertical perspective, implying a system-inherent arrangement of the terms linked by the relation of hyperonymy, which – in the legal perspective – is materialised by the *lex specialis/lex generalis* distinctions.

To start with, the horizontal perspective serves as a background to account for the disjunctive distribution of *udziałowiec* and *wspólnik*. The findings gathered in the study of the reference materials confirm the genre-conditioned distribution of the two terms in point, placing them in the environment of either the descriptive or hybrid legal texts on a complementary basis.

The term *udziałowiec* is found exclusively outside the statutory environment and – as the interviewed experts claim and as emerges from the immediate linguistic context – exclusively in reference to a limited liability company, for example, when post-modified by the complement [...] *w spółce z o.o.*<sup>18</sup> or when the referent is clear from the context, as in *Mniejszościowego udziałowca można wyłączyć ze spółki* > 'The minority shareholder may be excluded from the company'.<sup>19</sup> It may be assumed that the inaccurate use of the said term as an equivalent of shareholder occurs on the grounds of linguistic interference of two types. Firstly, that term *udziałowiec* may be said to be borrowed from common language, where it exists with a very wide reference scope. Secondly, the linguistic interference may be said to be due to the borrowing of a specific word formation pattern which consists in deriving nouns denoting agents by adding the suffix *-owiec*, along the pattern existing in the case of *kadrowiec* 'human resource specialist', *związkowiec* 'member of an association', *przemysłowiec* 'industrialist'.<sup>20</sup> The employment of the systemically unorthodox term *udziałowiec* seems to be logical when we consider the working of the derivational process, where the base *udział*, officially the normatively prescribed term for the form of participation in a limited liability company, is supplemented with the commonly used suffix *-owiec*.

The corpus data show that the term *udziałowiec* is not a precise, normatively acknowledged equivalent of *shareholder* and thus should not be used in a formal environment, as hybrid texts are. *Udziałowiec* can serve as an equivalent of *shareholder* only in reference to a limited liability company and exclusively in descriptive legal texts, in their least formal variant. Such a genre-conditioned, thus vertically-disjunctive distribution of the two terms is to be obeyed in the name of language precision. Legal systems exist thanks to the precision of legal language, which is best obtained by strict adjustment to the genre-conditioned and system-inherent schemes of legal language, as confirmed by the following quotation:

*One final characteristic of legal language should be emphasized. The functioning of a legal system is dependent on constant processes of stabilisation and specialisation of words and phrases that accompany the construction, deconstruction or reconstruction of legal concepts.*<sup>21</sup>

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<sup>18</sup> Available from:

[http://prawo.gazetaprawna.pl/artykuly/700281,mniejszosciowego\\_udzialowca\\_mozna\\_wylaczyc\\_ze\\_spolki.html](http://prawo.gazetaprawna.pl/artykuly/700281,mniejszosciowego_udzialowca_mozna_wylaczyc_ze_spolki.html)

<sup>19</sup> Available from: <http://www.zakladamyfirmy.pl/mniejszosciowy-udzialowiec-chce-wyjsc-ze-spolki-z-o-o/>

<sup>20</sup> For more on derivational processes of this kind see, for example, Mańczak-Wohlfeld, E. 2006, *op. cit.*, pp:65-66; Štekauer P. 2000. *Rudiments of English Linguistics*. Prešov: Slovacontact, pp. 80-88.

<sup>21</sup> Kjør, L.A. 2007. 'Phrasemes in legal texts'. In: H. Burger, D. Dobrovolskij, P. Kuen, N.R. Norrick (eds.) *Phraseologie. Ein Internationales Handbuch der Zeitgenössischen*

The vertical perspective comes to the fore when we consider the distribution of *wspólnik* and *akcjonariusz* as two equivalents of *shareholder*. The interchangeable use of the terms in question seems to be inaccurate here on the grounds of their different scope of reference, which may be said to be acknowledged by the systemic, hierarchical arrangement of the concepts denoted by the said terms in the relevant legal provisions, having the status of *lex generalis/lex specialis*. Consequently, the contextually conditioned distribution of the said terms is normatively prescribed in that it is determined by the position of the relevant legal provisions including these terms in the systemic arrangement of the relevant prescriptive texts.

It emerges from the relevant legal regulations set forth in Art. 3 KSH, quoted below, serving as an example, that the terms *wspólnicy* and *akcjonariusze* are semantically related in that they both refer to a form of participation in a company.

*Przez umowę spółki handlowej wspólnicy albo akcjonariusze zobowiązują się dążyć do osiągnięcia wspólnego celu przez wniesienie wkładów oraz, jeżeli umowa albo statut spółki tak stanowi, przez współdziałanie w inny określony sposób*; 'In an agreement for a commercial company the shareholders undertake to pursue a common goal by making contributions and, where so provided in the articles or the statutes of the company, by other joint action'; translation mine.

Notably, the wording of the systemically arranged legal provisions set forth in KSH and referred to above which includes the two terms points to the fact that they are referentially distinct and thus marked by contextually disjunctive distribution. The study of the relevant *lex specialis* brings us data which evidence the use of *akcjonariusz* exclusively in the context of a joint stock company (cf. 301, § 5 KSH) and *wspólnik* for all partnerships (cf. Art. 86 KSH) and for one type of capital company, i.e. a limited liability company (cf. Art. 151 KSH). From the linguistic perspective, in reference to partnerships covering specific types of legal forms,<sup>22</sup> the term *wspólnik* appears as a hyperonym for terms denoting more specific forms of participation, i.e. for the following hyponyms: *komplementariusz*, *komandytariusz* and even *akcjonariusz*, when used in reference to a limited joint-stock company and not to a joint-stock company.

Such a systemic arrangement of the notions denoted by the terms *wspólnik* and *akcjonariusz* imposes a terminological hierarchy, which establishes a contextually mediated, vertically organised relation of inclusion of one term in another. In order to avoid inaccuracy, it is advised to analyse the extralinguistic context closely when choosing the equivalent and – if the matching task proves to be impossible in view of the cultural differences – the more general term seems to be the best solution. In any case, consistency in making choices by translators and their awareness of the relevant factors is

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*Forschung/Phraseology. An International Handbook of Contemporary Research*. Berlin/New York: Walter de Gruyter, pp. 506-515.

<sup>22</sup> The types of legal forms regulated in KSH are listed in Art. 4:§ 1. *Użyte w ustawie określenia oznaczają: 1) spółka osobowa - spółkę jawną, spółkę partnerską, spółkę komandytową i spółkę komandytowo-akcyjną; 2) spółka kapitałowa - spółkę z ograniczoną odpowiedzialnością i spółkę akcyjną*; 'The terms used in this Act shall mean: a partnership – 1) a registered partnership, a professional partnership, a limited partnership, and a limited joint-stock partnership; 2) a capital company: a limited liability company and a joint-stock company'; translation mine.

expected to increase their professionalism and thus effective management of legal communication.

### 3. CONCLUSIONS

Equivalence may be said to be the central issue in translation. The choice of the optimal equivalent often consists in choosing between closely-synonymous terms, which proves to be especially difficult in view of the culturally varied background (i.e. distinct legal systems) for legal communication. The data found in the corpus search show significant inconsistency in the translation of specific legal terms into Polish. Dictionaries prove to be insufficient as a source of reference in translation as they do not provide adequate sociolinguistic context. The discussion of the two case studies shows that there are certain criteria which can efficiently channel the distribution of the nearly-synonymous Polish equivalents in the discussed context and thus makes it possible for translators to make accurate choices.

The examples discussed in the paper relate to the field of commercial law. The author's attention was focused on this section of terminology because the dynamics of the legal trade in this domain may be said to necessitate maintenance of particular consistency in translation. Although the universality of the guidelines would have to be verified against other types of corpus material, the scheme proposed here is assumed to be universal and applicable in other legal fields.

The analysis shows that the context-dependent distinction of nearly-synonymous terms in the language of law is a prerequisite to maintain standards of precision and accuracy, as is expected in this type of communication. The proposed system allows us to operationalise the postulates that the effective management of legal communication requires the recognition of specific linguistic and extralinguistic factors, which it is best to include in the translation teaching curricula as part of translation macro-competence in the field of law.<sup>23</sup>

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<sup>23</sup> Biel. Ł. 2012. 'Kompetencja w zakresie świadczenia usług tłumaczeniowych a uczenie się przez projekt'. In: M. Piotrowska, A. Czesak, A. Gomola, S. Tyupa (eds.) *Kompetence Tłumacza*. Kraków; Tertium, pp. 97-105; Prieto Ramos, F. 2011. 'Developing Legal Translation Competence: An Integrative Process-Oriented Approach'. In: *Comparative Legilinguistics - International Journal for Legal Communication*, vol. 5, pp.7-21.

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### HORYZONTALNA I WERTYKALNA DYSTRYBUCJA TERMINÓW BLISKOZNACZNYCH W JĘZYKU PRAWA

Prawnicy zaprzeczają istnienia synonimów lecz zagadnienie to pojawia się w centrum juryslingwistycznych dyskusji, kiedy mowa o tekstach prawniczych w tłumaczeniu.<sup>24</sup> Tłumacze często stają przed wyzwaniem właściwej dla danego systemu kategoryzacji hiponimicznie powiązanych terminów, które – według dwujęzycznych źródeł leksykograficznych konsultowanych na okoliczność konkretnego hasła – są równorzędnymi ekwiwalentami danego terminu w języku angielskim. Należy tutaj wziąć pod uwagę również czynnik gatunku tekstu. Badanie ma na celu zaprezentowanie praktycznych wskazówek dotyczących terminów pozostających ze sobą w relacji semantycznej. Zakłada się, iż czynniki określające adekwatne do danego kontekstu użycie terminów bliskoznaczných dają się uchwycić w perspektywie horyzontalnej oraz wertykalnej przez odniesienie odpowiednio do czynnika gatunku tekstów prawa oraz systemowego i hierarchicznie uporządkowanego układu właściwych przepisów prawnych.

Badanie zostało przeprowadzone w oparciu o autentyczne materiały. Dane zostały zaczerpnięte z akt sądowych, z tekstów z zakresu prawa handlowego. Korpus składa się z tekstów paralelnych, tzn. angielskojęzycznych dokumentów oraz ich tłumaczeń na języka polski.

**Słowa kluczowe:** terminy bliskoznaczných, perspektywa wertykalna i horyzontalna, tłumaczenie tekstów prawnych.

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<sup>24</sup> Cf. Galdia, M. 2009. *Legal Linguistics*. Frankfurt am Main: Peter Lang, pp. 99-101 and Więclawska, E. 2015. 'Contextually-conditioned distribution of semantically-related terms in translation of legal texts'. In: M. Wierzbicka and L. Wille, (eds.) *In the Field of Contrastive and Applied Linguistics*. Rzeszów: Wydawnictwo Uniwersytetu Rzeszowskiego, pp. 38-50.





Grzegorz ZIMON<sup>1</sup>

## **THE INFLUENCE OF A PURCHASING GROUP ON THE PROFITABILITY OF COMMERCIAL COMPANIES**

The aim of the paper was to present what influence on the profitability of commercial companies has their functioning in branch purchasing groups. In the article the definitions and the essence of purchasing groups were presented. Their division was made and there were featured the benefits of traders operating in branch purchasing groups. The article presents the role and function of the central unit appointed by the companies in the purchasing group. There were also presented barriers faced by companies that want to join purchasing groups. The next parts of the article concern the key issues related to profitability. There were identified key indicators for measuring the intensity of profitability. There were also discussed their structures and determinants of the rate of return of revenue from sales of assets and equity. Then on the example of commercial companies operating in the branch purchasing group it was shown what facilities commercial companies operating in the industry purchasing group receive. The main benefits that companies gain are primarily a low purchase price of goods and attractive period for trade credit. Both of these elements plus the economies of scale allow traders operating in the branch purchasing group, to a large extent, reduce costs and increase operating revenues. Increased sales and optimization of cost levels as a result of joint action have a positive effect on the profitability of the company.

**Keywords:** group purchasing, profit, profitability, costs

### **1. INTRODUCTION**

Managers of companies primarily seek to provide a unit with individual financial resources which allow it to produce and sell the range of goods without unnecessary stopovers. Ensuring liquidity is the first basic step that allows the company to grow steadily and build competitive advantage. Another important issue the managers should pay attention to is not the profitability of the business, or the ability to make a profit. Companies operate just to generate profits. The sales advantage occurs when the price obtained from the sales of products of is higher than the costs incurred on their manufacture, or when the sales price of goods exceeds their purchase price. When these conditions are met, it is worth to sell because it's profitable<sup>2</sup>, then such a company is profitable to run. Ensuring high profitability is particularly important for owners of the company. This is an opportunity for dividends for them. Therefore, they care to have high profits. Profits for the company are also the funds for further development. Their absence in the long run leads to the collapse of the company. One of the most popular solutions

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<sup>2</sup> W. Gabrusewicz (2014), *Analiza finansowa przedsiębiorstwa. Teoria i zastosowanie*, PWE, Warszawa, p.301

that significantly affects the size of revenues and expenses is functioning in the framework of purchasing groups. Common operations within the purchasing groups are small restrictions, but above all the advantages that allow companies to increase profits.

## 2. PURCHASING GROUPS

There are many definitions of purchasing groups. However, in order to submit properly their definitions one should distinguish two concepts, namely group shopping and purchasing group. Very often one may encounter a situation when several companies are working together and perform a purchase. This type of action should be defined as the group shopping, i.e. a common action in order to purchase merchandise, products, materials or services without creating a special unit supervising and without additional restrictions imposed on individual participants for the transaction. It is very popular now to get low prices. Another term is the purchasing group. To make a correct definition of the purchasing group one needs first to define what is meant by the word organization. The organization is "a team of people equipped with the appropriate measures, appointed to perform tasks to achieve better results than those generated by these people individually"<sup>3</sup>. Common actions within the organization allow first of all to get better results. The purchasing group can be described as a group of companies from the same or another branch which combine to make common purchases<sup>4</sup>. This is a very simplified definition of this type of organization. Another definition defines the group purchasing as a group of cooperating companies. They are managed by a specially created central unit whose aim is the realization of tasks commissioned by the companies making up the purchasing group<sup>5</sup>. Performing these tasks is to ensure better financial performance and security companies creating a purchasing group (Fig. 1). A wider definition of the purchasing group is based on the definitions of logistics and supply chain by Christopher Martin and it says that a purchasing group is a group of cooperating companies, which commonly control and improves the factual, informative and cash flows from suppliers to end customers. The participants of this system create a separate central unit, whose main task is to achieve the objectives set out by the companies in the system<sup>6</sup>.

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<sup>3</sup> Bogdanienko, J. (ed.) (2010). *Organizacja i zarządzanie w zarysie*, Warszawa: WWZ, p.129

<sup>4</sup> Zimon, G.,(2015), Wpływ grupy marketingowo-zakupowej na sytuację i wyniki finansowe przedsiębiorstw, W: Z. Luty, M. Chmielowiec-Lewczuk, (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu no. 390, Rachunkowość, polityka makroekonomiczna, globalizacja*, Wrocław: Wydawnictwo UE we Wrocławiu, p.287

<sup>5</sup> Zimon, G., (2014)., Kapitał obrotowy brutto w przedsiębiorstwach handlowych tworzących grupy zakupowe, W: I.D. Czechowskiej, R.Pastusiaka (ed.). *Acta Universitatis Lodzianis, Folia Oeconomica 2(300)*, Łódź: Wydawnictwo Uniwersytetu Łódzkiego, Łódź, p.319

<sup>6</sup> Zimon, G., (2014)., Kapitał obrotowy brutto w przedsiębiorstwach handlowych tworzących grupy zakupowe, W: I.D. Czechowskiej, R.Pastusiaka (ed.). *Acta Universitatis Lodzianis, Folia Oeconomica 2(300)*, Łódź: Wydawnictwo Uniwersytetu Łódzkiego, Łódź, p.320

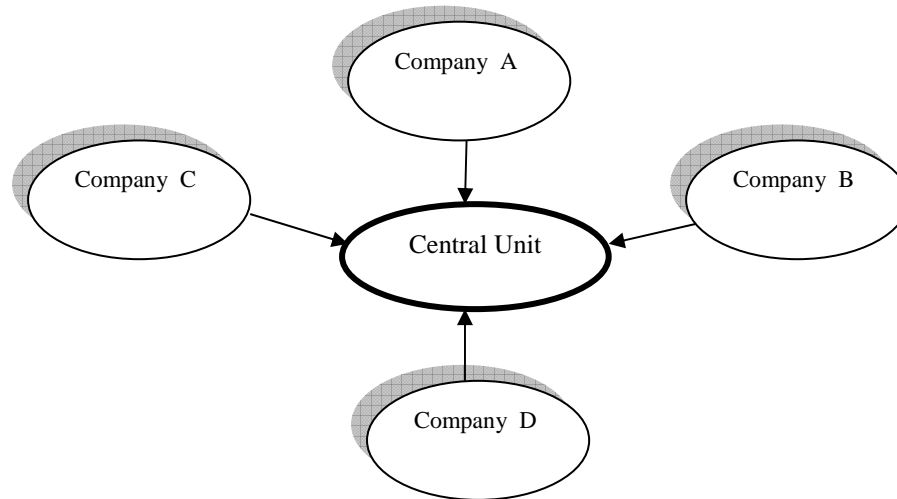


Fig. 1 Organization scheme of a purchasing group

Source: own research

Purchasing groups are managed by a specially created central unit whose aim is the realization of tasks commissioned by the companies making up the purchasing group<sup>7</sup>. The execution of these tasks is to ensure better financial performance, competitive advantage and safety for companies creating a purchasing group<sup>8</sup>. The objectives the central unit has to execute stretch far beyond making common purchases. Today, for the common business there are created: a coherent strategy for the development of companies, unified marketing, a new brand new, common sales and logistics. But the main purpose of creating purchasing groups is the use of economies of scale when purchasing. Purchasing groups can be described as powerful buyers. They meet the criteria that are characteristic for powerful buyers<sup>9</sup>:

- Buy a large quantities,
- Products purchased in the sector are standardized,
- Products purchased in a given sector by a group of buyers are an important part of its costs.

<sup>7</sup> Zimon, G.,(2015), Wpływ grupy marketingowo-zakupowej na sytuację i wyniki finansowe przedsiębiorstw, W: Z. Luty, M. Chmielowiec-Lewczuk, (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu no. 390, Rachunkowość, polityka makroekonomiczna, globalizacja*, Wrocław: Wydawnictwo UE we Wrocławiu, p.287

<sup>8</sup> Zimon, G.,(2015), Wpływ grupy marketingowo-zakupowej na sytuację i wyniki finansowe przedsiębiorstw, W: Z. Luty, M. Chmielowiec-Lewczuk, (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu no. 390, Rachunkowość, polityka makroekonomiczna, globalizacja*, Wrocław: Wydawnictwo UE we Wrocławiu, p.287

<sup>9</sup> Porter, M.(2001). *Porter o konkurencji*, Warszawa: PWE, p.78

The functioning on the market as powerful purchasers makes that every manufacturer cannot ignore such type of organization. They cannot afford to lose this client. It is worth noting that in purchasing groups the central unit, in addition to the realization of purchases, undertakes a marketing activity for all participants included in the group. The differentiation of tasks makes the basic division of groups into the purchasing and marketing-purchasing ones<sup>10</sup>.

Another important division in terms of efficiency analysis of purchasing groups is the division due to the selection of participants into the branch and multi-branch groups. This division is important because of the intensity of the most important features for the assumed purchasing groups, i.e. the economies of scale.

In the branch purchasing groups the companies operate within only a single branch. There are no other branches. It has positive significance to increase the "power buy" economies of scale. Companies operating in this type of group order the same type of goods. This limits the range of suppliers to the minimum number e.g. two or three. Limitation of suppliers makes that the scale of the order is large. The central unit negotiates in such a case the conditions of purchase for the branch purchasing group. It has a strong advantage in the form of the size of the order which the supplier (producer) must be reckoned with.

In case of multi-branch purchasing groups this scale effect is less visible. In this type of organization the traders in case of multiple orders are divided into smaller groups. Then, when one introduces two or three suppliers for the same range, then the fragmentation of the participants in a given order is large. It all makes that the scale effect, which is the most important "weapon" in the struggle with competitors, is not fully used.<sup>11</sup>

When analyzing the formation of purchasing groups, the division because of the integrated unit, i.e. into the Internet and traditional ones, should be done. The detailed division is shown in Fig. 2.

Joining the purchasing group is not easy. There are some barriers to join which must be observed if the companies operating in this type of organization want to build a competitive advantage. The most important are:

- Territorial barriers, this restriction is due to the fact that in the area there cannot be several companies operating in the same purchasing group. This restriction allows the company operating in the area to compete effectively with other units. Lack of this restriction would allow to create more units in a given area with similar competitive strength, which would limit the financial results of both units.
- Economic barriers, here are limitations associated with the turnover that companies should pursue.
- Environmental barriers, it is important the opinion of environment on the company.

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<sup>10</sup> Zimon, G.,(2015), Wpływ grupy marketingowo-zakupowej na sytuację i wyniki finansowe przedsiębiorstw, W: Z. Luty, M. Chmielowiec-Lewczuk, (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu no. 390, Rachunkowość, polityka makroekonomiczna, globalizacja* pp.284-290, Wrocław: Wydawnictwo UE we Wrocławiu, p.287

<sup>11</sup> Zimon, G.,(2015), Wpływ grupy marketingowo-zakupowej na sytuację i wyniki finansowe przedsiębiorstw, W: Z. Luty, M. Chmielowiec-Lewczuk, (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu no. 390, Rachunkowość, polityka makroekonomiczna, globalizacja* pp.284-290, Wrocław: Wydawnictwo UE we Wrocławiu, p.287

- Positive recommendation of the group members, individual members of the integrated delivery system must accept the new unit.
- Type of business activity in the branch purchasing groups - only those companies that operate in the same industry are allowed to operate. In the multi-branch groups there is no such restriction

It is clearly visible that not everyone can join a particular purchasing group. Lack of reaction in case of the above guidelines will not allow companies operating in purchasing groups to gain advantage over local competitors.

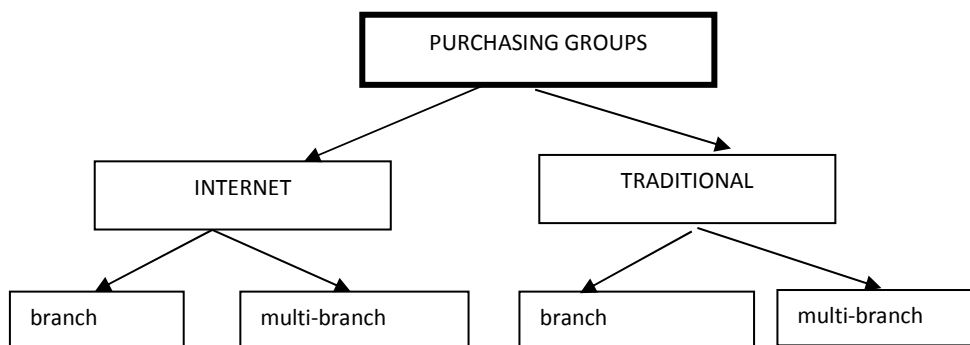


Fig. 2. Classification of purchasing groups

Source by Zimon G., 2013, Płynność finansowa w przedsiębiorstwach tworzących grupy zakupowe, [in:] Prace Naukowe Uniwersytetu Ekonomicznego We Wrocławiu 321 Zarządzanie finansami firm-teoria i praktyka, (ed.) Kopiński A., Kowalik P., Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław, p.212

### 3. PROFITABILITY

One of the most important tasks the company should pursue is profit-making. Without a profit the company will fall in the long run. Profit is the basic measure of the business profitability. The information on whether the company has obtained a profit or loss is determined by financial results. The financial result as a size does not provide a basis for assessing the effectiveness of business management. It gives only the answer whether at the time the company obtained profit or loss. On the other hand, the ratio of profit to various financial categories, such as capital assets or the sales allows the formulation of financial conclusions<sup>12</sup>. One of the most popular methods of assessing the profitability of the company is to analyze its profitability. Profitability is the company's ability to generate profit<sup>13</sup>. The viability is based on the analysis of the profit generated by the entity in the period considered. Profitability ratios allow to measure the efficiency of the

<sup>12</sup> A. Kusak, (2006) *Decyzje finansowe firmy. Metody analizy*, C.H. Beck, Warszawa 2006, p. 3

<sup>13</sup> W. Gabrusewicz, (2014) *Analiza finansowa przedsiębiorstwa*, PWE, Warszawa 2014, p. 296

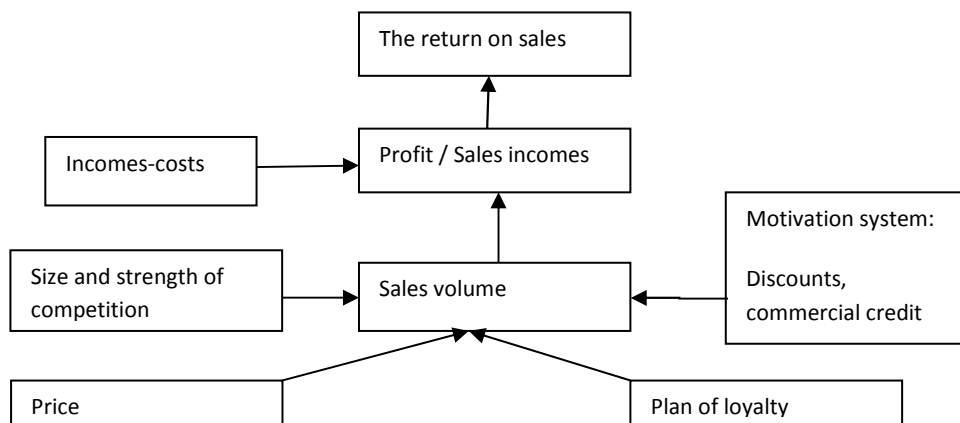
company's activities by reference to the profits of sales of assets and the contribution of equity. An analysis of viability is considered one of the most important as: <sup>14</sup>

1. Indicates the degree of multiplication of capital owners,
2. Expresses the function for the company, which all the other business areas such as liquidity, performance should be consistent with,
3. Enables to demonstrate the factors affecting the value for the owners.

Profitability analysis is recommended in the study on business continuity by an expert auditor. While analyzing the profitability, companies frequently use basic indicators of profitability:

- The return on sales,
- The return on total assets,
- The return on equity

Sales profitability ratio indicates the profitability of sales. A desirable phenomenon is when it is high. It shows what level of profit the company generates per unit of net sales. The most important factors determining the rate of return on sales revenue is the size and strength of competition, prices and sales volume in a given area or the relationship between the company and the market. The details are shown in Fig. 3.<sup>15</sup>



**Fig. 3.** Determinants of return on sales revenue

Source: own study

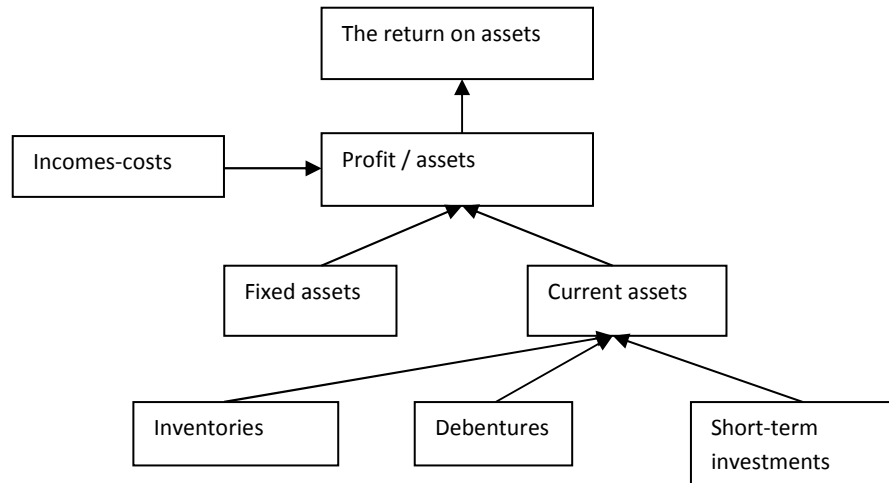
The basis for running a company is its property<sup>16</sup>. Therefore, the involvement of individual assets should be optimal. A tool that provides information about the effectiveness of the use of property is the return on assets (ROA). It determines the ability

<sup>14</sup> D. Wędzki., ( 2006) *Analiza wskaźnikowa sprawozdania finansowego*, Kluger, Kraków 2006, p. 429

<sup>15</sup> Chłodnicka H., Zimon G. (2013): Wpływ kosztów upadłości na rentowność podmiotu gospodarczego, W: E. Nowak, M. Nieplowicz, (ed.) *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, z.291, *Rachunkowość a controlling*, pp.66-81, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu

<sup>16</sup> Nowak E., *Analiza sprawozdań finansowych*, PWE, Warszawa 2005, p.169

of the company's assets to generate profit. The factors determining the rate of return on assets is shown in Fig. 4.<sup>17</sup>



**Fig. 4.** Determinants of return on assets revenue

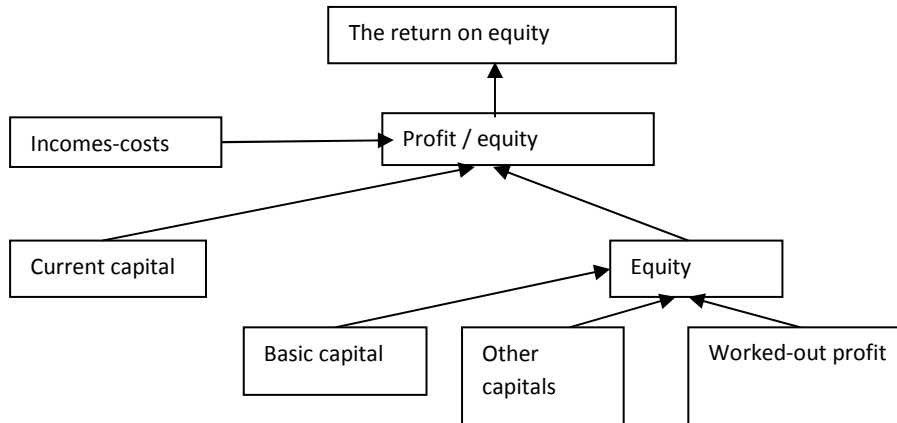
Source: own study based upon P. Karpuś „Zarządzanie finansami przedsiębiorstw” UMCS Lublin, 2006, p.79

The last basic rate is a rate of return on equity. It is the ratio of profit to equity. It shows the level of profit generating unit equity. The problem with this rate is the precise value of equity. In the balance sheet liabilities in the group A it includes a number of different elements, such as e.g. the current profit, which only temporarily in such amount may be from the company, therefore one needs to pay special attention to determine the value of equity<sup>18</sup>. The level of this rate is also influenced by the effectiveness of asset management (especially working capital, negligence in this regard and bad management strategy leads to unnecessary costs), the level of sales and cost of products sold. The factors determining the rate of return on assets are shown in Fig. 5<sup>19</sup>.

<sup>17</sup> Chłodnicka H., Zimon G. (2013): Wpływ kosztów upadłości na rentowność podmiotu gospodarczego, W: E. Nowak, M. Nieplowicz, (ed.) Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu, z.291, Rachunkowość a controlling, pp.66-81, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu

<sup>18</sup> T.Waśniewski, W.Skoczylas, *Teoria i praktyka analizy finansowej w przedsiębiorstwie*, FRR w Polsce, Warszawa 2004, s.171

<sup>19</sup> Chłodnicka H., Zimon G. (2013): Wpływ kosztów upadłości na rentowność podmiotu gospodarczego, W: E. Nowak, M. Nieplowicz, (red) Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu, z.291, Rachunkowość a controlling, s.66-81, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu



**Fig. 5.** Determinants of return on equity revenue  
Source: own study

#### 4. PURCHASING GROUP AND PROFITABILITY

Profitability and its level and the size in the company are affected by revenues and expenses. Cost optimization and sales growth cause an increase in profit. Profitability is typically tested using three basic indexes, which indicate the profitability of sales revenue, assets or assets and equity. Thus, depending on the index which will be analyzed, there are additional and specific determinants. The exception is the rate of return on sales, because sales is a factor building the size of the profit, which is present in all three indexes. When observing the operation of purchasing groups, it is clear the purpose of companies forming them. The main objective is to obtain a low purchase price. The purchase price of commercial companies is the highest costs. It is worth, therefore, to take measures that will reduce this group of costs. The simplest action is to obtain economies of scale, i.e. making huge purchases, so the creation of a group of companies the best from the same branch that work together to increase their purchasing power. The manufacturer needs to respect such a group during the negotiations and needs to present them an attractive offer. The economies of scale to the greatest extent is reached in a branch purchasing group. This is due to the lack of divisions within the purchasing group companies into the respective sectors. The effective functioning of units in purchasing groups should bring the following benefits:

- Lower the cost of purchase,
- Increase turnover.

The above mentioned financial benefits arise when in a purchasing group operates the central unit as the non - profit organizations<sup>20</sup>.

<sup>20</sup> Zimon, G., (2013), *Płynność finansowa w przedsiębiorstwach tworzących grupy zakupowe*, W: Kopiński A., Kowalik P., (ed.). *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu* 321 *Zarządzanie finansami firm-teoria i praktyka* (pp. 68-81), Wrocław: Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu



Operations within the branch purchasing groups will have a positive effect on:

- Improvement of the companies competitiveness it will be caused by obtaining low prices of purchased goods and an attractive commercial credit. Low prices and attractive commercial credits offer the opportunity to gain new customers.
- An increase of turnover, it is a derivative of the low price and the ability to offer customers an extended credit.
- Mutual cooperation between the companies making up the purchasing group can reduce the incidence of stocks, which will reduce the cost of lost opportunities.
- Cooperation with the central unit reduces logistics costs.
- Another item of costs that can be reduced are external services, i.e. the costs of telecommunication, legal, consulting, marketing and information technology services.
- The consumption of materials and energy costs are another group where you can observe the decrease in costs e.g. fuel costs, maintenance costs of computer equipment.
- In the companies operating in branch purchasing groups there is a group of costs that is constantly growing. Remuneration costs, here the managers try to keep the reliable staff. Competition in the market is large and to prevent the process of “taking over” workers the remuneration of staff grows.
- Functioning as part of purchasing groups can lead to optimization of inventory levels in the company, which has a positive effect on the profitability of assets.
- For companies operating in branch purchasing groups the receivables are collected at a time or with a slight delay. High regularity of receivables is the result of the favorable terms for trade credit offered to customers. No regular repayments in the period may lead to changes in the conditions offered for commercial credit, so the recipients try to pay on time.

All these advantages for companies operating within the purchasing groups will favorably affect the level of profitability.

## 5. CONCLUSIONS

Activity in purchasing groups are certain limitations as well as costs. The maintenance of the central unit costs. However, a number of advantages and benefits that businesses receive in connection with the operation within the branch purchasing groups allow to develop the desired financial results. High profits, optimization of current assets, all this can improve the profitability of individual financial result. High profitability is very good news for the owners, it is also an important signal for competition indicating a stable financial situation. The purchasing groups appearing in every branch show clearly that it is necessary for small and medium-sized businesses primarily in order to survive but also in order to improve the profitability of their operations.

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#### **WPŁYW GRUPY ZAKUPOWEJ NA RENTOWNOŚĆ PRZEDSIĘBIORSTW HANDLOWYCH**

Celem referatu było przedstawienie jaki wpływ na rentowność przedsiębiorstw handlowych ma funkcjonowanie w ramach branżowych grup zakupowych. W artykule zaprezentowano definicje i istotę grup zakupowych. Dokonano ich podziału oraz szczegółowo przedstawiono jakie korzyści daje przedsiębiorstwom handlowym funkcjonowanie w ramach branżowych grup zakupowych. W artykule przedstawiono rolę i funkcję jednostki centralnej powoływanej przez przedsiębiorstwa działające w grupie zakupowej. Zaprezentowano również bariery z jakimi spotykają się przedsiębiorstwa, które chcą dołączyć do grup zakupowych. W dalszej części referatu omówiono kluczowe zagadnienia związane z rentownością. Wskazano podstawowe wskaźniki służące do pomiaru stopnia intensywności rentowności. Przedstawiono ich budowa oraz determinanty stopy zwrotu przychodów ze sprzedaży, aktywów i kapitałów własnych. Następnie na przykładzie przedsiębiorstw handlowych działających w branżowej grupie zakupowej przedstawiono jakie udogodnienia otrzymują przedsiębiorstwa handlowe działające w branżowej grupie zakupowej. Najważniejsze korzyści które firmy uzyskują to przede wszystkim niska cena zakupu towarów oraz atrakcyjny okres dla kredytu kupieckiego. Oba te elementy plus efekt skali w dużym stopniu pozwalają przedsiębiorstwom handlowym działającym w branżowych grupach zakupowych na obniżanie kosztów działalności

operacyjnej i zwiększanie przychodów ze sprzedaży. Zwiększenie sprzedaży i optymalizacja poziomu kosztów w wyniku wspólnego działania pozytywnie wpływa na poziom rentowności przedsiębiorstwa.

**Słowa kluczowe:** grupa zakupowa, zysk, rentowność, koszty.

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## **MANAGING KNOWLEDGE: SOCIAL ORGANIZATIONS IN THE UK AND POLAND**

This paper reports the findings from an extensive study of small social organizations. The study included 10 groups from England and Poland. 31 individuals, representing a mixture of locally operating social enterprises and organizations, were interviewed and the transcripts analyzed using Interpretative Phenomenological Analysis (IPA). Altruistic and other forms of motivation, situated learning and other forms of knowledge management and transfer were investigated.

The research hypothesis was that qualitative analysis techniques could reveal the motivation to form, join, participate in, and lead these communities of practice (CoPs), and evaluate the knowledge transfer techniques occurring.

The aim was to probe and evaluate these processes qualitatively, using IPA techniques on CoPs operating with widely differing technical purposes, in differing cultures. The results demonstrate that situated learning and knowledge management were clearly apparent. Knowledge transfer was evident, and a transition from legitimate peripheral participation to mature leadership was often seen. This was especially evident for management skills, and their operationalization in these organizations.

There are many similarities between the Polish and UK organizations, despite clear cultural differences. The country of operation, and the “technical” purposes of the organizations, although very different, did not greatly influence the mechanisms of knowledge management or transfer reported.

**Keywords:** management, knowledge, social organizations.

### **1. INTRODUCTION**

This paper reports the findings from an extensive study of people working in communities of practice, who create and run small social organizations. The study looked at 10 groups in Northern England and Southern Poland, specifically by interviewing the people in them, who act voluntarily for the good of others. Their motivations, their chosen processes, and their group achievements were studied and assessed. The chosen focus was restricted to people and their interactions, specifically forms of knowledge transfer, when they work together in a CoP for a social purpose. The authors believe that this type of study is under-researched and so have been considering it for a number of years.

“Organizations” and “enterprises” are labels that can be used to describe groups of individuals, working in many ways, and using widely different processes, but always with one or more common goals. The labels have subtly different meanings in different cultures, so their use here needs definition. Simply, enterprise has monetary connotations,

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in this context mainly fund-raising, whilst organization applies when money is very much a secondary consideration to a specific, technical purpose. The selected cases here consider both types of CoP. Due to the limited space, none of the cases are reported in depth, however a book is to be published which will enlarge on the detail.

Thus, in some cases, the CoP focus is on social enterprise, learning about and operationalizing fund-raising via some form of business “enterprise”, to raise money for their social good. The study of the Yorkshire Air Ambulance charity in the UK, and a fund-raising motorcyclists group in Poland exemplify this “enterprise” fundraising role. At the other extreme, a study of a medical support “organization” in the UK, and a vegan campaign group in Poland demonstrated that they exist mainly to share knowledge, with “enterprise”, in a financial sense, only present to support their main function. In between, and also studied, but not reported in depth here, were 6 other CoPs fundraising and/or campaigning, and thus sharing and disseminating knowledge, for their cause. The differences between these CoPs are discussed and underpinned by a review of relevant literature. What these disparate groups have in common is that they are all comprised of motivated people, voluntarily operating in communities of practice, and involved in knowledge transfer processes.

The following hypothesis is formulated: that communities of practice (CoPs) exist in social organizations or enterprises, and that the knowledge transfer techniques occurring in them could be identified and evaluated, using qualitative analysis techniques. Furthermore, that these techniques could reveal the motivation to form, join, participate in, and lead these groups.

The aim of the study was to probe and evaluate these processes qualitatively, using IPA techniques on CoPs operating with widely differing technical purposes, and in 2 different cultures. Altruistic and other forms of motivation, situated learning and other forms of knowledge management and transfer were investigated via qualitative interviews with CoP members.

## 2. THEORY DEVELOPMENT

### 2.1 Knowledge management and transfer

Contemporary management of enterprises and organizations is based in part on the acquisition of knowledge, and its use in current and strategic operations. The knowledge becomes a key organizational resource, but formal departments and operational groups within the organization often seem not to be able to successfully create, spread and use knowledge. Traditional approaches to knowledge management try to capture existing knowledge in formal systems, procedures and databases<sup>3</sup>.

Tacit knowledge is hard to codify and transfer without personal interactions between the knowledge source and receiver<sup>4</sup>. However, knowledge, and especially its tacit

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<sup>3</sup> J. Mu, G. Peng, E. Love, *Inter-firm networks, social capital, and knowledge flow*, “Journal of Knowledge Management” 2008, No 12, 86–100.

<sup>4</sup> R. Teigland, M. Wasko, *Knowledge transfer in MNCs: Examining how intrinsic motivations and knowledge sourcing impact individual centrality and performance*, “Journal of International Management” 2009, 15, 15–31.

dimension, is embedded in people and must be transformed into explicit organizational knowledge - this is the base of knowledge management<sup>5</sup>.

Knowledge management, information systems and the role of CoPs and other organizational groups in this field have been the subject of much research<sup>6</sup>. Simply, people believe that increasing awareness of the importance of embedded organizational knowledge has led to the development of a variety of information systems, that attempt to manage this knowledge<sup>7</sup>. These processes require support from the less formal groups in the organisation, including particularly, communities of practice<sup>8</sup>.

## 2.2 The community of practice as a place of knowledge creation and transfer

A Community of Practice has been identified as being a group where soft or subtle knowledge is created, shared and sustained<sup>9</sup>. The concept of a CoP was introduced by Lave and Wenger, who used it to explore situated learning<sup>10</sup>. The concept here is used as a potential initial theoretical framework from which to explore the chosen phenomenon, of situated learning in social organizations and enterprises. Wenger *et al.* (2002) state that a CoP contains a group of individuals, often working informally, sharing knowledge and motivated by common interests, concerns or practices. They define practice as organised activities of individuals and groups informed by a particular organizational or group context<sup>11</sup>.

Ribeiro *et al.* propose to define the CoP in terms of three aspects<sup>12</sup>. Firstly, the nature of phenomena. This is a special platform of activity, organized from the bottom up and accumulating knowledge resources. It is a joint activity that evolves “and continually renegotiated by its members”. Secondly, the course of action. People join the CoP, on the basis of shared interests and experiences. They are involved in convergent themed activities and co-create a single social entity. The members form a set of resources and services over time. These are explicit effects (e.g. documents stored) and tacit (original organizational culture, patterns of behaviour, etc.). Also Ruuska and Vartiainen developed some characteristics, which refer to the results of the CoP at different organizational levels<sup>13</sup>. Communities usually set their ideas and purposes around knowledge needs. The main means of activity are shared actions, discussions and an exchange of experiences,

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<sup>5</sup> A. C. Inkpen, A. Dinur, *Knowledge management processes and international joint ventures*, “Organization Science” 1998, 9(4), 454–468.

<sup>6</sup> I.a.: J. Windsperger, N. Gorovaia, *Knowledge attributes and the choice of knowledge transfer mechanism in networks: the case of franchising*, “Journal of Management & Governance” 2011, 15, 617–640; R. Teigland, M. Wasko, *op. cit.*, 15–31.

<sup>7</sup> R. Ribeiro, Ch. Kimble, P. Cairns, *Quantum phenomena in Communities of Practice*, “International Journal of Information Management” 2010, 30, 21–27.

<sup>8</sup> S. Pavlin, *Community of practice in a small research institute*, “Journal of Knowledge Management” 2006, 10 (4), 136–144.

<sup>9</sup> P.J. Hildreth, C. Kimble, *The duality of knowledge*, “Information Research 2002”, 8(1), paper no. 142, Available at: <http://InformationR.net/ir/8-1/paper142.html>, (12.04.2016)

<sup>10</sup> J. Lave, E. Wenger, *Situated Learning. Legitimate Peripheral Participation*, Cambridge University Press, 1991.

<sup>11</sup> E. Wenger, R. McDermott, W.M. Snyder, *Cultivating Communities of Practice*, Harvard Business Press 2002.

<sup>12</sup> R. Ribeiro, Ch. Kimble, P. Cairns, *op. cit.*, 21–27.

<sup>13</sup> I. Ruuska, M. Vartiainen, *Characteristics of knowledge sharing communities in project organizations*, “International Journal of Project Management” 2005, 23, 374–379.

mutual learning and talks about difficult cases. A CoP needs some co-ordination. Leadership in the CoP may be formalized and divided, thence focused on work in subgroups. The co-ordinators facilitate and help the community to focus on activity, maintain relationships, develop practice, and promote discussions. The effects of activity can relate to three levels: organization, subgroups and individual levels. However, the results of these actions may be difficult to evaluate, because they may occur outside the community.

### 2.3. Social enterprises

Stakeholders in society today, including scholars, governments, media, and non-governmental organizations (NGO's) are increasingly recognizing the importance of social enterprise and the individuals who undertake it, here described as social entrepreneurs. Pearce uses a definition of enterprise in the social economy that includes all economic entities that have a social purpose, thus are not primarily (if at all) focused on the creation and distribution of capital. They are often democratic, rational and usually contain a common type of management structure<sup>14</sup>. Thus social entrepreneurs, both in the form of individuals and of organised groups, with their often novel approach to today's world problems, place high value on the creation of both social and (sometimes) economic values.

A social enterprise is an organization that trades, not for private gain, but to generate positive social and environmental externalities<sup>15</sup>. Doherty et al. explore "the concept of SE as an organizational form that has emerged as the boundaries between the private, public and non-profit sectors have become blurred and more fluid"<sup>16</sup>. They treat social enterprises as hybrid organizations, which "span institutional boundaries" between the private, public and non-profit sectors<sup>17</sup>. The authors needed some limits, so chose to define social enterprise as individuals that form or join groups, who then labour to develop specific products and/or services, then give them away, or recover cost only.

## 3. METHODOLOGY

10 groups were selected from a much larger pool, via "snowball" processes in the UK and Poland. Northern England was used for the study of 6 groups, and Southern Poland for 4. They were studied between 2009 and 2016. All these groups were purposively selected from options available, to be local and independent - not controlled by a central charity or "head office". This ensured that they made their own decisions on how to operate, train and share knowledge. Some of the groups had umbrella organizations, but all worked independently, and devised their own processes. This was a pre-requisite of inclusion. Thus, all the enterprises and organizations were purposively chosen as being self-starting communities of practices, operating with specific social agenda's.

Qualitative analysis techniques were an obvious choice. This was researched in depth prior to the primary research. Semi-structured interviews were held with 31 individuals representing a mixture of locally operating social enterprises and organizations. The

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<sup>14</sup> J. Pearce, *Social Enterprise in Anytown*, Calouste Gunbelkian Foundation, London 2003.

<sup>15</sup> Santos, F.M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics*, 111, pp. 335–351.

<sup>16</sup> B. Doherty, H. Haugh, F. Lyon, *Social Enterprises as Hybrid Organizations: A Review and Research Agenda*, *International Journal of Management Reviews*, Vol. 16, p. 417–436.

<sup>17</sup> *Ibidem*.



interviews were recorded as audio files and the interviewer also made extensive notes. To preserve anonymity each group was only reported as “M”, “L” etc. The interviews were transcribed and an Interpretative Phenomenological Analysis methodology was then used. “Meaning units” were identified using criteria from Langridge. He states: “When trying to determine the units of meaning, the analyst should be limited by two horizons to the meaning that they construe (...) to discern meaning units, it is necessary to do this with an eye for where the experience relates to issues appropriate. (...) So one might notice motions (...) but not organization dynamics, unless they impact directly (...)”<sup>18</sup>.

Notes were made, firstly “Initial Thoughts”, or unstructured first impressions. The next stage involves assessing the meaning units for their psychological significance. What is important at this stage is the move from idiosyncratic detail to more general meaning<sup>19</sup>. The largest transcript analysis created over 400 “meaning units”, the smallest around 50.

The emerging themes were labeled using features described by Collins, Brown and Newman including observation, coaching, scaffolding, modeling, fading, and reflection<sup>20</sup>. Also, the works of Fairclough, distinguishes four “research objects”: emergence, hegemony, recontextualisation and operationalisation<sup>21</sup>, and relates them to strategic critique. The authors believe that these are forms of situated learning and used them as identifiers. These were then grouped as “emergent themes” or “higher level ideas”, in the right hand row. This again follows the methodology described by Langridge. He describes 4 stages, which the Interpretative Phenomenological Analysis (IPA) process used here, follows closely. In stage 2 he states: “Emerging themes are noted in the right hand margin (see table for examples). Initial notes are transformed into more meaningful statements(...) These comments should reflect broader, perhaps more theoretically significant concerns”<sup>22</sup>. The Figure below outlines the process used.

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<sup>18</sup> D. Langridge, *Phenomenological Psychology. Theory, Research and Method*, Pearson. Prentice Hall 2007, p. 89.

<sup>19</sup> Ibidem.

<sup>20</sup> A. Collins, J.S. Brown, S.E. Newman, *Cognitive apprenticeship: Teaching the crafts of reading, writing, and mathematics*. In L. B. Resnick (Ed.) *Knowing, learning, and instruction: Essays in honor of Robert Glase*, Hillsdale, NJ: Lawrence Erlbaum Associates. 1989, 453-494.

<sup>21</sup> N. Fairclough, *Analyzing Discourse and Text: Textual Analysis for Social Research*, Routledge, London 2003; N. Fairclough, *Critical discourse analysis*, “Marges Linguistiques” 2005, 9, 76-94; N. Fairclough, R. Jessop, A. Sayer, *Critical realism and semiosis*. In: J. Joseph, J. Roberts (eds.) *Realism discourse and Deconstruction*, Routledge, London 2004.

<sup>22</sup> D. Langridge, op. cit., p. 110-112.

<sup>23</sup> Ibidem.

<sup>24</sup> D. Langridge, op. cit., p. 110.

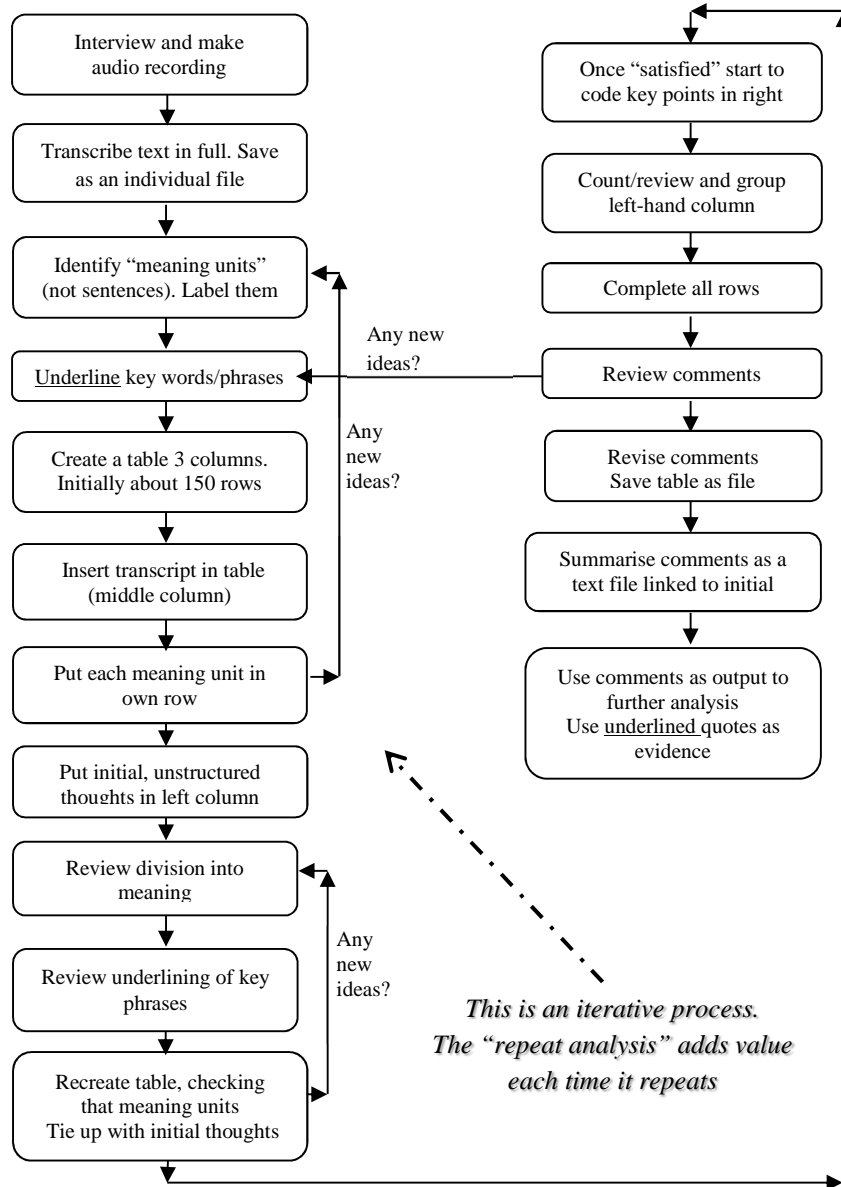


Fig. 1. The IPA process and subsequent analyses

Source: Authors' study

In the authors work, these comments often take the form of “knowledge transfer, community of practice formation, situated learning, emergence, operationalization etc”. These emergent themes are mostly labels taken from the literature reported here. Finally,

a textual summary was made below the IPA table. This completed the actual IPA for each interview.

This process reduced over 20 hours of interviews, and many pages of transcription, to around 400 pages of transcript, analysis and summation. This was then further mined, with constant referral back to its original sources, and analysed further using other tools, to create summary conclusions for each group. These conclusions typically comprised between 5-15 pages, giving well over 80 pages of IPA output from the 31 transcripts. Finally, they were compared between groups, countries and technical purposes.

The volume of work required has occupied over 5 years, and each interview transcript was undertaken separately, where possible in different weeks, months or years to minimise “habituation”. One consequence of this is some variability of description, but this is largely edited out. This detailed study of 31 people’s attitudes, is much more than is usual for IPA studies.

In this brief paper, only the surface can be reported, however a book is with publishers and will describe and analyse all the groups in depth. For this paper, 4 groups have been selected to illustrate the process – in some depth. Poland and the UK each supplied 2, and represented enterprises and organizations in each country. This is sufficient to demonstrate the process and its outcomes. The chosen groups are a medical support organization in the UK “L”, a vegan campaign group in Poland, “V”, a fundraising motorcycling group in Poland “M” and the previously mentioned fundraising group for the Yorkshire Air Ambulance “AA”.

The interviews were all conducted in the interviewee’s native language, by the author whose native language was the same. The transcriptions and subsequent IPA were done by the same individual, in their native tongue. To ensure academic rigour, a clear demarcation was made between text sources. Thus, there were tables of analysis in English, and in Polish. The processes for identification of “initial thoughts” and “emergent themes” were discussed and agreed in each case. At this point, a translation process was required for the Polish analyses, to draw out the “meaning units”, “initial thoughts” and “emergent themes” in English. This created an English summary text with translated source material.

#### **4. THE FOUR ANALYZED COMMUNITIES OF PRACTISE**

This section briefly details the technical purpose driving each of the 4 CoPs selected for this paper. 2 are from the UK, 2 Poland. One from each country is an organization, the other an enterprise.

The L (UK) organization formed to identify and share information between sufferers and relatives of those with a life threatening disease. When the group formed (1980s), the disease was not well known in the medical community, and sufferers reported many misdiagnoses in earlier years. They formed the group to share experiences and their knowledge with the wider community and the medical profession. This meets the need to study motivation and its knowledge transfer processes in a community of practice. From the transcripts, meaning units included: “The group was specifically formed because the disease was relatively unknown and still is...”; “It was formed ...to give the chance for sufferers to share their personal experiences... and to discuss medicines and medical treatment...”

These study outcomes demonstrate that this CoP, and the others selected, is real and meets all the desired criteria. It formed with a technical purpose to help disease sufferers

and relatives. A quote illustrates this (and is a “meaning unit”): “Doctors have no knowledge of it, no-one else has any knowledge...” (talking about the 1990's); “(...) being fobbed off by medical people that she went to see.”

The CoP has changed over the last 30 years, mainly because of increased awareness, and Internet forums, but there is evidence of knowledge transfer, both inwards and outwards, of situated learning, and the motivation for this. At the beginning there was a desperate need for knowledge.

The V organization (Poland) was formed in 2010 to work for animals and draw consumers attention to their plight. The members are vegans, who actively promote public perception of animals rights. The main purposes of their activities are: to educate adults and children to respect the rights of animals (especially livestock animals), to promote a vegan diet and a consciousness about meat consumption. Their main activities include street happenings, film screenings, and workshops for children and young adults. All these seek to stimulate these younger audiences to gain respect for animals, and encourage them to try vegan food. The group is an organization, as its priority is campaigning and knowledge transfer. Fundraising is secondary. Meaning units include: “The main motivation from the very beginning, the main goal really... was to educate, inform consumers about how they can affect the fate of animals.”; “There are different motivations that led us to this, to take action to start actively doing something for animals.”

The M CoP (Poland) is an enterprise formed in 2007 to benefit an orphanage. They are mostly motorcyclists, who actively promote their lifestyle. They actively fundraise, to buy gifts for children and items needed to help the people leaving the orphanage. The founders of the group had no previous experiences in this area. However their knowledge of similar organizations in the region helped, and the process of formalization was supported by another motorcyclists organization. Meaning units include: “I saw these children, I saw their smiles, some err... crying and it affected me so, it stated that, if I can help someone, why not?”; “Motorcycles unite us and it is generally recognized that in this environment there is no such thing that you have to motivate someone to do something.”

Leadership shines through the transcripts (translated by the authors): “I would have done a lot for her... Behind her you go in the darkness! The leader made the call: ‘I need help – I need someone’.”; “Since we have created our own association and now we have already 6 years of experience – it’s just some things were already learned.”; “They are people, who I can count on... I have to determine the direction.”

The Yorkshire Air Ambulance support group (UK) is independent, not part of a larger body, and is run only as a social enterprise. The interviewee gave specific permission to use the name. A quote from their website evidences this: “Like many people, I first became aware of the charitable status of the UK Air Ambulance services when they had a significant impact on my own life”<sup>25</sup>. An example meaning unit: “I can see where my efforts are making a difference. Because you see the yellow helicopter flying in and out of Leeds General Infirmary and other hospitals... And, because of what I do I get to meet people, that’s picked up. And I have met people whose lives have been saved by... the efforts that I put in, and... you just can’t buy that, can you?”

<sup>25</sup> <http://www.yorkshireairambulance.org.uk/info/volunteers>, (1.4.2016).

## 5. DISCUSSION OF RESULTS

The results demonstrate that altruistic motivation, situated learning, knowledge transfer and management were clearly apparent in every CoP studied. Knowledge transfer was always evident, and a transition from Legitimate Peripheral Participation (LPP) to mature leadership or position was often seen. This was especially evident for management skills, and their operationalization in these organizations. However, and totally unexpected by the authors, was a clear separation between the CoPs operating as enterprises and those operating as organizations. When selected for study, the authors did not expect to see this division. This paper only reports 4 CoPs in depth, but exemplifies all.

The commonest “emergent theme” in all groups was their rationale, or motivation to achieve their technical purpose. This was evidenced by a desire to transfer knowledge outwards, to others in the CoP organization. A second priority was to gain situated learning - knowledge transferred within the CoP itself, and then motivation to help others.

The L and V organizations demonstrate this particularly well. In the V group: “I worked previously for Foundation xxx, ...another organisation, in which I really gained a lot of experience...”; “On the basis of what was already in our head, that we knew how to more or less organize events, happenings, how to write press releases, invite the media (...); “I am simply saying: we read and we train ourselves”. There is clear evidence of knowledge transfer, both inwards and outwards, of situated learning and motivation. There is evidence that it is an organisation “in progress”, growing and forming, undertaking organisational modelling, likewise “building scaffolding”. The CoP has a clear leader, who is well prepared, and has a wealth of experience. The organization members utilize external sources of knowledge, then transfer it into the group (internalization) and share it with other members (socialization). After that the knowledge is usually combined with personal experiences and other tacit learning, and then externalized explicitly.

The focus of the M enterprise is clearly fundraising, with a secondary rationale of awareness raising: Motivation is clear: “This year we collected over 20,000 PLN”. There is evidence of situated learning occurring in this community of practice, usually combined with personal experiences and other tacit learning, and then this is externalized. Tacit knowledge becomes explicit. Legitimate Peripheral Participation (LPP) becomes maturity, and the cycle continues. Situated learning includes aspects of motivation and hegemony. Less often seen are aspects of recontextualisation, operationalisation, fading and emergence. This is a function of the “loose but strategically controlled” group focus.

The Air Ambulance enterprise interview also repeatedly stressed the need for fundraising, clearly the key role of the group. A meaning unit: “We need to raise 10,000 pounds a day”. Their motivation was a key underpinning theme. Altruistic reward was often noted „(going to....) it was grand“. Situated learning and knowledge transfer were less important but evident. The interviewee’s situated learning or background from his earlier life was purposively used for, but possibly not expressly transferred to the CoP. He stated though that he experienced situated learning himself, discovering how to analyse, identify and propose solutions to the problems he found. In this time he moved from his initial status of Legitimate Peripheral Participation (LPP), as a newcomer, on the periphery, to mature membership of the CoP.

In summary, the “technical purpose” of each CoP defined whether it functioned as an organization or enterprise. Motivation was almost always altruistic and a core

prerequisite. So, the medical support “L” organization in the UK evolved and quickly became a knowledge platform. Situated learning was about managing the illness and its consequences. Knowledge of lifestyle choices, diagnosis and drug prescription consequences were the key items of knowledge. Making them explicit, transferring them to others and the processes required for this, made up the CoP’s function. Raising awareness inside and outside the CoP was a core skill, and this clearly included campaigning. The V organization in Poland was very similar.

In contrast, the Air Ambulance in the UK, and the “M” orphanage fundraising enterprises in Poland have very different technical backgrounds, but both are clearly committed to raising funds for their cause. Knowledge and its transfer do not feature as heavily, possibly because the requisite methods are well established. However, situated learning features heavily, with the ability to use marketing skills, public relations and networking techniques from their personal backgrounds, in this different situation. One key part of knowledge management is the legality and bureaucratic requirements, not a stressed feature of M or V. Motivation is again clearly the centre of their rationale for existence.

Common features also include the observation that external training and education was never utilized directly by these CoP’s, although its existence in a previous role was often quoted. Thus, the CoP’s all benefited from prior learning, making tacit knowledge explicit, and operationalizing it in the new CoP led context. Situated learning however, was evident in every case studied, with the CoP members learning about the technical problems their group faced, in the situation or context of its operation, and applying their tacit knowledge (or in some cases personally undertaken research) to their situation. Often, this was then made explicit to the CoP, via presentations, newsletters, informal conferences and other knowledge transfer techniques. Facebook is often cited as a core tool, and this is to be studied separately.

## 6. CONCLUSIONS

There are many similarities between the Polish and UK organizations, despite clear cultural differences. The country of operation, and the “technical” purposes of the organizations, although very different, did not greatly influence the mechanisms of knowledge management or transfer reported. The most striking emergent finding, not expected by the authors when the study started, was the clear separation of enterprises and organizations.

Enterprises exist to raise funds, sometimes with an important but secondary campaigning role. Underpinning their ability to operate, is knowledge and its transference. How to raise funds effectively, the legal hoops to jump through, and requisite marketing techniques, are key areas for enterprises.

Organizations are different. Money is almost irrelevant, as is legal structure in most cases. Knowledge is the core asset. Finding out how to manage the problem, spreading it within the CoP membership, and campaigning externally to raise awareness are the core skills in organizations.

However, motivation and knowledge transfer underpin every case studied. Motivation is almost always altruistic, although many reported personal gain from their situated learning experiences. Tacit knowledge became explicit, situated learning became operationalized and the CoP, with its “customers” - the people for whom it was created,

benefit by its transfer. This process is common, whether applied to organization or enterprise.

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### ZARZĄDZANIE WIEDZĄ W ORGANIZACJACH SPOŁECZNYCH W WIELKIEJ BRYTANII I POLSCE

Artykuł przedstawia wyniki badań obszernego studium małych organizacji społecznych. W badaniu wzięło udział 10 organizacji z Anglii i Polski. Zostały przebadane 31 osoby, reprezentujące mieszankę lokalnych przedsiębiorstw społecznych i organizacji. Transkrypcje wywiadów przeanalizowano przy użyciu interpretatywnej analizy fenomenologicznej. Autorzy zbadali poszczególne formy motywacji, aspekty uczenia sytuacyjnego oraz inne formy zarządzania wiedzą i jej transferu.

W niniejszym artykule założono hipotezę, że jakościowe metody badań mogą ujawnić motywację do tworzenia, uczestniczenia i prowadzenia organizacji społecznych oraz ocenić stosowane techniki transferu wiedzy. Celem badań było zbadanie i ocena tych procesów wśród praktyków działających w szerokim przekroju organizacji i w różnych kulturach - z wykorzystaniem interpretatywnej analizy fenomenologicznej

Wyniki pokazują, że uczenie sytuacyjne i zarządzanie wiedzą były w tych organizacjach wyraźnie widoczne. Transfer wiedzy był oczywisty, a także często postrzegano przechodzenie członków organizacji z początkowego stadium uczestnictwa do przywództwa. Było to szczególnie widoczne w przypadku umiejętności menedżerskich i ich operacjonalizacji w tych organizacjach.

Istnieje wiele podobieństw między organizacjami polskimi i brytyjskimi, mimo wyraźnych różnic kulturowych. Kraj funkcjonowania oraz cele „techniczne” organizacji, choć bardzo różne, wpływały nieznacznie na mechanizmy zarządzania wiedzą i jej transferu.

**Słowa kluczowe:** zarządzanie, wiedza, organizacje społeczne

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